The House met at 2 p.m. and was called to order by the Speaker pro tempore (Mr. KOLBE).

DESIGNATION OF THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
July 8, 2002.
I hereby appoint the Honorable Jim Kolbe to act as Speaker pro tempore on this day.
J. Dennis Hastert,
Speaker of the House of Representatives.

PRAYER

The Chaplain, the Reverend Daniel P. Coughlin, offered the following prayer:

Lord God of history, our celebration of Independence Day this year took on new meaning. Marked by the wounds this Nation suffered as a result of terrorism on September 11, this Nation is stronger in its resolve to seek, protect, and assure the free exercise of independent government set up by the people for the people governed.

The memory of that tragic day has made our enjoyment of freedom in this Nation an even greater treasure which must now be preserved on the face of the Earth for generations to come.

Grasped by the spirit expressed by the original signers of the Declaration of Independence, may the Members of the 107th Congress and the citizens of this Nation again appeal to You as the supreme judge of the world for the rectitude of all our intentions.

With firm reliance on the protection of divine providence, may we mutually pledge to each other our lives, our fortunes, and our sacred honor to foster and defend equal justice and the freedom of all now and forever. Amen.

THE JOURNAL

The Speaker pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.
Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The Speaker pro tempore. Will the gentleman from Oregon (Mr. Wu) come forward and lead the House in the Pledge of Allegiance.

Mr. Wu led the Pledge of Allegiance as follows:
I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregran, one of its clerks, announced that the Senate has passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title: H.R. 4546. An act to authorize appropriations for fiscal year 2003 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 4546) "An Act to authorize appropriations for fiscal year 2003 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes." requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Levin, Mr. Kennedy, Mr. Byrd, Mr. Lieberman, Mr. Cleland, Ms. Landrieu, Mr. Reed, Mr. Akaka, Mr. Nelson of Florida, Mr. Nelson of Nebraska, Mrs. Carnahan, Mr. Dayton, Mr. Bingaman, Mr. Warner, Mr. Thurmond, Mr. McCain, Mr. Smith of New Hampshire, Mr. Inhofe, Mr. Santorum, Mr. Roberts, Mr. Allard, Mr. Hutchinson, Mr. Sessions, Ms. Collins, and Mr. Bunning, to be the conferees on the part of the Senate.

The message also announced that the Senate has passed bills of the following titles in which the concurrences of the House are requested:
S. 803. An act to enhance the management and promotion of electronic Government services and processes by establishing an Office of Electronic Government within the Office of Management and Budget, and by establishing a broad framework of measures that require using Internet-based information technology to enhance citizen access to Government information and services, and for other purposes.

S. 2514. An act to authorize appropriations for fiscal year 2003 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes.

S. 2515. An act to authorize appropriations for fiscal year 2003 for military activities of the Department of Defense, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes.

S. 2516. An act to authorize appropriations for fiscal year 2003 for military construction, and for other purposes.

S. 2517. An act to authorize appropriations for fiscal year 2003 for defense activities of the Department of Energy, and for other purposes.

The message also announced that pursuant to Public Law 94-201, as amended by Public Law 105-275, the Chair, on behalf of the President pro tempore, appoints the following individuals as members of the Board of Trustees of the American Folklife Center of the Library of Congress—Susan Barkdale Howorth of Mississippi, for a term of six years; and Marlene Meyerson of Texas, for a term of six years.
ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 4 of rule I, the Speaker signed the following enrolled bill on Friday, June 28, 2002:

S. 2578, to amend title 31 of the United States Code to increase the public debt limit.

COMMUNICATION FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following communication from the President of the United States:


Hon. J. DENNIS HASTERT,
Speaker, House of Representatives, Washington, DC.

DEAR MR. SPEAKER: As my staff has previously communicated to you, I will undergo this morning a routine medical procedure requiring sedation. In view of present circumstances, I have determined to transfer temporarily my Constitutional powers and duties to the Vice President during the brief period of the procedure and recovery.

Accordingly, in accordance with the provisions of Section 3 of the Twenty-Fifth Amendment to the United States Constitution, this letter shall constitute my written declaration that I am unable to discharge the Constitutional powers and duties of the office of President of the United States. Pursuant to Section 3, the Vice President shall discharge those powers and duties as Acting President until I transmit to you a written discharge of Section 3 of the Twenty-Fifth Amendment to the United States Constitution.

I have determined to transfer temporarily my Constitutional powers and duties as Acting President of the United States. With the transmittal of this letter, I am resuming those powers and duties as President until I transmit to you a written discharge of Section 3 of the Twenty-Fifth Amendment. This letter shall constitute my written discharge of those powers and duties.

Sincerely,

GEORGE W. BUSH.

PRESCRIPTION DRUG INDUSTRY’S NEW LOBBYING TECHNIQUE

(Mr. BROWN of Ohio asked and was given permission to address the House for 1 minute.)

Mr. BROWN of Ohio. Mr. Speaker, the prescription drug industry has come up with a new lobbying technique. Three weeks ago, the drug industry dumped almost $3 million into a Republican fundraising event. Two weeks ago, in a party-line vote, the drug industry and Republicans pushed through a prescription drug Medicare privatization bill.

Now the drug industry is pressuring medical schools and teaching hospitals and doctors to write Congress urging us to continue permitting drug companies to engage in anticompetitive behavior. They have convinced a few of these health care providers that unless the U.S. lets the drug industry keep competition out of the market, my colleagues guessed it, research and development will dry up. Fourteen years of patent-protection monopoly prices apparently is not enough.

The same industry that consistently earns profits five points higher than other profitable industries argues that if they do not exploit America’s seniors they cannot and will not do research and development. That excuse, Mr. Speaker, is wearing thin.

Private and public resources for health care are not infinite. Drug companies continue to cheat American consumers, employer-sponsored health care plans and State governments and every other health care purchaser out of billions of dollars each year. Enough is enough.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess until approximately 5 p.m. today. Accordingly (at 2 o’clock and 8 minutes p.m.), the House stood in recess until approximately 5 p.m.

□ 1702

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. KOHLC) at 5 o’clock and 2 minutes p.m.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the Chair will postpone further proceedings today on motions to suspend the rules on which a recorded vote or the yeas or nays are ordered, or on which the vote is objected to under clause 6 of rule XX.

Any record votes on postponed questions will be taken after debate has concluded on all motions to suspend the rules, but not before 6:30 p.m. today.

COMPREHENSIVE STUDY OF THE RATHDRUM PRAIRIE/SPokane VALLEY AQUIFER

Mr. OSBORNE, Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4609) to direct the Secretary of the Interior to conduct a comprehensive study of the Rathdrum Prairie/Spokane Valley Aquifer, located in Idaho and Washington.

The Clerk read as follows:

H.R. 4609

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. COMPREHENSIVE STUDY OF THE RATHDRUM PRAIRIE/SPokane VALLEY AQUIFER.

(a) IN GENERAL.—The Secretary of the Interior, in consultation with the Governor of Idaho and the State of Washington, shall conduct a comprehensive study of the Rathdrum Prairie/Spokane Valley Aquifer for the purpose of preparing a model of the aquifer and establishing for those States a mutually acceptable understanding of the aquifer as a groundwater resource.

(b) REPORT.—The Secretary shall submit to the Congress a report on the findings and conclusions of the study by not later than 3 years after the date of the enactment of this Act.

(c) AUTHORIZATION OF APPROPRIATIONS.—For conducting the study under this section there is authorized to be appropriated to the Secretary $3,500,000.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Nebraska (Mr. OSBORNE) and the gentleman from Oregon (Mr. WU) each will control 20 minutes.

Mr. OSBORNE, Mr. Speaker, I yield myself such time as I may consume.

H.R. 4609, the Rathdrum Prairie/Spokane Valley Aquifer Study Act of 2002, directs the Secretary of the Department of Interior to work with the State of Idaho and the State of Washington to conduct a comprehensive study for the Rathdrum Prairie/Spokane Valley Aquifer by preparing a groundwater model to help establish a mutually acceptable understanding of the aquifer as a groundwater resource. The tools developed by this legislation will help to better coordinate and understand the various factors that influence the quantity and quality of the aquifer and encourage better cooperation between the two States charged with its maintenance operations.

I would like to commend the gentleman from Washington (Mr. NETHERCUTT), the sponsor of this legislation, for his work on this bill.

Mr. Speaker, I yield such time as he may consume to the gentleman from Washington (Mr. NETHERCUTT).

Mr. NETHERCUTT, Mr. Speaker, I thank the gentleman for yielding me this time and I am pleased to make a statement in support of this bill.

There is nothing in the Northwest that is more precious than our air and our water. We in eastern Washington and northern Idaho are blessed with not only these great resources but especially our clean water. We think it is some of the best water in the entire world to drink. So we want to make sure that it is protected, and that is what this bill does.

This bill was introduced by me and by the gentleman from northern Idaho...
Mr. OSBORNE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3380) to authorize the Secretary of the Interior to issue right-of-way permits for natural gas pipelines within the boundary of Great Smoky Mountains National Park.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PERMITS FOR EXISTING NATURAL GAS PIPELINES.

(a) IN GENERAL.—The Secretary of the Interior may issue right-of-way permits for natural gas pipelines that exist as of September 1, 2001, within the boundary of Great Smoky Mountains National Park.

(b) TERMS AND CONDITIONS.—A permit issued under subsection (a) shall be—

(1) subject to any terms and conditions that the Secretary deems necessary, including—

(A) provisions for the protection and restoration of park resources that are disturbed by pipeline construction; and

(B) assurances that construction and operations of the pipeline will not adversely affect Great Smoky Mountains National Park.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Oregon (Mr. WU) each will follow:

(1) The Foothills Parkway.

(2) The Gatlinburg Bypass Sparrow Pigeon Forge and Gatlinburg.

(3) The Gatlinburg Bypass.

(b) TERMS AND CONDITIONS.—A permit issued under subsection (a) shall be—

(1) subject to any terms and conditions that the Secretary deems necessary, including—

(A) provisions for the protection and restoration of park resources that are disturbed by pipeline construction; and

(B) assurances that construction and operations of the pipeline will not adversely affect Great Smoky Mountains National Park.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Nebraska (Mr. OSBORNE) and the gentleman from Oregon (Mr. WU) each will control 20 minutes.

The Chair recognizes the gentleman from Nebraska (Mr. OSBORNE).

Mr. OSBORNE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 3380 was introduced as a model and a study to make sure we know what is there so that it can be protected.

Mr. OTTER. Mr. Speaker, I yield myself such time as I may consume.

There is also a disparity in consideration of aquifer use, of economic development, at the same time we protect our environmental resources.

So I will thank the gentleman from Nebraska and his counterpart, the gentleman from Oregon (Mr. WU), for their assistance in allowing me to say a few words in support of my bill. I speak on behalf of the gentleman from Idaho (Mr. OTTER) in thanking the committee and subcommittee of jurisdiction for considering this measure, and we hope it will pass overwhelmingly.

Mr. Speaker, I yield back the balance of my time.
was installed prior to the Park Service’s acquisition of the right-of-way along the highway.

After preparing to grant the request, it was discovered that while the Secretary possesses the authority to grant right-of-way permits through the units of the park system for various utility services, the Secretary did not possess the authority to grant a permit for natural gas and petroleum product pipelines.

The pipeline would serve homes in Gatlinburg, Tennessee. At the present time, these homes are reliant upon propane and electricity to meet their energy needs. Given some air quality issues at Great Smoky Mountains National Park, the Park Service believes it is in the best interests of the park to permit natural gas pipelines as a clean alternative for new homes and businesses.

No permits will be granted until all environmental and safety reviews have been conducted. This authority would be consistent with the authority granted at the Blue Ridge and Natchez Trace Parkway park units.

This is a noncontroversial bill supported by both the majority and the minority, as well as the administration, and I urge my colleagues to support it.

Mr. Speaker, I yield such time as he may consume to the gentleman from Tennessee (Mr. Jenkins), the sponsor of the bill, and to the gentleman from Nebraska (Mr. Osborne) for yielding time to me.

Mr. Speaker, I appreciate very much the subcommittee and the committee in their favorable consideration of this bill, and in recommending it for passage.

The gentleman from Nebraska (Mr. Osborne) has explained the provisions of this bill very well, and he pointed out that in planning this project, that it was discovered that the Secretary of the Interior had power to issue permits for other utilities, but not for natural gas, and that power has been given to the Secretary of the Interior on a case-by-case basis in the case of other national parks across this land.

All of these lines will be laid underground. The lines will be all under a road, and there will be no diminution in the natural beauty of this great national park.

As we know, this is the most visited national park in the country. There is substantial growth on all sides of this national park, in all of the border areas. The passage of this legislation will allow that growth to be clean growth. The Senate has passed this legislation, and we will appreciate the favorable consideration in the House of Representatives.

Mr. WU. Mr. Speaker, I yield myself such time as I may consume.

(Mr. WU asked and was given permission to revise and extend his remarks.)

Mr. WU. Mr. Speaker, H.R. 3380 authorizes the Secretary of the Interior to issue right-of-way permits for an existing natural gas pipeline as well as future natural gas pipelines that would cross or parallel three road segments that lead into the Great Smoky Mountains National Park.

We must be very careful in approving such activities. When the Subcommittee on National Parks, Recreation, and Public Lands held a hearing on H.R. 3380 earlier this year, the National Park Service testified in support of the legislation, noting that the pipelines would cross or parallel only park roads and not involve other park resources. The National Park Service also assured the committee that all necessary steps would be taken to ensure that these pipelines have no negative impact on park resources or visitors.

Given those assurances and relying upon them, we have no objection to consideration of H.R. 3380 by the House today.

Mr. Speaker, I yield back the balance of my time.

Mr. Osborne. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. Kolbe). The question is on the motion offered by the gentleman from Oregon (Mr. Osborne) that the House suspend the rules and pass the bill, H.R. 3380.

The question is taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

FORT CLATSOPO NATIONAL MEMORIAL EXPANSION ACT OF 2002

Mr. Osborne, Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3380) to authorize the acquisition of additional lands for inclusion in the Fort Clatsop National Memorial in the State of Oregon, and for other purposes, as amended.

The Clerk read as follows:

H.R. 2643

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Fort Clatsop National Memorial Expansion Act of 2002”.

SEC. 2. FINDINGS.

The Congress finds the following:

(1) Fort Clatsop National Memorial is the only unit of the National Park System solely dedicated to the Lewis and Clark Expedition.

(2) In 1805, the members of the Lewis and Clark Expedition built Fort Clatsop at the mouth of the Columbia River near Astoria, Oregon, and they spent 106 days at the fort waiting for the end of winter and preparing for their journey home.

(3) In 1958, Congress enacted Public Law 85–435 authorizing the establishment of Fort Clatsop National Memorial for the purpose of commemorating the culmination, and the winter encampment, of the Lewis and Clark Expedition following its successful crossing of the North American continent.

(4) The 1995 General Management Plan for Fort Clatsop National Memorial, prepared with input from the local community, recommends the expansion of the memorial to include the following areas used by expedition members to access the Pacific Ocean from the fort and the shore and forest lands surrounding the fort and trail to protect their natural settings.

(5) Congressional action to allow for the expansion of Fort Clatsop National Memorial to include the trail to the Pacific Ocean would be timely and appropriate before the start of the bicentennial celebration of the Lewis and Clark Expedition planned to take place during the years 2004 through 2006.

SEC. 3. EXPANSION OF FORT CLATSOPO NATIONAL MEMORIAL

(a) REVERSED BOUNDARIES.—Section 2 of Public Law 85–435 (16 U.S.C. 450mm–1) is amended—

(1) by inserting “(a) INITIAL DESIGNATION OF LANDS.—” before “Within”;

(2) by striking “coast:” and all that follows through the end of the sentence and inserting “cost:”;

and

(3) by adding at the end the following new subsections:

“(b) AUTHORIZED ACQUISITION METHODS.—Section 3 of Public Law 85–435 (16 U.S.C. 450mm–2) is amended—

(1) by inserting “(a) ACQUISITION METHODS.—” before “Within”;

and

(2) by adding at the end the following new subsection:

“(c) MAXIMUM DESIGNATED AREA.—The total area designated as the Fort Clatsop National Memorial shall not exceed 1,500 acres.”;

(b) AUTHORIZED ACQUISITION METHODS.—Section 3 of Public Law 85–435 (16 U.S.C. 450mm–2) is amended—

(1) by inserting “(a) ACQUISITION METHODS.—” before “Within”;

and

(2) by adding at the end the following new subsection:

“(c) MAXIMUM DESIGNATED AREA.—The total area designated as the Fort Clatsop National Memorial shall not exceed 1,500 acres.”;

(c) MEMORANDUM OF UNDERSTANDING.—If the owner of corporately owned timberlands depicted on the map referred to in section 2(b) may be acquired by the Secretary of the Interior only by donation or purchase from willing sellers.

SEC. 4. STUDY OF STATION CAMP SITE AND OTHER AREAS FOR POSSIBLE INCLUSION IN NATIONAL MEMORIAL.

The Secretary of the Interior shall conduct a study of the area near McGowan, Washington, where the Lewis and Clark Expedition first camped after reaching the Pacific Ocean and known as the “Station Camp” site, as well as the Megler Rest Area and Fort Canby State Park, to determine the suitability, feasibility, and environmental significance of these sites for inclusion in the National Park System. The study shall be conducted in accordance with section 8 of Public Law 91–383 (16 U.S.C. 1a–5).

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Nebraska (Mr. Osborne) and the gentleman from Oregon (Mr. Wu) each will control 20 minutes.
The Chair recognizes the gentleman from Nebraska (Mr. OSBORNE).

Mr. OSBORNE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 2643, as amended, would allow for the expansion of Fort Clatsop National Memorial, the western terminus of the Corps of Discovery, as a unit of the National Park System solely dedicated to the Lewis and Clark expedition. It commemorates the camp where the Corps of Discovery spent the winter of 1805 to 1806. As we approach the bicentennial of this monumental expedition, our Nation could do no better than draw inspiration from this great journey across the American West.

The expedition, led by Captains Meriwether Lewis and William Clark, gave birth to new interest in the American frontier as they provided the first detailed information about the North-west that ultimately led to a steady procession of settlers into the region. These explorers made their trek following President Thomas Jefferson's order to explore the Missouri River to its source, establish the most direct route to the Pacific Ocean, and to make scientific and geographic observations.

They were also instructed to learn about the Indian tribes they would meet along the way and attempt to impress them with the strength of the United States and to report back regarding their observation. After their great journey across the continent, the members of the Corps of Discovery spent the winter of 1805–1806 at Fort Clatsop before beginning their return trip back east.

This legislation would also authorize the National Park Service to study the suitability and feasibility of three sites in the State of Washington, all of which have significance to the expedition, for the possible inclusion as units of the National Park System. This expansion, supported by all property owners within the boundaries, would help prepare for the influx of visitors expected during the upcoming bicentennial. We commend all parties who have worked together on this legislation to address some issues of concern that came up during committee consideration.

This is a good bill that is supported by the administration as well as both the majority and the minority, and I urge my colleagues to support it.

Mr. Speaker, I reserve the balance of my time to explore the merits of H.R. 2643, as amended.

Mr. WU. Mr. Speaker, I yield myself such time as I may consume.

(Mr. WU asked and was given permission to revise and extend his remarks.)

Mr. WU. Mr. Speaker, I rise today as the sponsor of H.R. 2643, as amended, Fort Clatsop National Memorial Expansion Act. I am joined by my colleague, the gentleman from Washington (Mr. BAIRD), who is an original cosponsor of the bill.

It has taken a lot of hands to bring this bill to the floor today and I would like to thank the gentleman from Utah (Mr. HANSEN) and the ranking member, the gentleman from West Virginia (Mr. RAHALL) of the Committee on Resources, and from the Subcommittee on National Parks, Recreation, and Public Lands, the gentleman from California (Mr. RADANOVICH) and the ranking member, the gentleman from the Virgin Islands (Mr. CHRISTENSEN).

Closer to home, I would also like to thank Willamette Industries for its cooperation in making this bill possible and Willamette Industries' successor in interest, Weyerhaeuser. Without the cooperation of these two businesses and their employees and executives, we would not be here today with a successful bill.

And even closer to home, I would very much like to recognize the hard work and diligence of Cameron Johnson on our staff who has worked on this bill since his first day as a staffer on Capitol Hill. And I would also like to recognize his predecessor Bill Minor, who unfortunately has gone to the University of Washington law school.

But Bill is from Astoria, Oregon, and Fort Clatsop is literally in his back yard.

Fort Clatsop is the western terminus of the Lewis and Clark expedition. This bill authorizes expansion of its boundaries from 130 acres to 1,500 acres. The expansion would permit the national memorial to reach the ocean and to accommodate the expected 1 million visitors for the bicentennial of the Lewis and Clark expedition. These million-plus visitors will see a nearly exact replica of the fort in which Lewis and Clark wintered over in 1805 on the Oregon coast. They will see a forest that is approximately the same as what Lewis and Clark saw. Our trees are currently about that size because of timber harvests about 75 or 100 years ago. And historians think that Lewis and Clark saw a similar forest because of a great earthquake which occurred approximately 100 years before they reached the Oregon coast. Visitors will also undoubtedly enjoy a decent dose of Oregon rain.

The Lewis and Clark expedition spent 106 days at Fort Clatsop over the winter of 1805–1806. Out of those 106 days, there were 6 rainy days, 6 cloudy but rainfree days and 94 days during which the expedition enjoyed what we would call in Oregon liquid sunshine and in the rest of the country it would be called rain.

And so the expansion will permit visitors to access the Pacific Ocean. This was, after all, the western terminus of the epochal Lewis and Clark expedition.

It serves us well to remember that like so many other scientific and exploratory adventurers, the discoveries and achievements which were made by this expedition were made through great adversity and frequently while they were looking for something else.

The expedition started planning when the territory was under French and Spanish sovereignty. By the time the expedition actually left, President Jefferson had purchased much of the territory from Napoleon. President Jefferson envisioned part of the expedition's goal to be creating a series of trade alliances with a string of Indian nations along the trail. History proved otherwise. Both the Indian nations and the United States had other pressing priorities.

And, finally, the expedition was to search for a waterway to the great West, the great hope of the 17th, 18th, and 19th centuries, a hope which flourished on ignorance of geography and geology, in this case the intervening Rocky Mountains. But Lewis and Clark was an epiphanal achievement and a success, despite the ziggs and zags and trial from within by those who abuse the freedom and trust that America has bestowed.

This is a bill to expand Fort Clatsop, and at its bicentennial it is appropriate to commemorate and celebrate, but we also do well to remember, not for history's sake alone, but to remember that we have continued to walk in the footsteps of Lewis and Clark on a journey of discovery, and to remember that because the future cannot be known with certainty. But with vision and values, courage and perseverance, these endure with us today in our time of trial, trial from abroad by those who hate and who hate especially our diversity and our liberty; trial even from within by those who abuse the freedom and trust that America has bestowed.

This is a bill to expand Fort Clatsop, and at its bicentennial it is appropriate to commemorate and celebrate, but we also do well to remember, not for history's sake alone, but to remember that we have continued to walk in the footsteps of Lewis and Clark on a journey of discovery, and to remember that because the future cannot be known with certainty. But with vision and values, courage and perseverance, these endure with us today in our time of trial, trial from abroad by those who hate and who hate especially our diversity and our liberty; trial even from within by those who abuse the freedom and trust that America has bestowed.

Mr. Speaker, I yield 5 minutes to the gentleman from Washington (Mr. BAIRD).

Mr. BAIRD. Mr. Speaker, I would like to thank my colleague from Oregon (Mr. Wu) for working to ensure that Southwest Washington will play a role in the Lewis and Clark commemoration through this legislation. I also want to thank the chair and the ranking member of the committee, and past chair and the gentleman from Indiana (Mr. SOUDER) for his strong support of this bill and for his strong support of the National Park System in general.

The bicentennial commemoration of Lewis and Clark's expedition is just a year away. They began their journey back in 1803. And in 2003 communities across our Nation will begin commemorating the Corps of Discovery and
the promises they back with their jour-

It is my hope that during this com-
memoration Americans will visit im-
portant stops along the journey of dis-
covery, including Station Camp and Fort
Clatsop. On November 18 in 1805, William
Clark stopped at Station Camp, sometimes
referred to as Megler’s Rest, stopped and
proclaimed, “I am in full view now of
the coast. It is hard to imagine what
that must have felt like for the
Corps, having traveled clear across the
country in lands no American had seen
before. But there in Washington State
that is what he said and that is what
they saw.

It was also at this historic site that
they took a critical vote, 100 years be-
fore suffrage, 60 years before the Emanci-
pation Proclamation. The Corps of
Discovery voted where they would
spend the winter. In that vote they
saw.

On November 18 in 1805, William Clark
spent the winter in that wonderful but
spacious campsite at Station Camp.

Today I welcome the opportunity to
express my strong support for this leg-
sislation which seeks to expand Fort
Clatsop National Monument, the only
unit in the National Park system that
is solely dedicated to the amazing jour-
ney of Lewis and Clark. And of great
importance to my district is the legis-
lation’s inclusion of study language to
authorize study for the inclusion of
Station Camp and Fort Canby within the
Fort Clatsop National Memorial.

Although Station Camp is considered
the end of the voyage, it is also true
that the Northwestern part of the jour-
nedy included what is now Fort Canby
where Lewis and Clark led a small
team to the actual coast. And you can
only imagine what it must have been
like to stand there on what is now
called Cape Disappointment, look out
over the sea and knowing that you
would be there to take you home, but
seeing none, you realize that you would
spend the winter in that wonderful but
also cold and wet environment, and
then trudge by foot, boat and horse
back all the way down the journey you
had just traced.

This legislation calls for the Park
Service to work collaboratively with
the States of Oregon and Washington,
the Environmental Protection Agency,
and the others in the local communities on the expansion of
Fort Clatsop and a study including new
sites before the start of the bicenten-
nial of the Lewis and Clark expedition
which is planned to take place between
2003 and 2006.

Compromise legislation has already
passed the Senate. I want to thank our
Senate colleagues in both Oregon and
Washington for their leadership. I want
to thank the gentleman from Oregon
(Mr. B AIRD) for working dili-
genously with me, and I thank the gen-
tleman from Nebraska (Mr. OSBORNE)
for his courtesies.

Mr. Speaker, I yield back the balance of
my time.

Mr. OSBORNE. Mr. Speaker, on that
occasion, I was given permission to
revise and extend my remarks.

I urge its adoption.

I became interested in this bill be-
cause the park is important to my
district at Clarks-
villle, Indiana, and the other
communities surrounding the Falls of the Ohio
have a unique connection to Fort
Clatsop and nearby Station Camp in the
State of Washington.

In October 1805, Lewis and Clark first
met at the Falls of the Ohio, recruited
the first members of the Corps of Dis-
covery and departed for the West from
Clarksville, Indiana, later that same
month. It then took more than 2 years
to discover the next great
discovery, the site that would
reach the Pacific Ocean nearby
present-day McGowan, Washington.

As many know, our country will
begin commemorating the bicentennial
of the Lewis and Clark expedition next
year. Both the Falls of the Ohio
and the lower Columbia region surrounding
Fort Clatsop will host national signa-
ture events to mark important
moments in the journey.

Mr. Speaker, the upcoming bicenten-
nial has caused many of us to more
carefully examine the history of the
Lewis and Clark expedition. In doing
so, we have discovered many more
important sites, like the Falls of the Ohio
and Station Camp, Washington, that
have not been properly recognized in
the past. The Falls of the Ohio has now
been certified by the National Park
Service as an official site associated
with the Lewis and Clark national his-
toric trail.

I hope the National Park Service
will quickly perform the feasibility study
required by this bill to add the Wash-
ington State sites to the Fort Clatsop
national memorial.

In closing, let me join President Bush
in urging all Americans to observe the
Lewis and Clark bicentennial and par-
ticipate in activities to honor the
achievement of this important expedi-
tion.

Mr. WU. Mr. Speaker, I yield myself
such time as I may consume.

Mr. Speaker, I encourage passage for
this important piece of legislation.

Mr. WU. Mr. Speaker, I yield myself
such time as I may consume.

Mr. Speaker, I would like to com-
mend my good friend and colleague
from Washington (Mr. BAIRD) for his
work and especially for pointing out
this signal election and these early
wise westerners who, I must point out
for the record, voted to go to Oregon as
so many others have.

Mr. Speaker, I yield 3 minutes to the
gentleman from Indiana (Mr. MILL).

(Mr. HILL asked and was given per-
mission to revise and extend his re-
marks.)

Mr. HILL. Mr. Speaker, I am pleased
to be a co-sponsor of H.R. 2643, the Fort
Clatsop National Memorial Expansion

I became interested in this bill be-
cause the park is important to my
district at Clarks-
villle, Indiana, and the other
communities surrounding the Falls of the Ohio
have a unique connection to Fort
Clatsop and nearby Station Camp in the
State of Washington.

In October 1805, Lewis and Clark first
met at the Falls of the Ohio, recruited
the first members of the Corps of Dis-
covery and departed for the West from
Clarksville, Indiana, later that same
month. It then took more than 2 years
to discover the next great
discovery, the site that would
reach the Pacific Ocean nearby
present-day McGowan, Washington.

As many know, our country will
begin commemorating the bicentennial
of the Lewis and Clark expedition next
year. Both the Falls of the Ohio
and the lower Columbia region surrounding
Fort Clatsop will host national signa-
ture events to mark important
moments in the journey.

Mr. Speaker, the upcoming bicenten-
nial has caused many of us to more
carefully examine the history of the
Lewis and Clark expedition. In doing
so, we have discovered many more
important sites, like the Falls of the Ohio
and Station Camp, Washington, that
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I hope the National Park Service
will quickly perform the feasibility study
required by this bill to add the Wash-
ington State sites to the Fort Clatsop
national memorial.

In closing, let me join President Bush
in urging all Americans to observe the
Lewis and Clark bicentennial and par-
ticipate in activities to honor the
achievement of this important expedi-
tion.

Mr. WU. Mr. Speaker, I yield myself
such time as I may consume.

I would be remiss if I did not mention
two additional individuals in closing
and that is Cindy Orlando, former super-
intendent of Fort Clatsop National
Memorial, who was superintendent of
the memorial for a long time and
worked on many aspects of this memo-rial, including this expansion. I would
also like to recognize the current super-
intendent, Don Stryker, who is moving
on to Mt. Rushmore. He will be
getting a little bit more granite, but no
more spectacular scenery than he has
had at Fort Clatsop.

Fort Clatsop has been terrific in working
with the park service, with the committee and
with us in bringing this bill for-
ward; and I would just like to share a
moment when Don provided us with an
opportunity to be at Fort Clatsop after
sundown, and under the growing shad-
ows and with a roaring campfire near-
by, it was very easy to imagine what it
would be like to go back 200 years to
experience what the explorers experi-
enced. It is also difficult to imagine
what they had to endure to get there.

Mr. Speaker, I yield 2 minutes to the
gentleman from Washington (Mr. BAIRD).

Mr. BAIRD. Mr. Speaker, I just want-
ed to add also that another individual
who has worked tremendously hard on
this is Dave Micandri, head of the
Washington State Historical Society.
It was his vision and persistence and tireless
work and especially for pointing out
that the Northwestern part of the jour-
ney included what is now Fort Canby
where Lewis and Clark led a small
team to the actual coast. And you can
only imagine what it must have been
like to stand there on what is now
called Cape Disappointment, look out
over the sea and hoping that the ship
would be there to take you home, but
seeing none, you realize that you would
spend the winter in that wonderful but
also cold and wet environment, and
then trudge by foot, boat and horse
back all the way down the journey you
had just traced.

This legislation calls for the Park
Service to work collaboratively with
the States of Oregon and Washington,
the Environmental Protection Agency,
and the others in the local communities on the expansion of
Fort Clatsop and a study including new
sites before the start of the bicenten-
nial of the Lewis and Clark expedition
which is planned to take place between
2003 and 2006.

Compromise legislation has already
passed the Senate. I want to thank our
Senate colleagues in both Oregon and
Washington for their leadership. I want
to thank the gentleman from Oregon
(Mr. BAIRD) for working dili-
genously with me, and I thank the gen-
tleman from Nebraska (Mr. OSBORNE)
for his courtesies.

Mr. Speaker, I yield back the balance of
my time.

Mr. OSBORNE. Mr. Speaker, I yield
back the balance of my time.

The SPEAKER pro tempore (Mr.
KOLBE). The question is on the motion
offered by the gentleman from Ne-
braska (Mr. OSBORNE) that the House
suspend the rules and pass the bill,
H.R. 2643, as amended.

The question was taken.

The SPEAKER pro tempore. In the
opinion of the Chair, two-thirds of
those present have voted in the affirm-
ate.

Mr. OSBORNE. Mr. Speaker, on that
I demand the yeas and nays.
The yeas and nays were ordered. The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair’s prior announcement, further proceedings on this motion will be postponed.

GENERAL LEAVE

Mr. OSBORNE, Mr. Speaker. I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material which to revise and extend their remarks and include extraneous material pending the rules and passing the bill, H.R. 4609.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess until approximately 6:30 p.m.

Accordingly (at 5 o’clock and 36 minutes p.m.), the House stood in recess until approximately 6:30 p.m.

□ 1831

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mrs. BIGGERT) at 6 o’clock and 31 minutes p.m.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the Chair will now put the question on motions to suspend the rules on which further proceedings were postponed earlier today, in the order in which that motion was entertained.

VOTES will be taken in the following order:
H.R. 4609, by the yeas and nays;
H.R. 2643, by the yeas and nays.

The Chair will reduce to 5 minutes the time for the second vote in this series.

COMPREHENSIVE STUDY OF THE RATHDRUM PRAIRIE/SPOKANE VALLEY AQUIFER

The SPEAKER pro tempore. The pending business is the question of suspending the rules and passing the bill, H.R. 4609.

The Clerk read the title of the bill. The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Nebraska (Mr. OSBORNE) that the House suspend the rules and pass the bill, H.R. 4609, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 340, nays 9, not voting 85, as follows:

[Roll No. 283]

YEAS—340

YEAHS—340

YEAS: [List of Members]

NAYS: [List of Members]

□ 1856

Mr. JONES of North Carolina changed his vote from “yea” to “nay.” Mr. ROTHMAN and Mr. STUPAK changed their vote from “nay” to “yea.”

So (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:
Mr. FILNER, Mr. Speaker, on rollcall No. 263, I was traveling on official business. Had I been present, I would have voted “yea.”

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the Chair will reduce to 5 minutes the minimum time for electronic voting on the additional motion to suspend the rules on which the Chair has postponed further proceedings.

FORT CLATSOP NATIONAL MEMORIAL EXPANSION ACT OF 2002

The SPEAKER pro tempore. The pending business is the question of suspending the rules and passing the bill, H.R. 2643, as amended.
The Clerk read the title of the bill. The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Nebraska (Mr. Osborne) that the House suspend the rules and pass the bill, H.R. 2643, as amended, on which the yeas and nays are ordered.

This is a 5-minute vote. The vote was taken by electronic device, and there were—yeas 331, nays 18, not voting 85, as follows:

[Roll No. 284]

YEA–331

Abercrombie
Ackerman
Akin
Allen
Andrews
Armey
Baca
Balchus
Baldwin
Ballenger
Barr
Bartlett
Barton
Bass
Bates
Becerra
Bilirakis
Berkley
Berry
Biggerstaff
Biggert
Bilirakis
Bilman
Bischline
Boehner
Bonilla
Bono
Boozman
Boyle
Brady (PA)
Brady (TX)
Brown (OH)
Brown (SC)
Burke
Burton
Burr
Calvert
Calvert
Capito
Capps
Cannon
Castle
Chabot
Chambliss
Clay
Clayton
Clyburn
Combest
Connolly
Costello
Cox
Cramer
Crane
Crenshaw
Crowley
Davis (CA)
Davis (FL)
Davis, Tom
Deal
DeFazio
DeGette
DeLauro
DeMint
Deutsch
Diaz-Balart
Dicks
Dooley
Doolittle
Doyle
Dreier
Dunn
Edwards
Edwards

Quinn
Rahall
Ramstad
Rangel
Rebekh
Reyes
Rogers (NY)
Rogers (MI)
Ros-Lehtinen
Ross
Rothman
Roybal-Allard
Rush (NY)
Ryan (KS)
Sabo
Santorum
Sanchez
Sanford
Saxton
Scherick
Sessions
Shaw
Shays
Sherman
Sherwood
Shumlin
Shuster
Simpson
Skinner
Smith (WA)
Snyder
Spencer
Stark
Stenholm
Strikeand
Stupak
Sullum
Sununu
Tanner
Tauscher
Taul Edinburgh
Taylor (MS)
Taylor (NJ)
Terry
Thompson
Thompson (CA)
Thompson (MD)
Thorburn
Thune
Townsend

NAYS–18

Aderholt
Baucus
Barrett
Becerra
Berman
Bishop
Bouchard
Borski
Brown (FL)
Bryant
Cardin
Christensen
Cochran
Cohn
Cooksey
Cory
Culhenson
Davis (IL)
Davis, Jo Ann
Dingell
Dincher
Gelagoti
Gephardt
Gutierrez

Rolf (OH)
Hansson
Hastings (FL)
Hill
Hinojosa
Hines
Hilliard
Hines
Hogeland
Hollingsworth
Holt
Honda
Hoekstra
Hinojosa
Hoffman
Horn
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Horne
Horne

Pitts
Poorer
Pryce (OH)
Radanovich
Rangel
Rivers
Rousseau
Schafer
Schakowsky
Scott
Slaughter
Smith (MI)
Smith (NJ)
Souders
Spratt
Stump
Sweeney
Tancredo
Taylor (NC)
Traficant
Walsh
Weiner
Whitfield
Young (AK)

The SPEAKER pro tempore. Without objection, the resolution is accepted. There was no objection.

ELECTION OF MEMBERS TO CERTAIN STANDING COMMITTEES OF THE HOUSE

Mr. FROST. Madam Speaker, by direction of the Democratic Caucus, I have offered a privileged resolution (H.R. 470) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 470

Resolved, That the following Members be and are hereby, elected to the following committees of the United States House of Representatives:

Committee on Resources: Mr. Holden of Pennsylvania; Committee on Transportation and Infrastructure: Mr. Capuano of Massachusetts.

The resolution was agreed to. A motion to reconvene was laid on the table.

AMENDMENT PROCESS FOR CONSIDERATION OF H.R. 4635, ARMING PILOTS AGAINST TERRORISM ACT

Mr. REYNOLDS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.

Mr. REYNOLDS. Mr. Speaker, a “Dear Colleague” letter has been sent to Members informing them that the Committee on Rules plans to meet on Tuesday, July 9, 2002, to grant a rule for the consideration of H.R. 4635, the Arming Pilots Against Terrorism Act. The Committee on Rules may grant a rule which would require that amendments be printed in the CONGRESSIONAL
Mr. DEFAZIO. Mr. Speaker, tomorrow the President will go to New York, to Wall Street, to give a much-anticipated speech tomorrow. We will all listen carefully.

Mr. DEFAZIO. Mr. Speaker, tomorrow the President will go to New York, to give a much-anticipated speech on reforming the mess in corporate America.

Now this will be an interesting day because this is the same President and Vice President and cabinet who have long-touted their extraordinarily tight ties with corporate America; the same President who appointed Harvey Pitt, a former securities lawyer, as head of the Securities and Exchange Commission; Mr. Pitt, who, when he was sworn in, promised a klaxon gentler Securities and Exchange Commission, even while all these abuses were going on. And, in fact, recently Mr. Pitt was berated for meeting with people from a firm under investigation; and he said, well, how could I not meet with people from firms under investigation who I represented? I represented them all.

Mr. Speaker, today I am offering a motion to instruct conferences on H.R. 3295 tomorrow.

The form of the motion is as follows: I move that the managers on the part of the House at the conference on the disagreeing votes of the two houses on the Senate amendments to the bill H.R. 3295 be instructed to recede from disagreement with the provisions contained in subparagraphs (A) and (B) of section 101(a)(3) of the Senate amendment to the House bill (relating to the accessibility of voting systems for individuals with disabilities).

SPECIAL ORDERS

The SPEAKER pro tempore (Mr. KIRK). Under the Speaker's announced policy of January 3, 2001, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

REFORMING THE SECURITIES EXCHANGE COMMISSION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. DEFAZIO) is recognized for 5 minutes.

Mr. DEFAZIO. Mr. Speaker, tomorrow the President will go to New York, to give a much-anticipated speech on reforming the mess in corporate America.

Now this will be an interesting day because this is the same President and Vice President and cabinet who have long-touted their extraordinarily tight ties with corporate America; the same President who appointed Harvey Pitt, a former securities lawyer, as head of the Securities and Exchange Commission; Mr. Pitt, who, when he was sworn in, promised a klaxon gentler Securities and Exchange Commission, even while all these abuses were going on. And, in fact, recently Mr. Pitt was berated for meeting with people from a firm under investigation; and he said, well, how could I not meet with people from firms under investigation who I represented? I represented them all.

Mr. Speaker, today I am offering a motion to instruct conferences on H.R. 3295, the Sarbanes bill? Thus far they have opposed it and supported the phony bill that passed the House to reform some of these practices.

Will they go after the corporate tax havens? Will they go after the crooks and crooks and criminals and put them in jail? Will they try and get Americans back their 401(k)s and pensions or not? The proof will be in the speech tomorrow. We will all listen carefully.

IN HONOR OF BILL RUGER, SR.

The SPEAKER pro tempore (Mr. KIRK). Under a previous order of the House, the gentleman from New Hampshire (Mr. BASS) is recognized for 5 minutes.

Mr. BASS. Mr. Speaker, I rise this evening to speak for a few moments about the passing of one of America's talented inventors, industrialists, and sportmen.

Bill Ruger, Sr., was a long-time friend and constituent of mine. As chairman of Sturm, Ruger and Company, the manufacturer of the world-renowned Ruger gun, Bill gained recognition as an inventor, pioneer, faithful employer, and patriotic American industrialist. The "old man," as many employees and admirers lovingly called him, was the undisputed king of the American sporting industry.

Building on the first sale of the Sturm Ruger standard pistol in 1949,
Bill ultimately created the largest and most widely respected firearms manufacturing concern in the world. For almost 50 years, he built a business, patented numerous innovative ideas and designs, and produced products with legendary appeal and durability. His rare genius was in transforming innovations into products that won intense customer satisfaction and, in turn, customer loyalty. Bill believed that a well-designed, well-made and reasonably priced product would always be a part of his designs. In the process, he became one of the foremost authorities on automotive design and was one of the few people in the world that actually designed and built his own automobile.

Bill Ruger did not build his company in order to sell out and retire, but rather to profit steadily from the success of its products. He believed in taking the long view and built lasting relationships with employees and customers. At a time when manufacturers are heading overseas and across our borders, Sturm Ruger proudly engineers its products. He believed in taking the opportunity to impose vouchers on the District of Columbia. The Congress had the opportunity to impose vouchers on itself when H.R. 1 was here, the President’s Leave No Child Behind bill. Instead, it supported its proposal defeating 273 to 155; 68 Republicans joined 204 Democrats. It was not even close.

Further, there have been 20 referenda on vouchers, all of them defeated, most recently in California and Michigan. Not only were they defeated overwhelmingly by almost three-quarters of the population in each State but the people of color, minorities, voted even more overwhelmingly against vouchers. In D.C. we had our own voucher vote in the 1980s: 89 percent against, 11 percent for.

What we are asking for in the Nation’s capital is the same choices in educating our children that each and every Member of this body has insisted upon already for her own district and in her own State; and do not get me wrong, I do not believe a child can be in the first grade but once. So I strongly believe in choices and alternatives to public schools. The District deserves applause for its efforts because our own efforts far outdo the efforts of any Member of this body. Applause, not punishment, for the choices we have made.

What are our alternatives? First, we have more charter schools in the District of Columbia per capita than any other district. Forty percent of our children go to public charter schools. No other Member’s district even approaches this percentage of its children in charter schools. Second, a D.C. child can go out of her own ward to any public school in the District of Columbia. We had children every day going from the poorest wards in 7th and 8th across to more wealthy wards, Ward 3, for example.

Third, I have strongly supported the work of the Washington scholarship fund, a private organization that provides scholarships, mostly to Catholic schools, using private money. I mean that the effective use of this money is precisely the way to support our children.

Fourth, D.C. closes schools where it is not up to standard and then reopens them under new leadership. We have done that with nine schools this year with remarkable results.

It is ironic that this bill would come up at this time. Today’s Washington Times has an editorial: “D.C. Schools Make Headway.” Add to what my colleagues read. Respect the democratic choices of the citizens of the District of Columbia who are American citizens, entitled to their own choices.

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least, over the fact that there was no opportunity to debate and bring up the Democratic substitute, the Democratic proposal.

Mr. Speaker, for at least 2 years, if not longer, I have been talking about the need for this House to debate the prescription drug issue, and I was glad to see that the Republicans finally did bring their bill to the floor. Although I do not agree with their bill and I do not think it will accomplish the goal of providing a prescription drug benefit, I was glad at least to see that they were willing to bring it up.

But bringing the bill up also means debating the bill and allowing an alternative by the minority, the Democrats in the House, to debate and argue their alternative as well.

It is the first time in my memory, and I have been here 14 years, that on an important issue like this, that the minority, in this case the Democrats, were not allowed to have their alternative, their substitute, be considered by the full House. I think it was a grave mistake, a major error. I think it portends that the Republican leadership in this House is not serious about passing a prescription drug bill. If they really felt they had the votes and they were able to strongly pass their bill and send it over to the other body and finally send it to the President, they would not have had any problem in letting the Democratic alternative come up. And the reason they did not allow it to come up, I am firmly convinced, is because they felt it would probably pass.

As it was, I think we had eight Republicans who voted against the Republican proposal, we had eight Democrats that I think voted for the Republican proposal, so it was clearly the case that the votes were very narrow there. And it is very likely if a Democratic substitute had been allowed and considered, it would have carried the day and it would have been the bill that passed this House.

I do not want to spend an hour tonight talking about why I think the Republican bill is a failure and why the Democratic alternative would have been a success. The issue now, of course, goes over to the other body, and the other body will be taking up a pressing piece of legislation fairly soon, in the next few weeks before the August break. But I will say that the major differences between the Republicans here and the Democrats in the House and the way in which the Democratic bill would be passed, the Democratic substitute, is that the Democrats are in favor of expanding Medicare to include a prescription drug benefit.

We have been saying fairly simply that Medicare is a good program; that it works. Whether we like it ideologically or not is not the issue. It works. It provides hospital care, it provides doctor care, and it should provide prescription drug benefits as well. And every senior or disabled person who is covered under Medicare should have the option as well of having a prescription drug benefit.

The Democratic proposal is very similar to the one we have for doctor bills. In other words, under part B of Medicare now every senior can opt into a Medicare program that covers their doctor bills. They pay, I think, about $45 a month for the benefit. Eighty percent of their costs are paid for by the Federal Government. The deductible is $100, and after they have paid $2,000 out of pocket for the 20 percent copay, all their bills are paid for by the Federal Government.

More than 90 percent of the seniors and those who are eligible for Medicare take advantage of the part B benefit and pay the premium and get the benefit. As Democrats, we are simply saying do the same thing, establish a prescription drug benefit under Medicare. Everyone who is eligible for Medicare should be able to get it.

They would pay $25 a month for a premium, have a $100 deductible, and 80 percent of the cost of their drug bills would be paid by the Federal Government. After they paid $2,000 out of pocket for 20 percent copay, all their bills, 100 percent, would be paid for by the Federal Government. Very simple. Very easy to understand.

The Democrats also are determined to deal with the issue of price, because we know that the biggest problem facing seniors is the price of prescription drugs is going up. It is not just for seniors, it is for all Americans. So we say, well, bring this prescription drug program under the umbrella of Medicare and we will have 30 to 40 million Americans who now are under the auspices of the Secretary of Health and Human Services, who runs the Medicare program, and he or she would have the bargaining power of those 30 or 40 million Americans, and would be able to go to the drug companies and say, look, I have 30 or 40 million people; if you want me to buy your drugs, you have to give me a big discount. That discount might be as much as 30 percent across the board. That is a huge savings not only for the Federal Government, which is paying 80 percent of the cost, but also for the seniors who are paying the 20 percent copay.

The problem is, from what I see, that the Republicans in the House do not want any part of this because they do not believe in Medicare. They do not like it. It is a government program. But more than anything else, they do not want to expand Medicare to provide a prescription drug benefit. So what the bill does is that the House of Representatives a week ago, the Republican bill, is really to further their goal, I think, the Republican goal, of privatizing the Medicare program.

What the Republican bill does is to create a program of subsidies to HMOs and private insurance companies to offer drug-only insurance policies to seniors. Some money in the form of a subsidy, a payment, goes to private insurance companies in the hope they will provide prescription drug coverage, or drug insurance policies, to seniors. It does not guarantee any benefit plan. There are going to be areas of the country, just like with HMOs, where these private insurance companies are not going to be offering the prescription drug plan. We do not know what the alternative will be. We do not know what kind of benefits they will offer. That is all up in the air.

And, of course, the insurers have already said they do not want any part of the drug-only policies. In fact, if there was an ability right now for insurance companies to offer drug-only policies they would be offering them. So it makes no sense, in my opinion, to instead of doing what the Democrats do, which is to say we are going to have a drug-only program, we are going to provide prescription drugs and guarantee a benefit for everyone, simply hope that the private insurance companies will somehow provide these kinds of policies.

Now, I do not want to just talk myself into a corner. I think some might say, well, okay, here is another Democrat saying this will not work, the Republican plan will not work, but every one of the major newspapers, every major media outlet in the country, every one of the major validators, major newspapers, major insurance companies, executives, or insurance company trade officials who are saying these drug-only policies will never be offered.

This was in The New York Times. It was an editorial on Saturday, June 22, and I will read part of it. It says: "House Republicans, who regard traditional Medicare as antiquated, would provide money to private insurance companies, a big source of GOP campaign donations, to offer prescription drug policies. The idea of relying on private companies seems more ideological than practical. The pool of elderly Americans who will want the insurance is likely to consist of those who have the most need for expensive medicine. Even with Federal subsidies, it's unclear that enough insurance companies would be willing to participate and provide the economies that come from competition from other insurance people, or people familiar with the insurance business, and the title of this article from June 22 says "Experts Wary of..."
G.O.P. Drug Plan: Some Say ‘Drug Only’ Coverage Isn’t Affordable for Insurers.”

Keep in mind that the Republican proposal is a voluntary proposal. Nobody has to offer it. No insurance company has to offer drug-only policies. Again, I will just read some of the highlights of this article in this Sunday New York Times, June 16.

“Under the proposal, Medicare would pay subsidies to private entities to offer prescription drug coverage. Such ‘drug only’ insurance does not exist, and many private insurers doubt whether they could offer it at an affordable price. ‘I am very skeptical that ‘drug only’ private plans would develop,’ said Bill Gradison, a former Congressman,” and I will add Republican Congressman, “who was President of the Health Insurance Association of America from 1993 to 1996. Representative BILL THOMAS, the California Republican who is chairman of the House Ways and Means Committee, insisted: ‘We should rely on private sector innovation in delivering the drug benefit. The private sector approach offers the most savings per prescription.’ However, John C. Rother, Public Policy Director of the National Committee for a Sane Nuclear Policy, which represents millions of the elderly, said, ‘There is a risk of repealing the H.M.O. reliance with any proposal that relies heavily on private entities to provide Medicare drug benefits.”

I do not want to comment on, Mr. Speaker. I just want to point out that in the same way that we relied on HMOs to provide medicine coverage for seniors and found so many of them basically dropping out of the market, offering it maybe for 6 months and then telling seniors that they could not provide the coverage any more, and so many areas of the country that do not have HMOs offering any kind of HMO, the same problem is going to exist with these drug policies that the Republicans are proposing. There are going to be huge areas of the country where no policies are offered. And if they are offered, they are likely to be so expensive in terms of the premium that seniors just will decide it is not worth paying for them; not worth buying them.

So I think the promise or the commitment that the Republicans say they are making by passing this bill last week saying they are going to provide some prescription drug coverage is really a hollow one. None of this is going to be offered. None of this is going to happen.

There was an article, an op-ed on June 18 in The New York Times, by Paul Krugman, and he basically explained why not. He basically said that insurance companies would not offer these kinds of policies. I think he did it well, and I just wanted to read a little bit from that, if I could.

He says, “The House Republican plan has a bigger flaw. Instead of providing insurance directly, it will subsidize insurance companies to provide the coverage. The theory, apparently, is that competition among private insurance providers would somehow lead to lower costs.”

Some of my Republican colleagues said this during the debate, that because of competition between insurance companies, drug prices would come down. But the problem is, there will not be any competition because nobody is going to offer them.

What Mr. Krugman says in The New York Times on June 18 is, “In fact, the almost certain result would be an embarrassing fiasco because the subsidy would have few, if any, takers. The trouble with drug insurance from a private insurance point of view is that some people have much higher drug expenses than the average, while others have expenses that are much lower, and both sets of people know who they are. This means that any company that tries to offer a plan whose premiums reflect average drug costs will find the only takers will be those who have above-average drug expenses. What Krugman is basically saying is that drug insurance is not like traditional insurance. If we think of auto insurance, where maybe there is 100 people insured and one person has an accident, others are paying into a pot of money and that one accident is paid for with the pot. But the insurance company is making money because they are only paying out maybe $500 or $1,000. What is the reason they would try to pass something in the House on a strictly partisan vote, pretty much, that has no chance of passing the other body; or even if it did become law, have any real impact on seniors in terms of something that they would actually be able to buy or would want to buy.

I think one of the answers is that the real goal behind the Republican bill is not to offer a prescription drug coverage, but rather to take one more step towards privatizing Medicare. I do not know what other conclusion I can come to.

The other conclusion is, somehow they feel it is necessary to come up with something before Election Day so they can say that they passed something, and they will simply go on out on the hustings and say we tried to pass something, and hope that Americans do not pay attention to what it is.

Of course, some of my colleagues on the Democratic side of the aisle have cited the fact that the Republican Party in the House is getting huge campaign contributions from the prescription drug industry, and so maybe they want to do something like this bill in order to pretend that they are providing a prescription drug benefit, but do not want to alienate the insurance company by actually doing something that might make a difference. I will go back to that when I talk about the other issue.

I want to talk a little bit about why I think the Republican bill is a bad bill even if it was available. In other words, I do not think anybody is going to sell publican proposal until we see it in details. Nevertheless, we continue to believe that the concept of so-called drug-only private insurance simply would not work in practice. Private drug-only coverage would have to clear insurmountable financial, regulatory, and administrative hurdles simply to get to market.”
these policies, I do not think that they are going to be offered anywhere where the premium is going to be affordable; but let us assume for 1 minute that I am Mr. Smith, a senior in New Jersey, and somehow this bill passes and there is an insurance company in my area that offers a drug-only insurance policy.

Think about the reasons why I would not want to buy it, even if it was available, and there are many. First of all, if we look at the Republican proposal, it is going to cost to cover prescription drug costs. The Democratic proposal guarantees that 80 percent of your costs are paid for by the Federal Government. The Republican proposal, even if it was available, and I do not think it will be, will probably cover less than 20 percent of the costs. Why would I say that?

Well, first of all, there is a huge hole or gap in coverage. Let us say you pay the premium, whatever it is. For the first $1,000, they estimate the insurance company would pay 50 percent. They estimate that, they do not guarantee that.

From the $2,000 out of pocket to $3,700 out of pocket, they estimate that the Republican plan will pay no part of the cost. The average senior citizen, 47 percent of the seniors end up with prescription drug bills that fall into that gap, between $2,000 and $3,700 out of pocket.

Again, I would ask, even if this coverage was available, and it will not be, but even if it was, why would seniors want to pay a premium that for a good percentage of their cost is going to pay absolutely nothing by the Republicans’ own calculations? We can look at the bill in many ways, but the most ridiculous thing about it at all, frankly, is that there is no coverage at all for 47 percent of the seniors who incur costs over $2,000 a year.

I have already talked about the Democratic proposal and what it would do, so I am not going to go into that anymore this evening. But I did want to spend a little time on the issue of price because I think it is so important. We know, and we do not need statistics, because constituents have come up to Members over the past year and said that these prescription drug prices are out of control. They estimate that, frankly, is that there is no coverage at all for 47 percent of the seniors who incur costs over $2,000 a year.

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Well, what is the Republican House leadership’s answer to that?

I have discussed the problem of the basic bill, and the gaping hole where the Republican leadership insists that the seniors would not get any benefit above a certain amount of money that they would have to put out of pocket. But just to ensure in the Republican bill that the price issue could not be addressed in any way by the Federal Government, by the Secretary of Health and Human Services, by the administrator of the program which the Republicans put forward, the Republicans put in the bill a clause that they call the noninterference clause, based on published reports that the Republicans was put in by the CATS, the Conservative Action Team, a group of conservative Republican Members in the House.

And this noninterference clause, and this is in the bill that passed a week ago, it says that the administrator of the Republican program may not require or institute a price structure for the reimbursement of covered outpatient drugs, and the administrator may not interfere in any way with negotiations between PDP sponsors and Medicare-Choice organizations and drug manufacturers, wholesalers or other suppliers of covered outpatient drugs. What this noninterference clause essentially says is that we do not want the administrator of this prescription drug program, the Federal program, to in any way try to negotiate or interfere with any pricing. How is this done? Of course, there is no way to break that down. The thing is, the Republicans are afraid that there is going to be some negotiation over prices and somehow they would be negatively impacted, that they insist that there be a noninterference clause on price.

Mr. Speaker, Members do not have to believe me. I have backup information. The Washington Post, the day that the Republican bill was passed in the Committee on Energy and the Commerce, of which I am a member, we had to break early at 5 p.m. and not finish the bill until the next day because the Republican National Committee was having a fund-raiser; and a big part of it was being financed by the pharmaceutical industry. This was an article that appeared the next day in the Washington Post. It says, ‘‘Drug Firms Among Big Donors at GOP Event. Pharmaceutical companies are among 21 donors paying $250,000 each for red-carpet treatment at tonight’s GOP fund-raising gala starring President Bush, 2 days after Republicans unveiled a prescription drug plan the industry is backing, according to GOP officials.’’ Skipping down in the article, ‘‘Drug companies, in particular, have made a rich investment into tonight’s gala. Robert Ingram, GlaxoSmithKline PLC’s chief operating officer, is the chief corporate fund-raiser for the gala. His company gave at least $250,000. Pharmaceutical Research and Manufacturers of America, a trade group funded by the drug companies, kicked in $250,000, too. PhRMA, as it is best

mandates that the Secretary negotiate price reductions on behalf of those 30-40 million Americans. And we know it can be done. It is done by the Veterans Administration, by the military. It is done by other branches of the Federal Government in order to achieve major price reductions on prescription drugs.

Not only do the Republicans not put their program under Medicare and do all of the other things that I have mentioned, but they specifically put in the bill that there cannot be any negotiations on price by the administrator of their program. Again, people say why would they do this? Well, I do not think well-meaning people insist that there be no negotiations over price in whatever program they are trying to set up?

I have no other answer than to say it is because they are essentially in the pockets of the pharmaceutical industry. The pharmaceutical industry insists that the Republican leadership not address the issue of price because they do not want to see any loss of profits.

I do not think that they would lose any profits because the bottom line is, all of a sudden, now the prescription drug industry, the brand name pharmaceutical industry, is going to have to pay all these seniors who they would be selling prescription medicine to that are not getting it now. The volume of their sales would skyrocket, but they are so afraid that there is going to be some negotiation over prices and somehow they would be negatively impacted, that they insist that there be a noninterference clause on price.
known inside the Beltway, is also help-
ing underwrite a television ad cam-
paign touting the GOP's prescription
drug plan.

Pfizer, Inc., contributed at least $100,000 to the event, enough to earn the company the status of a vice chair-
man of that fund-raiser. Runoffs for the vice chairman have been held each year,
and I and Merck & Company each paid up to $50,000 to sponsor a table. Republican
officials said other drug companies do-
nated money as part of the fund-raising
effort.

"Every company giving money to the event has business before Congress. But the
juxtaposition of the prescription drug debate on Capitol Hill and drug
companies helping underwrite a major fund-raiser highlights the tight rela-
tionship lawmakers have with groups helping to influence the work before them.

"A senior House GOP leadership aide
said yesterday that Republicans are
working hard behind the scenes on be-
coming more a force in the debate on policy of January 3, 2001, the gen-
sesions of the Democratic leadership
challenged with getting the mule train up
mountain, it is very easy to sit on
the sidelines, as the gentleman from New
the mountain, it is very easy to sit on
country, where their proceeds go.

PhRMA spokeswoman Jackie
Cininnis admitted they had recently
given United Seniors Association an
unrestricted grant. According to the
Associated Press, several Republican
officials speaking under condition of
anonymity said they understood that
the Pharmaceutical Research and Man-
ufacturers of America have provided
the funds for the commercials.

Again, this is all in black and white.
This is all easily documented. And I just
think it is very sad. I think it is
very sad that we ended up passing a
Republican bill that is nothing more
than a sham, something put out by the
pharmaceutical drug industry so that the
Republican leadership can say they
have met their obligation. And I believe
about a Republican bill that will not
work. Even if it did, the benefit is
clearly inadequate, and I just think it
is very sad that we are here now, and
after 2 years of myself and other Demo-
crats talking about the need for a pre-
scription drug plan that all we ended up
with was something that is basically
decided by the pharmaceutical drug
industry and which is probably going
to become a lot easier to get underwritten,
seriously by the House and never be-

But I think we have to continue to
speak out, and we have to continue to point
out that this is a major issue, that the
price of prescription drug plans will con-
tinue to rise, that more and more sen-
ators will not be able to buy their pre-
scription drug medicine and that some-
thing needs to be done that is real that
is going to make a difference for them.
And I would hate to see this just be-
come a campaign issue. I would much
rather that this were an issue that was
resolved and that actually ended up with
a benefit that passed both Houses
and that went to the President and was
signed into law. But I do not see that
happening.

So, Mr. Speaker, I will conclude to-
ight, but I do intend to continue to
bring this up over the next few weeks
or the next few months because I think
it is important that my colleagues un-
derstand that those of us on the Demo-
cratic side have not given up in trying
to provide a real prescription drug ben-
efit for seniors under Medicare and
that as much as there may be ads and
paid advertising telling the Ameri-
can public that the Republican plan
will accomplish something, there needs
to be voices here in the House of
Representatives that say it will not
and that it is just paid-for ads for a
meaningless proposal and that at some
point we will get together on a bipar-
tisan basis and pass a meaningful pre-
scription drug benefit that will actu-
ally provide a difference for America's
seniors.

ENCOURAGING TOURISM IN
COLORADO
The SPEAKER pro tempore (Mr.
Kirk). Under the Speaker's announced
policy of January 3, 2001, the gen-
tleman from Colorado (Mr. Cininnis)
is recognized for 60 minutes as the des-
ginee of the majority leader.

Mr. Cininnis. Mr. Speaker, I hold
deep respect for the gentleman from
New Jersey, with whom I have
worked closely. But I find his comments on some occasions to have
substantial merit. But let me tell you,
having just heard his comments this
evening, that was probably one of
the most partisan speeches I have
heard from the House floor. The gen-
tleman from New Jersey stands up here
and acts as if the Democratic Party
takes no contributions and as if taking
contributions is some kind of evil. I
would be happy to yield time to the
gentleman if he would like to come up
does not mean to underestimate the dam-
age that these fires caused in their par-
ticular areas.

But what I want to stress to my col-
leagues is a very, very small fraction of
Colorado actually went into flames and
burned down. What is happening, what
we are seeing about these fires is that
we are seeing a lot of negative publicity about the
damage that these fires did. And
again if you owned a home out there
that was destroyed by a fire, you could
not get much more negative press cov-
ervation. Of course it is devastating to
you and of course the loss is terrible,
but as a State I think we need to put it
in its proper proportion because the
impact of the negative stories we are
seeing about those fires in Colorado,
and by the way, all of those fires are
being well covered. And now, I think
all of them but one are con-
tained, but the publicity in the press
that we are seeing as a result of those
Colorado is the highest place on the continent; the highest place on the continent. The low point in Colorado is higher than almost all of the high points in most of the other States. I think we probably have, I am not sure, but it's more than 14,000 feet. Colorado has 56 of them. Colorado is the only State in the Union that has no water coming in. It is the Mother of Rivers. It is called the Mother State of Rivers. It is a natural beauty.

So if you have an opportunity, go visit the sand dunes, go visit the Air Force Academy, go to a Rockies game, go over in Glenwood Springs. Glenwood Springs, the mountains around it have some scars as a result of this fire, but that famous Hot Springs pool, still open for business. So I would hope that some of my colleagues give that their consideration and head for Colorado. It is a great State.

CORPORATE GREED

Now I want to change subjects entirely. The next subject I want to talk about is on the minds of a lot of people in America. It is on the minds of many of my colleagues here. Pretty simple. It is called corporate greed.

What has happened out there in the world of business in this fine country of ours? What has happened to the Adam Smith philosophy in "A Wealth of Great Nations," the book that he wrote, that really has been a guiding foundation for capitalism in America? Well, one thing that has happened is we have had a few, not a huge amount, but a few greedy individuals who have not only taken advantage, in my opinion, have taken criminal advantage of the public's trust, and I wanted to go through a few of those examples this evening. Because in order for capitalism to work as well as it has worked, in order for it to continue to operate, you have to have as an element of it, as a basic element of capitalism as a part of our business system in this country, a business system that is admired throughout the world, you have to have as an element of it public integrity, integrity when you are dealing with the public's money; and that comes not only from the chief financial officer, not only from the chief executive officer, but it also is a fiduciary requirement of your board of directors.

Let me start by looking at the corporate structure here. What we envision in America. A corporation is a legal entity. It is not a person; it is a legal entity. Remember, not all corporations are big. In fact, by far, by far the majority of corporations in this country are very, very small.

I will give you an example. My in-laws have a ranch. They are not big ranchers. They have a ranch. But because of corporate liability, they have incorporated their ranch. I know people who run an ice cream truck who in-corporate their ice cream. So just because someone is incorporated does not mean they are large, and to throw the same blanket overall corpora-tions because of the misbehavior of a few individuals in a few corporations would be a big mistake to our free enter-prise system.

They meet on a regular basis, and within the average or the typical board of directors out there, they have sub-committees. They have an audit sub-committee, and that audit subcommittee's job is to oversee the management of the company, to be sure that the management of the company is following the general philosophy of the company as far as management and as far as overall philosophy are not the executive officers like the president of the company or the chief executive officer of the company or the chief financial officer of the company. The most important aspect, in my opinion, is your board of directors.

Now, board of directors usually consist, in a typical corporation, of anywhere from, say, three, but your average board probably runs more between 20 and 30, members on that board of directors.

They meet on a regular basis, and within the average or the typical board of directors out there, they have sub-committees. They have an audit sub-committee, and that audit subcommittee's job is to oversee the management of the company, to be sure that the management of the company is following the general philosophy of the company as far as management and as far as overall philosophy are not the executive officers like the president of the company or the chief executive officer of the company or the chief financial officer of the company. The most important aspect, in my opinion, is your board of directors.
credit to whoever that individual is. But they made a comparison to Donald Trump years ago and the troubles he got into as compared to the troubles people like Worldcom or Tyco or Xerox Corporation or K-Mart Corporation, the troubles they had today. I believe, as the Gentleman said, back then, Don Trump borrowed his money from the banks, and he was able to recover. Donald Trump actually made a pretty respectable recovery from the downfall that he took, but he dealt with banks. What has happened in the meantime is these corporations have acted as banks. These board of directors have acted as banks. Frankly, they have put a bad name on all board of directors. They have put a bad name on all chief executive officers, and that is undeserved. We have a lot of companies in this country which operate in a very ethical fashion. We have a lot of them that operate a very efficient operation, and they have good products. But the only way for that to continue into the future is we have to have peer enforcement. We have to make it much more significant in this country to steal or take or borrow $400 million from a company that you do not pay back, that has consequences. We have seen in a result of that than you do when you go into Wal-Mart and you steal a candy bar and you get arrested for shoplifting. My concern right now is that some of these individual companies will walk away with less punishment than would any one of us if we were to walk into a convenience store and steal a candy bar and get arrested for shoplifting.

This is an opportunity for our system to show that the system has self-enforcement, to show that the system knows how to stay on the tracks; that when we have individuals that try and derail the train, the individuals that try and derail the train, that the system has a way of pulling those people back into place, that the system has a method of punishment towards these people.

There are a lot of people, there are a lot of employees that have suffered as a result of K-Mart’s bankruptcy. Now, unfortunately, those employees that have suffered as a result of K-Mart’s bankruptcy finally are not the chief executive officers, one who gave himself a loan the day before they filed bankruptcy. I am going to go through some of the examples.

Now, a lot of people say, and politicians love to jump to this, they love to say, well, it is a Republican or Democrat. Let me tell my colleagues something. This has happened while the Democrats were under control, when Bill Clinton was in his office over there. Take a look at Sunbeam Corporation, Waste Management Corporation, and most of the numbers that have been, where the books have been cooked in these corporations that are talking happened during the democratic administration. I heard the President today, under a Republican, our Republican President today talking about the need that we have to crack down and crack down immediately on this, and he gave a bunch of different remedies.

My point here is not to get into a discussion whether the Republicans caused it, or the Democrats caused it. Neither the Republicans nor the Democrats caused it. What caused it were some people with greed. I think many of these people acted in a criminal fashion. They are nothing but a bunch of crooks. That is exactly what they are. They are not thugs that were put out there by the Democratic Party. They are not thugs that were put out there by the Republican Party. They are just common, every day criminals who got put into the wrong position and they stole and stole and stole until they finally got caught.

Now, how interesting that some of these people, including Worldcom, today testifies up here on Capitol Hill about look, it was just an accounting problem. It was the accountants. This is during the same time, while they were here today testifying, a gentleman named Scott Sullivan, I think it is Scott Sullivan who was the treasurer of Enron. The chief financial officer for Worldcom, and let me get the name exactly correct here. Yes, Scott Sullivan. He was the chief financial officer. While he was on Capitol Hill today, while he was on Capitol Hill today, he was in the United States Congress about what went wrong at Worldcom, why thousands, tens of thousands of people will lose their jobs, while he was refusing to talk today, here is what he was having built in Florida. Take a look at this. This home here is about a $15 million to $20 million home, 24,000 square feet. You could park many, many semis in these different structures. That is this 49-year-old’s home in Florida on a lake, on a private lake that is being built outside of the individual who paid himself out of Worldcom, out of public, out of the public’s investment money, paid himself the kind of salaries and bonuses to allow him to build a $15 million to $20 million home. And he anticipated, continuing to go ahead and, in my opinion, rob the people of this corporation on a continuing basis. Just think of the heating bill on this place every month. Think of the taxes on this place. The taxes are probably about $10,000 to $15,000 a year. Where does he get the money? Go to the shareholders. Fudging the books, cooking the books. That is what we have going here.

When we have a criminal in our midst, we have to point him out. But because we have a group of several thousands and thousands of people, and in our country, thousands and thousands of people do business in our country. When we find a crook, people will become convinced that all of you are crooks. We have to be very careful about the crook you can get your hands on. We have an opportunity right now, the United States Congress, the Securities and Exchange Commission, the Justice Department, and the President, who has obviously showed his intent; we have this opportunity to get our hands around the crooks. And the society, society today is looking to us to be responsible and to do something to get these people out of our midst, to make sure that we do not have future frauds like this one that just is taking place.

Now, I could care less about the $15 million home; what I care about is the 15,000 jobs. Do we think anybody else besides Scott Sullivan and his fellow executives get to walk away from a job to a home like that? How many Worldcom employees are about a job and without any future potential for a job because of the greed practiced within the corporate board room, and within the executive offices of Worldcom, Incorporated? Look, I do not want to talk about the SEC. Let me talk about a couple of others here. ImClone Systems. These are the people that find out on Wednesday that their magical cure for cancer will not be approved because it does not cure cancer, and so immediately they start selling stock before they are forced to make the announcement on Friday. There is the case where we heard about Martha Stewart. Whether or not Martha Stewart has inside information, who knows? But it is highly suspicious, that just out of the blue sky, Martha Stewart gets the message, or decides the day before the announcement is made that the stock is going to collapse that day before, she sells that stock to some unsuspecting buyer out there. It was not just Martha Stewart that sold her stock on that day. Interestingly, the President of the company made sure his daughter sold her stock that day for $2.5 million to $3 million worth of stock that day, and made sure the father sold his stock that day, and the stock broker himself, what a coincidence that all of his friends who had high investments in the company sold their stock on December 27 and the announcement was made on December 28.

Mr. Speaker, if the SEC finds out, and I suspect that they probably will, that these individuals dealt on inside knowledge, the hammer ought to come down. The hammer ought to come down. Because if it does not, the credibility of the entire system, of the free enterprise system of our country comes into question.

We are presented with an opportunity here. We are presented with an opportunity in the business world of this Nation, in the political world of this Nation that when somebody misbehaves like this somebody takes advantage of the public’s trust and, in essence, steals from the public, we have the wherewithal and we have the courage to go get them. That is exactly what the President has expressed. But the President is trying to do something else, he is confusing and very intent on getting these people in a ringer, and that is exactly what we have to do.
Let me talk about a couple of other corporations. Xerox Corporation. When I grew up, everybody trusted Xerox Corporation. And they have restated twice in the last 2 weeks. We notice that they never state positive news. Everything these people are coming out with, and they are coming out with little stories here and there. Not the chief executive officer; it costs the shareholders and employees of these companies.

Enron; of course, we know about Enron. But it is kind of amusing to hear Andrew Fastow, he set up these quiet, secret corporations, secret partnerships, although he actually got the approval of the board of directors, and it was very interesting that the U.S. Senate report was very critical of these.

Enron; of course, we know about Enron, somebody like an Andrew Fastow, who is a crook. That is exactly what he did. A crook. Paid himself $30 million dollars on the monthly statements we think.

Or the building one goes up to to investigate on. If the door is actually cracked open, you better guess something bigger is inside, something is inside. When you have a chief executive officer of a corporation, Tyco International, cheating on really what are the Internal Revenue Service and IRS, that you know the IRS is the people; cheat the people, cheat the government, cheat the employees of this corporation, to the shareholders of this corporation, to the employees of this corporation, and to the public as a whole to make sure that this kind of thievery is not going on, or that these kinds of misleading statements are not going on, and that your management team is, in fact, the best possible management team that could be out there.

What I am saying here is that our country needs to focus, and the business and the chief executive officers and the good executives, if we have a lot of good people that run a lot of good companies in this country, they are the ones who need to stand up and speak the loudest about this misbehavior that has gone on in the corporate world and in the corporate executive offices.

I do not want to stop just short of Tyco. I should mention also the board of directors. Tyco had a member of the board of directors named Frank Welsh. Tyco president, of course, the CEO, a guy named Bernie Evers, had the board of directors named Frank Welsh. I should mention also the board of directors. Tyco had a member of the board of directors, and guess what. Frank Welsh decided he ought to have a cut of it, so he got a $20 million little payment on the side for helping merge the company. Where is Frank Welsh tonight? He is probably sitting in a limousine getting ready to go to a play on Broadway or something.

These people need to understand that we will go after them. I will tell the Members, for my part, I have some so-called good people, and I do not think they do. I want Members to know that, for my part, I am very committed, as I think most of my colleagues are, Republican or Democrat. And this is not an affront to one political party, this is an affront to the people of this Nation, and we must all remain committed to see that these people pay the consequences for the fraud that they have worked upon the public.

I want to show Members something. I have just attended a couple of these corporations. Let me go through some others. We talked about Tyco. Remember what Tyco did? That is what I have just been talking about. WorldCom, that is where the chief executive officer, a guy named Bernie Evers, had the board of directors, another company, and guess what. Bernie Evers decided he ought to have a cut of it, so he got almost $300 million, on top of all the other millions and tens of millions of dollars he has been paid. This is where Scott Sullivan worked, that big mansion. That is WorldCom.

K-Mart has its chief executive officers and some of its other executive officers, they go and first of all they go into bankruptcy. They lay off
22,000 people, K-Mart lays off 22,000 jobs as a result of their bankruptcy. But right before they filed bankruptcy, K-Mart acts and gives their chief executive officer a $5 million loan, and they forgive the repayment of it. Have Members heard of a bank saying: here is $5 million, we don’t have to worry about paying it back? That is exactly what these companies have done, and K-Mart leads the charge. That is exactly what WorldCom did, and they helped lead the charge: Here is your president, your chief executive officer, here is $400 million. Do not worry about paying it back. What is going on here?

And then Enron. We talked about Enron. We talked about Xerox. We talked about ImClone. Hey, we have bad news on the cancer drug. Sell, sell, sell. Find some sucker out there that is going to begin random audits? They are going to begin random audits? They started family companies with all their daughters and sons and their families off share-holders’ money. Now that company, they are in bankruptcy or on the verge of bankruptcy. How many health care people lost their jobs as a result of this?

Where were the auditing companies? We mentioned Arthur Andersen. The trouble I have with the prosecution of Arthur Andersen, I know they went after them for obstruction of justice. They went after the company, they did not go after individuals. My suggestion, my humble suggestion to the Department of Justice, is to go after the individuals.

What happened in Andersen is we have now, successfully, Arthur Andersen for all realistic purposes is no longer in existence. Two years from now they will have closed all their books and they will be out of business. Lots of innocent people at Arthur Andersen lost their jobs, but the chief executive officers, and these accountants that dealt with this that were supposed to have destroyed these books mean. Tell me what we have already found jobs with somebody else by now.

We need to go after people. We need to go after the individuals. We need to go after the crooks. We need to go after the crooks, because we have got to separate the crooks from the honest people. It has to happen.

Look at this. I mentioned earlier, Sunbeam Corporation. That seems to be about where it started. Global Crossing. Gary Winnick, that guy was paid $400 million. He was Judge Fraud. And frankly, it is justified. They have also destroyed their documents, or admitted to destruction of documents, since they have been under Federal investigation.

My point here is that we have to come up with some solutions. We have to go after some of these companies. We have to go after the Arthur Andersons, the individuals that have fallen on their jobs and are not completing the responsibilities that they have. We have some recommendations. I think there are some things that we can do.

Let me start out with the board of directors. I think it is imperative. I think it is imperative that we hold boards of directors responsible for the actions of a corporation. I think it is very important that boards of directors, that every corporation in America have, especially if it is a widely traded one, for example, the family farm of $10 million to $50 million. They would be unreasonable to expect them, they do not have public shareholders, it is held by shares in the family, for them to go outside the farm and bring somebody that is not related to the farm to come in and help with the management.

But where we have a corporation that is widely traded, for example, where we have a Tyco Corporation, or where we have a Xerox or a K-Mart Corporation, that board of directors should consist not only of outside directors. And let me explain what I mean by outside directors. In a corporation, if one is employed, for example, let us take a look at WorldCom, if one is employed by WorldCom and is put on the WorldCom board of directors, then one is what they call an inside director. You are employed by the company and serve on the board. In many cases, these people are not wealthy if you have some inside people. They are the people involved in day-to-day operations. So in rare circumstances, it is appropriate to have inside people on that board of directors, because they run the operations. So some of the executive officers probably should be on the board of directors.

But every corporate board that is widely traded with the public should also have outside directors who are not beholden to the president or the chief executive officer or the chief financial officer for their job; that they have a level of independence; that they can come into the boardroom and say, hey, Mr. Chief Executive Officer, hey, Mrs. Chief Executive Officer, tell me exactly what are you doing. I do not owe my job to you. You respond to the board of directors.

I think there has been a dramatic wake-up call across the country to every corporate board of directors. With the board members of Enron Corporation, for example, WorldCom, and many of these other companies, K-Mart and so on, will find themselves in litigation for a long, long time as a result of their negligence. And frankly, it is justified. They need to be held accountable. If they accept that position, they must deliver the responsibilities that that position demands.

So that is one of my solutions, revamping boards of directors across this country.

We have to regulate auditors. We cannot allow auditors on one hand, or first of all, we should not allow them into offices. Auditors, not outside auditors, not the inside auditors, but again, inside auditors are the people that the company employs, their accounting department. They make sure that they audit inside. But we have outside at-arm’s-length auditors.

The first thing we should not allow to happen is allow them to office in the same offices. At Enron Corporation, Arthur Andersen shared offices with the people they are auditing. I mean, if one sits next to somebody, offices with somebody, they cannot be in this position to help the auditing company; they should not be allowed to do this. It happens. So, one, they should not office together.

Two, they have to separate consulting services and auditing services. The auditors should never be able to accept any gifts, nor should not offer any other services other than the fact they are in there to audit, just like in a bank.

I had an opportunity some time ago to talk with the president of some banks in Colorado, a very capable individual. He explained to me exactly how the government, the FEC, or not the FEC, the
banking regulators, exactly how they audit and when they come in. They cannot even offer a pencil to them. You cannot give them a pencil or buy them meals. You cannot buy meals or take the auditor out for lunch.

When the auditors come in, they audit our banking system, they are not giving them consulting advice as well. They are an independent arm. Those auditors have a role to play. We want to go in and make sure the books are not being cooked. That is what happens in our banks.

Many, many years ago we had a similar problem with our banks, so the government and the people of this country took an affirmative step. They said, look, we want independence in these auditors. That is what has happened. As a result of that, we have a very accurate picture of a bank's financial condition based on these audits.

That is what has to happen in corporate America. We need to regulate this auditing system. We need to get auditors that are good for the punch; that is what the auditor comes out and says, this is what the corporation looks like, it is in fact what the corporation does look like.

Now, we have to have a stronger Securities and Exchange Commission, we have the FDIC, the Federal auditing and banking systems. I think we have a pretty good Justice Department, but I encourage the Justice Department to be very aggressive in its prosecution of these crimes. But, on top of that, we have to have a strong Securities and Exchange Commission.

I find it interesting that in the last few days, a couple of Republicans and many Democrats have demanded the resignation of the head of the Securities and Exchange Commission, who has not been in his job very long and certainly was not in his job at the time that most of this happened. Give him an opportunity.

I think, frankly, some of the fault rests with our appropriations. We have to get some cops down there in the SEC. The SEC has to be as aggressive with these corporate misbehaviors as retailers are with shoplifters. That is what is happening here, except these shoplifters are taking from the public in the amounts of tens and hundreds of millions of dollars.

So the SEC has to be stronger. My guess would be especially with the revelations that have occurred in the last week or so that we as a Congress will, in fact, grant more resources so that we can get the cops in place and they can do the job they need to do. So we have to have a strong SEC. And we have got to have a coordinated effort between the Securities and Exchange Commission, which brings the civil litigation, and the Justice Department, which brings the criminal litigation.

If I were the Attorney General of this country, I would contact every U.S. Attorney in every district out there and I would say, go get them. If you have got corporate fraud in your district, in the jurisdiction that you have, go get them. We need to have a public display just like we do with shoplifting. We do not want shoplifting and we do not want corporate misbehaviors as well. We want our money back from the public, and we have got to go after them, but that requires coordination.

I am a little more encouraged than some of my friends about the ability of the Justice Department and the SEC on their coordinated efforts, but I do think they need more resources, and I think it is incumbent upon us to get those resources for them.

I also want to talk about the compensation package. The compensation package, how can you justify compensation to the president of the corporation, not to the person that invented the better mouse trap, but to the treasurer, in fact, the chief financial officer? Can you justify compensation that allows a 40-year-old person who is the treasurer of the company to build a 15, $20 million home just like this and to walk away with bonuses in the hundreds of millions of dollars? You look at that and you say, they have got to adjust the compensation system.

Now, look, we have got to be careful about that. I will tell you, if you told me somebody invented the cure for cancer or the cure for the common cold, that they could be building a house in a manner such that we really get the top quality product, who cares if they live like this? You show me the person who can figure out the cure for cancer, for breast cancer, I think that is great. Where it is deserving, where you are getting a square deal, that is okay. But these were not gained through arm's length transactions, through innovation, other than innovation in a criminal fashion, as I have mentioned earlier. Just take that one case. That is what has happened here. That house was built, in my opinion, by ill-gotten gains, by a 40-year-old person who cared more about his own greed than he did the company which employed him and expected him to carry out his fiduciary duties for the owners of that company which, of course, are the shareholders of that company.

Executive compensation has got to be revamped. I do not care how good an executive is, I do not care how fine a company you run, it troubles me that any company in the world would pay you 700 million dollars, which I think the head of Oracle or one of the corporations out there just paid their chief executive officer. I think it was 700 million in the last year or two. That includes stock options, I understand that, but, I mean, that kind of compensation is just out of line. We pay the President of the United States a fraction of that.

And not only that, take a look at the retirement package. I have an article here out of Business Week, July 15. This is the newest Business Week. Not only do some of these corporate executives, they rake in the cash while they are running the company at the expense of public shareholders, take a look at their retirement packages. How many people do you think at WorldCom that got fired at WorldCom got compensation packages? It is the same thing. We can talk about Global Crossing. We can talk about Kmart. We can talk about Conoco, Sunbeam, any number of these. Take a look at what these employees got when they got laid off as a result of this corporate mismanagement.

But let me tell you what happens at some of these corporations and why compensation needs to be readjusted. This is Philip Morris. At Philip Morris, the retired chief executive officer gets for life, gets for life, this guy's name is Jeffrey Bible, this is what his retirement package is from Philip Morris Corporation for as long as he lives, and occasionally for this he needs to be consulted. Obviously, it is not the same as nothing, but for as long as he lives, he gets an office near his home and that would include a secretary. Remember, he is no longer working for the company. He has retired from the company. He can call the way, the company isondered. His last year with the company, they paid him $50 million. He is now a retired corporate executive. This is what he gets: An office near his home, including a secretary; an unlimited number of cellular phones; two fax machines, plus the cost of the maintenance; security at his home and security for his vacation home.

So the shareholders of this company will pay the former president of the company security money to make sure his home is secure and his vacation home is secure. Access to the corporate jet. Any time he wants, he can call up on the phone, Mr. Bible can, and say, I have got a conference call coming in on the phone, I need a car and a secretary to come to him anywhere he wants around the world. Access to the dining room, Access to the gym. A company car and driver for the rest of his life. And if he does not want the car and driver, they will pay him $100,000 a year on the car he needs. And $15,000 a year for somebody to give him financial advice. So if he needs financial advice from his tax accountant, the company will pay him that amount.

That retirement package comes right out of the pockets of the consumer and right out of the pockets of the shareholders. Just like this house built on ill-gotten gains down in Florida as a result of Scott Sullivan and WorldCom Corporation, it is the same thing. That is where that money is coming from.

I applaud the President today. The President came out and I think in very strong terms has set the direction for the House and the Senate to follow, that if we do not have the laws in place, and, by the way, we have a lot of laws in place today, there is a lot we can do today by simply enforcing the
laws that are already in existence. I am not convinced we need a whole lot more new laws as far as the criminal behavior is concerned. What we need are more resources out there to these agencies to enforce the laws that exist. So the President today made it very clear, and I think it would be to our benefit in both the House and the other side, in the Senate, to follow this lead. And this week I hope we can accomplish with some strong firm legislation an enforcement of a policy in this country that makes your punishment from stealing from the shareholders, from stealing from the public, for misappropriating, from lying on your accounting, from cooking the books, makes those offenses much more serious consequences than you would face if you went out and shoplifted a candy bar from the local retail store.

Our business system in this country depends on integrity. Now we know that not everybody is going to be honest. It cannot happen. Any time you get a group of people together, you will have a bad apple. It is the same thing in Congress. It happened in the public priesthood. It has happened in the corporate world. So we have to build in, we have to anticipate that you will have a crooked corporate executive here and there. But the key to it is not to pretend that it is not going to happen or to depend totally on honesty. Our society has never totally depended on honesty. We have always had law. It is to put the laws in place. It is not just to put the laws in place. It is to enforce the laws that are in place.

Let me conclude by saying this, I hope that we give the support to the President that he has asked; that we give the resources to the Securities and Exchange Commission that they need to police this problem; that we crack down hard on corporate governance; that we crack down hard on the auditing and audit oversight for companies like Arthur Andersen. And, by the way, the fitting of firms in this country, all of them have been involved in some of these transactions. It is clearly a mess out there that can be cleaned up. It has to be cleaned up.

Do not let us forget that what is being highlighted here, and appropriately, I think we need to focus a lot of attention on it, but sometimes when we focus all our attention on the misdeeds by a few, it tars everybody else. If you went out and shoplifted a candy bar from the local retail store.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. BECERRA (at the request of Mr. GEPHARDT) for today on account of business in the district.

Ms. CARSON of Indiana (at the request of Mr. GEPHARDT) for today on account of official business in the district.

Mr. DAVIS of Illinois (at the request of Mr. GEPHARDT) for today on account of official business in the district.

Ms. JACKSON-LEE of Texas (at the request of Mr. GEPHARDT) for today on account of official business.

Ms. KILPATRICK (at the request of Mr. GEPHARDT) for today on account of official business.

Mr. LUTHER (at the request of Mr. GEPHARDT) for today on account of personal business.

Mr. CULBERSON (at the request of Mr. ARMET) for today on account of attending a funeral.

SPECIAL ORDERS GRANTED

By unanimous consent, the Speaker pro tempore granted the following special orders to be entertained, granted to:

The following Members (at the request of Mr. PALLONE) to revise and extend their remarks and include extraneous material: Mr. DeFAZIO, for 5 minutes, today. Ms. NORTON, for 5 minutes, today.

The following Members (at the request of Mr. BASS) to revise and extend his remarks and include extraneous material: Mr. Bass, for 5 minutes, today.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker’s table and, under the rule, referred as follows:

S. 903. An act to enhance the management and promotion of electronic Government services and processes by establishing an Office of Electronic Government within the Office of Management and Budget, and by establishing a broad framework of measures that require using Internet-based information technology to enhance citizen access to Government information and services, and for other purposes; to the Committee on Government Reform.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2578. To amend title 31 of the United States Code to increase the public debt limit.

ADJOURNMENT

Mr. McNINIS, Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 8 o’clock and 56 minutes p.m.), under its previous order, the House adjourned until tomorrow, Tuesday, July 9, 2002, at 10:30 a.m., for morning hour debates.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker’s table and referred as follows:

H. Doc. No. 107-7732. A letter from the Under Secretary, Department of Agriculture, transmitting the Department’s draft bill entitled, “To amend sections 3, 7D, 16(i)(2), and 19 of the United States Grain Standards Act to authorize the Secretary of Agriculture to recover through user fees the costs of standardization activities”; to the Committee on Agriculture.

H. Doc. No. 107-7734. A communication from the President of the United States, transmitting notification of the intention to reallocate funds previously transferred to the Federal Emergency Management Agency from the Emergency Response Fund; (H. Doc. No. 107-237); to the Committee on Appropriations and ordered to be printed.

H. Doc. No. 107-7735. A letter from the Deputy Secretary, Department of Defense, transmitting a letter on the approved retirement of Lieutenant General Daniel G. Brown, United States Army, and his advancement to the grade of lieutenant general on the retired list; to the Committee on Armed Services.


H. Doc. No. 107-7738. A letter from the Under Secretary, Department of Defense, transmitting the Department’s Rules to Authorize Subsidiary Territories in the Department of the Treasury, transmitting notifications [OPP-2002-0035; FRL-6836-7] received May 16, 2002, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

7740. A letter from the Director, Office of Congressional Affairs, Nuclear Regulatory Commission, transmitting the Commission’s final rule — Revision of Fee Schedules; Fee Reimbursement (FY 2002) (Rept. No. 107-354); received June 27, 2002, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

7741. A communication from the President of the United States, transmitting a six-month periodic report on the national emergency with respect to Taliban and amendment of Executive Order 13026 of July 19, 1999, pursuant to 50 U.S.C. 161(h) and 50 U.S.C. 1703(c); (H. Doc. No. 107–233); to the Committee on International Relations and ordered to be printed.

7742. A communication from the President of the United States, transmitting his termination of the national emergency with respect to Taliban and amendment of Executive Order 13224 of September 23, 2001, pursuant to 50 U.S.C. 1622(a); (H. Doc. No. 107–239); to the Committee on International Relations and ordered to be printed.

7743. A letter from the Director, Defense Security Cooperation Agency, transmitting to the Committee on International Relations a report pursuant to the Federal Vacancies Reorganization Act concerning the appointment of a special assistant to the Secretary of the Army’s Proposed Letter(s) of Offer and Acceptance (LOA) to Israel for defense articles and services (Transmittal No. DTC 182-92); received July 17, 2002, pursuant to 5 U.S.C. 2776(b); to the Committee on International Relations.

7744. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting a report of a proposed license for the export of defense articles or defense services sold commercially under a contract to Russia (Transmittal No. DTC 182-92); received July 17, 2002, pursuant to 5 U.S.C. 2776(b); to the Committee on International Relations.

7745. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting a report of a proposed license for the export of defense articles or defense services sold commercially under a contract to Russia, Ukraine, Norway, and Cayman Islands (Transmittal No. DTC 183-92), pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

7746. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States in accordance with the International Dispute Settlement Act (11 U.S.C. 112(b)); to the Committee on International Relations.

7747. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112(a); to the Committee on International Relations.

7748. A letter from the Attorney/Advisor, Department of Transportation, transmitting a report of a proposed rulemaking — Hazardous Materials Safety Rulemaking and Program Procedures (DOocket No. RSPA-01–10374) (RIN: 2137-AD20); received June 26, 2002, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7749. A letter from the Attorney, Department of Transportation, transmitting the Department’s final rule — Revised and Clarified Hazardous Materials Safety Rulemaking and Program Procedures (DOocket No. RSPA-01–10374) (RIN: 2137-AD20); received July 17, 2002, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7750. A letter from the Assistant Secretary, Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department’s final rule — Safety Zones, Security Zones, and other zones and administrative law regulations (USCG-2001-10996); received July 1, 2002, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7751. A letter from the Attorney, RSPA, Department of Transportation, transmitting the Department’s final rule — Hazardous Materials, Transportation of Hazardous Materials, Residual Service Fee, Requalification, Repair and Use of DOT Specification Cylinders (DOocket No. RSPA-01–10673 (HM-220d)) (RIN: 2137-AD36) received July 2, 2002, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7752. A communication from the President of the United States, transmitting an updated report concerning the emigration laws and policies of Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, the Russian Federation, Tajikistan, Turkmenistan, Ukraine and Uzbekistan, pursuant to 19 U.S.C. 2423(b); (H. Doc. No. 107–249); to the Committee on Ways and Means and ordered to be printed.

7753. A letter from the Attorney, RSPA, Department of Transportation, transmitting the Service’s final rule — Closing Agreements and Modifications to the Blue Marlin (CGD-1-01-033) (RIN: 2137-AD36); received July 17, 2002, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

7754. A letter from the General Counsel, Department of Commerce, transmitting a draft bill to provide voluntary separation payments to Department of Commerce employees in connection with reorganization of the Economic Development Administration; jointly to the Committees on Government Reform, Transportation and Infrastructure, and Financial Services.

7755. A letter from the Secretary, Department of Transportation, transmitting a proposed bill entitled, “To authorize appropriations for Fiscal Year 2003 for certain maritime programs of the Department of Transportation, and for other purposes”; jointly to the Committees on Armed Services, Ways and Means, Resources, and Transportation and Infrastructure.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HANSEN: Committee on Resources. H.R. 4129. A bill to amend the Central Utah Project Completion Act to clarify the responsibilities of the Secretary of the Interior with respect to the Central Utah Project, to redirect unexpended budget authority for the Central Utah Project for wastewater treatment and reuse and other purposes, to provide for prepayment of repayment contracts to the State and local and tribal governments, and ancillary state and local facilities, and to eliminate a deadline for such prepayment; with an amendment (Rept. 107-554). Referred to the Committee of the Whole House on the State of the Union.

Mr. YOUNG of Alaska: Committee on Transportation and Infrastructure. H.R. 4635. A bill to amend title 49, United States Code, to establish a program for Federal flight deck officers, and for other purposes; with an amendment (Rept. 107-555 Pt. 1). Ordered to be printed.

DISCHARGE OF COMMITTEE

[The following actions occurred on June 28, 2002.]

Pursuant to clause 2 of rule XII the Committee on Ways and Means discharged from further consideration. H.R. 4981 referred to the Committee of the Whole House on the State of the Union.

Pursuant to clause 2 of rule XII the Committee on Ways and Means discharged from further consideration. H.R. 4985 referred to the Committee of the Whole House on the State of the Union.

Pursuant to clause 2 of rule XII the Committee on Ways and Means discharged from further consideration. H.R. 4986 referred to the Committee of the Whole House on the State of the Union.

REPORTED BILL SEQUENTIALLY REFERRED

Under clause 2 of rule XII, bills and reports were delivered to the Clerk for printing, and bills referred as follows:
Mr. YOUNG of Alaska: Committee on Transportation and Infrastructure. H.R. 4655. A bill to amend title 49, United States Code, to establish a program for Federal flight deck operations, for other purposes, with an amendment; referred to the Committee on Judiciary for a period ending not later than July 9, 2002, for consideration of such provisions of the bill and amendment as fall within the jurisdiction of that committee pursuant to clause 1(1) of rule X (Rept. 107-555 Pt. 1).

TIME LIMITATION OF REFERRED BILL

Pursuant to clause 2 of rule XII the following action was taken by the Speaker:

(The following action occurred on July 1, 2002)

H.R. 3289. Referral to the Committees on Transportation and Infrastructure and Energy and Commerce extended for a period ending not later than September 6, 2002.

PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. KUCINICH (for himself and Mr. FLEMING):

H.R. 5062. A bill to amend the Internal Revenue Code of 1986 to require a sports franchise to provide for all of the games played by the franchise to be available for local television broadcasting in order to be subject to the prohibition that 50 percent of the consideration in the sale or exchange of a sports franchise is allocable to player contracts; to the Committee on Ways and Means.

By Mr. HOUGHTON (for himself, Mr. S.M. JOHNSON of Texas, Mr. JONES of North Carolina, Mr. PICKERING, Mr. GEKAS, and Mr. FORBES):

H.R. 5063. A bill to amend the Internal Revenue Code of 1986 to provide a special rule for members of the uniformed services in determining the exclusion of gain from the sale of a principal residence and to restore the tax exemption from death gravity payments to members of the uniformed services; to the Committee on Ways and Means.

By Mr. AKIN:

H.R. 5064. A bill to amend title 28, United States Code, with respect to the jurisdiction of Federal courts inferior to the Supreme Court over certain cases and controversies involving the Pledge of Allegiance; to the Committee on the Judiciary.

By Mr. HAYORTH:

H.R. 5065. A bill to amend the Internal Revenue Code of 1986 to permit Indian tribal courts, pursuant to tribal domestic relations laws, to alienate or assign benefits under retirement plans; to the Committee on Ways and Means.

By Mrs. MINK of Hawaii:

H.R. 5066. A bill to amend title 37, United States Code, to limit the authority of the United States to recover, after a member of the uniformed services is retired or separated from the uniformed services, amounts of basic pay, allowances, bonuses, special pays, and other compensation erroneously paid to the member before the member’s retirement or separation; to the Committee on Armed Services.

By Mrs. MINK of Hawaii:

H.R. 5067. A bill to amend titles XIX and XXI of the Social Security Act to permit States the option of coverage of aliens who are legally residing in the United States under the Medicaid Program and the State children’s health insurance program (SCHIP); to the Committee on Energy and Commerce.

By Mrs. MINK of Hawaii:

H.R. 5068. A bill to amend title XIX of the Social Security Act to expand the current provision of medical assistance to certain uninsured women who have been screened and found to have breast or cervical cancer to also cover ovarian and uterine cancer; to the Committee on Energy and Commerce.

By Ms. NORTON:

H.R. 5069. A bill to amend the Internal Revenue Code of 1986 to provide that the exclusion from gross income for survivor benefits of a deceased public safety officer shall apply to such benefits regardless of whether the recipient is the spouse or a child of the officer; to the Committee on Ways and Means.

By Mrs. MYRICK:

H. Con. Res. 435. Concurrent resolution expressing the sense of the Congress that the therapeutic technique known as rebirthing is a dangerous and harmful practice and should be prohibited; to the Committee on Energy and Commerce.

By Mr. FROST:

H. Res. 470. A resolution designating minority members on certain standing committees of the House; considered and agreed to.

By Mr. CUNNINGHAM (for himself, Mr. ISAIAH, Mr. HUNTER, Mr. FILLNER, Mrs. DAVIS of California, and Mr. OSE):

H. Res. 471. A resolution to recognize the significant contributions of Paul Ecke, Jr., to the poinsettia industry, and for other purposes; to the Committee on Government Reform.

ADDITIONAL SPONSORS

Under clause 7 of rule XII, sponsors were added to the public bills and resolutions as follows:

H.R. 168: Mr. BARK of Georgia.

H.R. 285: Ms. ROYBAL-ALLARD and Mr. CROWLEY.

H.R. 303: Mr. LAPALCE, Mr. MECKON, and Mr. KNOLLBERG.

H.R. 360: Mr. BONIOR.

H.R. 399: Mr. EVANS.

H.R. 488: Mr. LAMPSON.

H.R. 599: Mr. MCDERMOTT.

H.R. 632: Mr. WHITFIELD.

H.R. 664: Mr. DOUGUÉ.

H.R. 744: Mr. NERHEUTZ.

H.R. 822: Ms. HARMS.

H.R. 951: Mr. OSE, Mr. JOHN, and Ms. EDDIE BERNICHE JOINER.

H.R. 952: Mr. CULBERSON.

H.R. 978: Mr. RAMSTAD.

H.R. 1089: Mrs. JO ANN DAVIS of Virginia.

H.R. 1127: Mr. ANDREWS.

H.R. 1184: Mr. FALKOMAVARDA, Mr. FORD, and Mr. UNDERWOOD.

H.R. 1187: Ms. SANCHEZ.

H.R. 1296: Mr. EVANS, Mr. INSLEE, Mr. SKENN, and Mr. COSTELLO.

H.R. 1433: Mr. FATTAR.

H.R. 1452: Mr. DOOLITTLE.

H.R. 1747: Mr. SOUDER and Mr. PAYNE.

H.R. 1811: Mr. SOUDER and Mr. DOOLITTLE.

H.R. 1819: Ms. DEGITE, Mr. UNDERWOOD, and Mr. DOYLE.

H.R. 1990: Mr. LOWEY.

H.R. 2033: Mr. CRAWHER, Mr. HASTINGS of Florida, Mr. KILPATRICK, and Mr. CUMMINGS.

H.R. 2117: Mr. CHAMILBLES.

H.R. 2232: Mr. HONDA, Mr. CAPUANO, Mr. PASTOR, Mr. FILLNER, Mr. DEUTSCH, Mr. LINPIONI, and Mr. NOLAN.

H.R. 2290: Mr. LA TOURNETTE.

H.R. 2459: Mr. BONIOR.
AMENDMENTS

Under clause 8 of rule XVIII, proposed amendments were submitted as follows:

H.R. 2733
Offered By: Ms. Jackson-Lee of Texas

AMENDMENT No. 1: Page 5, line 6, insert "including awareness by businesses that are majority owned by women, minorities, or both, after "in the United States."

H.R. 2733
Offered By: Ms. Jackson-Lee of Texas

AMENDMENT No. 2: Page 5, after line 25, insert the following new subsection:

(f) WOMEN AND MINORITY AWARENESS STUDIES. —

(1) BASELINE STUDY. — Not later than 1 year after the date of the enactment of this Act, the Director shall transmit to the Congress a report describing the extent of awareness of, and participation in, enterprise integration development activities by businesses that are majority owned by women, minorities, or both.

(2) PROGRAM EVALUATION. — Not later than 3 years after the date of the enactment of this Act, the Director shall transmit to the Congress a report evaluating the extent to which activities under this section, especially under subsection (d)(1), have increased the awareness of, and participation in, enterprise integration development activities by businesses that are majority owned by women, minorities, or both.

H.R. 4635
Offered By: Mr. Paul

AMENDMENT No. 1: Page 2, line 10, strike "pilot".

Page 8, strike lines 18 through 24.

Page 9, line 1, strike "(5)" and insert "(4)".

Page 11, strike line 11 and all that follows through line 19 on page 13.

Page 13, line 20, strike "(j)" and insert "(i)".

Page 13, line 20, strike "(j)" and insert "(i)".
The Senate met at 2 p.m. and was called to order by the President pro tempore [Mr. BYRD].

PRAYER
The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:
Gracious, liberating God, who has created us as free women and men to love You and serve You by working to assure the personal, spiritual, religious, political, and economic freedom of all people, today we celebrate the anniversary of the first public reading of the Declaration of Independence by Colonel John Nixon, and the ringing of the Liberty Bell. We remember the words of Leviticus 25:10 inscribed on the bell: “Proclaim liberty throughout all the land unto the inhabitants thereof.” We seek to do that today. You have revealed to us Your mandate that all Your people should be free to worship You. Help us to maintain this strong fabric of our Republic. You have placed a liberty bell in all our hearts that rings this afternoon calling us on in the battle for justice, righteousness, and freedom for all Americans and, through our world mission, for the world. You are our Lord and Saviour. Amen.

PLEDGE OF ALLEGIANCE
The PRESIDENT pro tempore led the Pledge of Allegiance, as follows:
I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

RESERVATION OF LEADER TIME
The PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

RECOGNITION OF THE ACTING MAJORITY LEADER
The PRESIDENT pro tempore. The Senator from Nevada is recognized.

Mr. REID. Thank you very much, Mr. President.

MEASURE PLACED ON THE CALENDAR—H.R. 4231
Mr. REID. It is my understanding H.R. 4231 is at the desk and due for its second reading.

The PRESIDENT pro tempore. The Senator is correct.

Mr. REID. I ask that H.R. 4231 be read for a second time, and I would then object to any further proceedings on this matter.

The PRESIDENT pro tempore. The assistant legislative clerk read the title of the bill for the second time.

The assistant legislative clerk read as follows:
A bill (H.R. 4231) to improve small business advocacy, and for other purposes.

The PRESIDENT pro tempore. Objection having been heard, the bill will be placed on the calendar.

PUBLIC COMPANY ACCOUNTING REFORM AND INVESTOR PROTECTION ACT OF 2002
The PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of S. 2673, which the clerk will report.

The assistant legislative clerk read as follows:
A bill (S. 2673) to improve quality and transparency in financial reporting and independent audits and accounting services for public companies, to create a Public Company Accounting Oversight Board, to enhance the standard setting process for accounting practices, to strengthen the independence of firms that audit public companies, to increase corporate responsibility and the usefulness of corporate financial disclosure, to protect the objectivity and independence of securities analysts, to improve Securities and Exchange Commission resources and oversight, and for other purposes.

The PRESIDENT pro tempore. The Senator from Maryland, Mr. SARBANES, the manager of the bill, is recognized.

Mr. SARBANES. I thank the Chair.

Mr. President, today the Senate turns its attention to S. 2673, the Public Company Accounting Reform and Investor Protection Act of 2002, which was reported from the Senate Committee on Banking, Housing, and Urban Affairs on June 18 on a strong 17-to-4 vote.

A unanimous consent agreement was entered into with respect to this legislation prior to the Fourth of July recess, which provided that at 2 p.m. today, Monday, July 8, the Senate would proceed, for debate only, to the consideration of this legislation.

I hope to take a fair amount of time to set out the process through which the committee worked and to discuss the provisions of this legislation.

As I understand it, upon convening tomorrow and going back to this legislation, amendments will be in order. There are a couple of technical amendments that I am hopeful we can approve today by unanimous consent. I will be discussing that with the distinguished ranking Republican member of the committee in the course of the afternoon.

Mr. President, I rise in very strong support of this legislation. This legislation is intended to address systemic and structural weaknesses that I think have been revealed in recent months and that show failures of audit effectiveness and a breakdown in corporate financial and broker-dealer responsibility. In fact, it is very clear that much of this has been happening over the last few years.

Hopefully, we have experienced the brunt of it. Who can guarantee that, however, when every day you come to read in the morning paper yet another story, as witnessed this morning with respect to one of the most respected pharmaceutical companies in the country.

I believe this bill is urgently needed. I hope my colleagues will agree with that and will support its swift passage.
The House, earlier this year, passed legislation on this subject, but I think it is fair to say that the legislation we are bringing to the floor of the Senate is more comprehensive, more thorough, and, I believe, more effective. But, of course, one problem here, we will have the challenge of going to conference with our colleagues on the other side of the Capitol to work out the differences between the two versions of the legislation.

Let's dispense for a few minutes the backdrop against which this bill was crafted. Our financial markets have long been regarded as the fairest, the most transparent, and the most efficient in the world. In fact, I think it is fair to say—and many of you have said it time and time again—that the American capital markets are one of the great economic assets of this country and a very important source of our economic strength.

It is becoming increasingly clear that something has gone wrong, seriously wrong, with respect to our capital markets. We confront an increasing crisis of confidence that is eroding the public's trust in those markets. I frankly believe that, if it continues, this crisis will pose a real threat to our economic health.

Let me begin with one of the most obvious symptoms of this problem: the extraordinary increase in restatements of corporate earnings. The Wall Street Journal, citing a study last year by the research arm of Financial Executives International, the organization of the chief financial officers of corporations, reported that there were 157 financial restatements by companies in 2000, 207 in 1999, and 100 in 1998. The 3-year total of 464 was higher than the previous 10 years combined, during which the average number of restatements was 46 each year. This is a dramatic increase in the number of restatements.

Last year's revelation by WorldCom is only one example of a problem that is becoming increasingly disturbing. In a recent article titled "Tweaking Numbers To Meet Goals Comes Back To Haunt Executives," the New York Times described a series of recent corporate failures or near-failures that were characterized by accounting improprieties: Adelphia Communications, "$3 billion in loans to its founding family" had been concealed; Computer Associates was investigated "on suspicion of inflating sales and profits by making sham transactions with other telecom companies"; Enron, "hiding losses and loans with partnerships that were supposedly independent but were actually guaranteed by the company"; WorldCom, "on suspicion of inflating sales and profits by making sham transactions with other telecom companies"; Rite Aid had "four former top executives indicted . . . in what regulators called a securities and accounting fraud that led to a $1.6 billion restatement of earnings": Tyco International is under investigation "on suspicion of hiding payments and loans to its top executives . . . and its "shares have plunged 75 percent this year as investigators question whether it inflated sales and cash flow"; WorldCom, under investigation for "hiding $4 billion in expenses by wrongly classifying short-term costs as long-term investments."

Commentators have made much of the fact that the Enron had very complicated dealings, off-balance-sheet special entities and a host of other things. WorldCom simply took expenses that should have been treated as short-term costs and set them up as capital investments to be amortized over a period of time. Of course, that was a very substantial reduction in WorldCom's costs. As a consequence, its profits were boosted by $4 billion. The SEC asked them to come clean, and now we probably are looking at an other billion of faulty accounting with respect to their statement.

Can you imagine—the company went from showing a substantial profit to actually having a loss. People are out earning in this thing doing the things we don't know whether to purchase this stock. Pension plans are making decisions on behalf of their members. And they are making the decision in the belief that this company is making a good profit. Instead, it is making a loss.

I read one story where competitors of WorldCom were apparently debating within their own corporate ranks: How do they do it? How are these people producing this profit record? We can't do it. We are competing against them. We think we are doing everything we ought to be doing, and we just can't produce the same kind of performance. How are they doing it? What is the secret they have discovered?

The secret they discovered was to hide their expenses by wrongly classifying short-term costs as long-term investments. The Xerox Corporation, one of the pillars of our economic system, paid a $10 million fine to the SEC in April, the largest in an enforcement case. They reclassified $6.4 billion in revenue and restated financial results for the last 5 years. I could go on and on with other companies: Cendant, MicroStrategy, Waste Management.

What has led to this increase in restatements? The practice of "backing into" the forecast earnings has certainly contributed. The New York Times described this practice as follows:

Some companies do whatever they have to do to make sure they do not miss a consensus earnings estimate. They start with the profit that investors are expecting and manipulate the expenses to make sure the numbers come out right. During the last decade's boom, as executive pay was increasingly based on how the company's stock performed, earnings became more widespread and more aggressive. Just how much so is only now becoming clear.

The distinguished Columbia Law School Professor John Coffee, noted, in summarizing the trend:

During the 1990s, the quality of financial reporting and analysis appears to have diminished while an earnings restatement is not necessarily proof of fraud, this increase strongly implies that auditors have deferred excessively to their clients.

Jack Ebenh, the chief executive of the California State Retirement System, which oversees $100 billion in investments, put it this way:

This looks like the year of the restatement. It's certainly disturbing for investors who expect financial statements to be accurate.

Clearly, what is transpiring is having a very severe impact on hard-working American families. Corporate wrongdoing is being felt not just at the boardroom table, but it is now being felt at the kitchen table as well.

First of all, there have been tremendous job losses. The Washington Post reported that WorldCom was laying off 17,000 employees. The companies that are laying into bank by laying off employees left and right. Enron laid off 7,000 people after it filed for bankruptcy. Global Crossing laid off 9,300 employees in the last year. Employment at Xerox is down 13,000 from 2 years ago. So there is a direct impact on many working families, simply through the layoffs, as the companies for which they work encounter difficult financial times.

In other words, the company is crashing down, and the workers, amongst others, are paying the price.

Second, the adverse impact on employees clearly extends to the impact of these corporate failures on employee pension funds, an impact that has led many workers to question the security of their retirement. A quick look at the numbers demonstrates how badly public pension funds have been hit.

It is reported that 21 States have announced losses of $1.9 billion from their WorldCom investments. The California public retirement system reported a loss of $555 million. And the numbers go on from there. I won't cite them all, but all across the country there are tremendous losses being incurred. It is said that the loss of value of both WorldCom and Enron has cost public State pension funds $2.7 billion.

Of course, in addition to their impact on workers and pension funds, these revelations have had a negative effect on shareholders generally. Average investors are watching their portfolios plummet and their retirement prospects decline. WorldCom's market capitalization has gone from $180 billion at its peak in 1999, to just $177 million last week. Tyco lost $90 billion in market capitalization between January 2001 and June 2002, and on and on.

The bond markets have also been affected. WorldCom, for example, has $28 billion outstanding and filed for bankruptcy last December—Rite Aid had "four former top executives indicted . . . in what regulators called a securities and accounting fraud that led to a $1.6 billion restatement of earnings": Tyco International is under investigation "on suspicion of hiding payments and loans to its top executives . . . and its "shares have plunged 75 percent this year as investigators question whether it inflated sales and cash flow"; WorldCom, under investigation for "hiding $4 billion in expenses by wrongly classifying short-term costs as long-term investments."

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So you are being hit not only if you have a direct connection with WorldCom, but also if you have an equity interest in a bank or insurance company that owns WorldCom bonds. The current market value of these bonds is about a dollar.

The same week that WorldCom’s auditing irregularities became public, Morgan Stanley observed that the spread between corporate bonds and comparable Treasury bonds had widened to 200 basis points. As the Wall Street Journal wrote on June 27:

That is a dramatic move that will boost the borrowing costs for all kinds of companies.

Now, the problems that I have described did not develop overnight. In many ways, they reflect failures on the part of every actor in our system of disclosure and oversight. Auditors who are supposed to be independent of the company whose books they are auditing are often compromised by the fact that they provide consulting services to their public company audit clients. Securities analysts are not in a position, according to observers, to warn investors or direct them to other investments.

As the New York Times reported in an article earlier this year entitled “A Bubble No One Wanted to Pop”:

Eager to help their firms generate business selling securities to investors and reap their own rewards and bonuses, Wall Street analysts have made a habit of missing corporate misdeeds altogether.

I will come back to these issues later. But for the moment I simply want to note that the problems leading to such dramatic lapses are widespread and seem to be built into the system of accounting and financial reporting. That is what this legislative seeks to address. Our committee did not engage in an exercise in finger-pointing and placing blame but we held a series of hearings—I will discuss them in a minute—directed toward the future; in other words, on the changes we can make that will help to clear up this situation. It is serious.

The Wall Street Journal, in a recent comment, said:

The scope and scale of the corporate transgressions of the late 1990s now coming to light exceed anything the U.S. has witnessed since the years preceding the Great Depression.

One can run through the figures and find some support for that. Between its peak in 1929 and 1931, the Dow fell 79 percent. Over the same period since its peak in March 2000, the Nasdaq has fallen 73 percent. But rather than work through these figures, let me simply close this part of my statement with a comment from Benjamin Graham’s classic textbook on “security analysis”:

Prior to the SEC legislation . . . it was by no means unusual to encounter semi-fraudulent distortions of corporate accounts . . . almost always for the purpose of making the results look better than they were, and it was generally accompanied with some scheme of stock-market manipulation in which the management was participating.

He was writing about the year 1929. Regrettably, that description fits some of today’s events. Now, I am certainly not suggesting that this is the practice of a majority of our business people. In fact, most of them, I think, try very hard to play by the rules, and to be honest and straightforward in their dealings, and they recognize how important trust is.

But it is clear, from the number of departures we have witnessed from that standard, that what is involved is not just one or two or three or four bad apples. Those bad apples ought to be punished, and punished very severely. I certainly agree with the President when he makes that statement. But it seems to me we have to move beyond that in order to address the incredible loss of investor confidence that is now taking place.

I have been reading the newspaper articles carefully, and sometimes the most apt comments come not from the experts but from the citizens. My colleague from Texas knows that very well because we have a noted citizen of his State, Dicky Flatt, who is constantly cited.

Karl Graf, a financial planner and accountant in Wayne, NJ, is quoted in the Bergen Record as saying:

The integrity of the game is in question for now, and that’s a much bigger thing than if the stock market does poorly for two years. You have to have faith in the companies that are reporting, and if you don’t or can’t, it makes it seem more like gambling all the time. It makes me more cynical, and I’m very discouraged. It’s going to take a lot to make people feel confident.

Bob Friend, an aerospace engineer from Redondo Beach, CA, a stock investor for 20 years, was quoted in the L.A. Times as saying:

There’s a complete lack of trust in corporate leadership. I think the lack of ethical behavior has destroyed investor confidence.

Morris Hollander, a specialist in financial disclosure accounting with a Miami firm, was quoted in the Miami Herald as saying:

We always had the strongest financial markets in the world, and that was because of credible accounting standards. When you see that confidence eroding, it is not good. It is a real serious credibility crisis.

A recent poll demonstrates that these views are not unique or unusual. When asked this question: “when it comes to financial information the major stock brokerage firms and corporations provide you or do you not have confidence that the information is straightforward and an honest analysis,” only 29 percent of Americans said they had confidence in the information was straightforward and an honest analysis. A majority, 57 percent, did not have confidence in the basic information that undergirds our equity markets.

The Washington Post, on June 26, reported:

According to economists and market analysts, the still-falling corporate and accounting scandals have begun to weigh heavily on the stock market, the dollar, and the U.S. economy. And the effects are likely to linger at least through the end of the year.

The same article quoted the chief economist for one of Wall Street’s major firms as saying:

The economy and markets right now are in the midst of a full-blown corporate governance shock . . . To presume somehow that it’s over or that the worst is behind us is naive.

Furthermore, it is not only American investors who are losing confidence in our markets. A recent New York Times article entitled “The Dim as Models for Foreigners” quoted Wolfram Gerdes, the chief investment officer for global equities at Dresdner Investment Trust in Frankfurt, as saying:

There is unanimous agreement that the United States is not the best place to invest anymore.

According to the Federal Reserve Board, foreign direct investment in corporate equities has fallen by 45 percent from 2001 to 2002. And according to a new OECD report, foreign inflows from cross-border mergers and acquisitions, which in 2001 were greater than direct foreign investment into the United States, have fallen sharply in 2002.

The Wall Street Journal said:

The loss of faith by American and overseas investors in U.S. corporate books is churning global financial markets: Share prices are plunging in America and the dollar is losing value, setting off stock-market plunges in Europe and Latin America. A flow of foreign capital to the United States is disrupted as a result, the world economy could be jeopardized, because the U.S. relies on overseas money to finance its huge current-account deficit, and Asia and Europe rely on America to buy imports.

As I draw this preliminary overview of the context in which we are working to a close, I want to speak for a moment about the need for economic leadership for the United States. The Wall Street Journal had an article entitled “U.S. Loses Sparkle as Icon of Marketplace.” It says:

The wave of scandals in corporate America is rolling world stock markets. But the controversy may have an even greater impact in the marketplace of ideas, where the U.S. economic model is coming under attack.

One area of particular importance and now debate is adoption of accounting principles. The European Union—and I do not think many people yet in this country have focused on this matter—has indicated that the rules adopted by the International Accounting Standards Board will become mandatory for all companies throughout the European Union in 2005.

Traditionally, the U.S. has been preeminent in the accounting field. We have by far the largest economy. We have a reputation for high standards and transparency. So generally the American argument on behalf of its standards carried great influence. Now we have the European Union, comparable in economic size to the United States, moving to adopt a uniform set
of accounting standards, to be promulgated by the International Accounting Standards Board, for all of the European Union countries. So there is a potential for real challenge to American preeminence in this area, given what is happening in Wall Street Journal.

In fact, the New York Times reported on June 27:

There is a groundswell among executives in Europe against the American system of corporate accounting—the so-called generally accepted accounting principles—that was supposed to be the gold standard in disclosure.

Before Enron, Global Crossing and WorldCom, America had been winning the argument on accounting standards. But now, a growing number of Europeans are convinced that the American system is too complex and too easy to manipulate.

Regrettably, in my view, unless we come to grips with this current crisis in accounting and corporate governance, we run the risk of seriously undermining American economic leadership. Why do countries look to us? They look to our capital markets. They say: your capital markets are the most transparent; they have the greatest integrity; we can rely upon them; we can make rational business decisions using the information that is provided through your system. If that is no longer the case, we can expect growing difficulties as we continue to argue for our preeminence.

The Wall Street Journal gave this summary of the problem, after which I will move on to the bill itself:

The institutions that were created to check such abuses failed. The remnants of a professional ethos in accounting, law and securities analysis gave way to the maximum revenue per partner. The auditor's signature on a corporate report didn't testify that the report was an accurate snapshot, said (Treasury Secretary Paul) O'Neill. He says it too often meant only that a company had "coocked the books to generally accepted standards."

I want to be very clear about this. I believe the vast majority of our business leaders and of those in the accounting industry are decent, hard-working, and honorable men and women. They are, in a sense, tarnished by the burden of these scandals. But trust in markets and in the quality of investor protection, once shaken, is not easily restored, and I believe that this body must act decisively to reaffirm the standards of honesty and industry that have made the American economy so powerful in the world. That is what this legislation does, and that is why I urge its adoption by my colleagues.

Let me now turn to the hearings and to the bill. I know others are waiting to speak, and I will try to summarize my remarks. We have been working on this for a long time, so obviously I could go on at some length.

First, we sought to do a very thorough and careful job in developing this legislation. The committee held a total of 10 substantive hearings and heard from a broad range of experts, as well as interested parties. I am not going to name all our witnesses, but, for example, we heard from five past Chairmen of the SEC; three former SEC chief accountants; former Federal Reserve Board Chairman, Paul Volcker; former Comptroller General and chairman of the Federal Reserve Board, Charles Bowsher; the present Comptroller General, David Walker; a number of distinguished academicians who have been studying these issues throughout their careers; leaders of commissions that studied the accounting industry and corporate governance representatives of the accounting industry; representatives of the public interest community; representatives of the corporate community, and SEC Chairman Pitt.

It was a very thorough effort to gather the best thinking on these issues and to give all interested parties a chance to be heard. My colleagues on the committee, and the ranking member, Senator Gramm, participated in this effort seriously and with commitment. Senator Enzi early on introduced a bill dealing with oversight of accounting and auditor independence. Many of that bill's provisions are reflected in this legislation. Senator Enzi, of course, took a particular interest in the one certified public accountant in the Senate. Many other Members made important contributions as we moved along the way. I will now turn to each title. Title I of the bill creates a strong independent accounting oversight board to oversee the auditors of public companies. Title II strengthens auditor independence from corporate management by limiting the scope of consulting services that auditors can offer to public companies. That bill applies only to public companies that are required to report to the SEC. It says plainly that State regulatory authorities should make independent determinations of the proper standards and should not presume that the bill's standards apply to small- and medium-size firms that do not audit public companies.

Título III and IV of the bill enhance the responsibility of public company directors and senior managers for the quality of the financial reporting and disclosure made by their companies. Title V seeks to limit and expose to public view possible conflicts of interest affecting securities analysts. Title VI increases the SEC's annual authorization from $401 million to $775 million and extends the SEC's enforcement authority. Title VII of the bill mandates studies of accounting firm concentration and the role of credit rating agencies.

It is my intention to go through the bill title by title in a summary fashion, but I will pause for a moment and ask my colleagues whether he has any time pressures.

Mr. GRAMM. I don't have a time preference as such. My suggestion is that the Senator gets tired of talking and would like me to speak a while, I can speak, and then he can come back to it. But I have no objection if you want to go through your whole presentation. You certainly have that right. If you think it will work better doing it that way, that is fine. If you want to break at some point and have me speak, that would be fine. But this Finance Board's don't I move ahead, and I will try to compress it a bit.

Title I creates a public company accounting oversight board. This board is subject to SEC review and will establish auditing, quality control, ethics, and independence standards for public company auditors and will inspect accounting firms that conduct those audits. It will investigate potential violations of applicable rules and impose sanctions if those violations are established.

Therefore, we have relied on self-policing of the audit process, private auditing, and accounting standards setting, and, for the most part, private disciplinary mechanisms. Reasonable accounting and corporate failures have raised serious questions, obviously, about this private oversight system. Paul Volcker stated: the years that have been spent on repeated efforts to provide oversight by industry or industry/public member boards. By and large, I think we have to conclude that those efforts at self-regulation have been unsatisfactory.

That is obviously one of the reasons we are moving, in this legislation, to an independent public company accounting oversight board. We heard extensive testimony in favor of such a board.

The board would have five full-time members. Two of the members will have an accounting background. All will have to have a demonstrated commitment to the interests of investors, as well as an understanding of the financial disclosures required by our securities law. The board members would be appointed by the SEC after consultation with the Federal Reserve and the Department of the Treasury and would serve staggered 5-year terms. They could not engage in other business while they were doing this work.

Of course, the board will have a staff. We would expect staff salaries to be fully competitive with comparable private-sector positions in order to ensure a high-quality staff.

The bill requires that accounting firms that audit public companies must register with the SEC, and the registration or loss of registration would render a firm unable to continue its public company audit practice. Upon registering, a company would consent to comply with requests by the board for documents or testimony made in the course of the board's operations.

The board would possess plenary authority to establish or adopt auditing, quality control, ethics, and independence standards for the auditing of public companies. But this grant of authority is conditioned on the participation of accountants or other interested parties from participating in the standard-setting process. So the board may adopt
rules that are proposed by professional groups of accountants or by one or more advisory groups created by the board.

These provisions reflect an effort to respond to the argument that you need the experts to set the standards or how to set the standards. These experts in the industry can make these proposals, but the board will have the authority to adopt or to modify such proposals or to act of its own volition.

We provide for the inspection of registered public accounting firms by the board. Firms that audit more than 100 public companies are to be inspected by staff of the board each year. Firms that audit less than that are inspected every 3 years, although the board has the power to adjust these inspection schedules.

The board also has investigative and disciplinary authority. Former SEC Chairman Arthur Levitt told the committee:

We need a truly independent oversight body that has the power not only to set the standards by which audits are performed but also to conduct timely investigations that cannot be deferred for any reason and to discipline accountants.

If the board finds that a registered firm, or one or more of its associated persons, has violated the rules or standards, it will have the full range of sanctions available.

The board also has the power to sanction a registered accounting firm for failure reasonably to supervise a partner or employee, but we allow an accounting firm to defend itself from any supervisory liability by showing that its quality control and related internal procedures were reasonable and were operating fully in the situation at issue. I am mentioning this item, even though it may not seem that important in the context of a bill this complex, to point again to the effort that was made in the committee to balance competing concerns.

In effect, we say the firms have this supervisory responsibility. They should not duck this responsibility. Otherwise, how are we going to assure the people working for accounting firms are meeting high standards? On the other hand, we realize it is extremely difficult in large organizations to control right down to the last person. So we provided that if accounting firms have quality control and related internal procedures in place that are reasonable and that are operating fully, the operation of those procedures can serve as a defense.

The bill applies to foreign public accounting firms, also that audit financial statements of companies that come under the U.S. securities laws. The board is subject to SEC oversight, which is important. Finally, we formalize the role of the Financial Accounting Standards Board in setting accounting standards. Accounting standards are different than auditing standards, which the new oversight board will set. The bill provides for guaranteed funding of the new oversight board and the FASB by public companies, something I think we all agree is extremely important.

Some have asked, why do we need a statutory board? Why not let the SEC do some of this supervision? But others have raised questions about the adequacy of the authority the SEC has to accomplish all of this by regulation alone. Clearly, a firmer base would be established, a stronger reference point, the board were established by statute, and the potential of litigation that might arise with respect to some of these disciplinary and fee-imposing powers if they were created solely by the SEC by regulation would be avoided by a clear statutory underpinning.

Furthermore, I believe, frankly, that we need to establish this oversight board in statute in order to provide an extra guarantee of its independence and its plenary authority to deal with this important issue.

Let me turn to title II on auditor independence. This is a very important issue. Each of the country’s securities laws requires comprehensive financial statements. That is what is now involved in securities rules for public companies. They have to have comprehensive financial statements that must be prepared—and I now quote from the statute—’’by an independent public or certified accountant.’’

The statutory requirement of an independent audit has two sides to it. It is a private franchise, and it is also a public trust.

The franchise given to the Nation’s public accountants is clear. Their services must be secured before an issuer of securities can go to market, have its securities listed on the Nation’s stock exchanges, or comply with the reporting requirements of the securities law. The public accountant has been handed by mandate a major piece of business because the statute says to these public companies that they must have comprehensive financial statements prepared by an independent public or certified accountant.

So in effect we have directed them to a significant amount of business. But the franchise, in a way, is conditional. It comes in return for the certified public accountant’s assumption of a public duty and obligation. This public watchdog function demands that the accountant maintain total independence from the client at all times and requires complete fidelity to the public trust.

The Supreme Court stated this well in a decision almost 20 years ago:

In certifying the public reports that collectively depict a corporation’s financial status, the independent auditor assumes a public responsibility. . . . [That auditor] owes ultimate allegiance to the corporation’s creditors and stockholders, as well as to the investing public. This public watchdog function demands that the accountant maintain total independence from the client at all times and requires complete fidelity to the public trust.

Richard Breeden, former chairman of the SEC from 1989 to 1993, under the previous President Bush, said in his testimony before the committee:

While companies in the U.S. do not have to employ a law firm, an underwriter, or other types of professionals, Federal law requires a publicly-traded company to hire an independent accounting firm for an annual audit. In addition to this shared Federal monopoly, more than 100 million investors in the U.S. depend on audited financial statements to make investment decisions. That imbues accounting firms with a high level of public trust, and also explains why there is a strong Federal interest in how well the accounting system functions.

What has happened in recent years is that a rapid growth in management consulting services offered by the major accounting firms has created a conflict in the independence that an audit firm must bring to the audit function. According to the SEC, in 1988, 55 percent of the average revenue of the big five accounting firms came from accounting and auditing services; 22 percent came from management consulting services. By 1999, 10 years later, these figures had fallen to 31 percent for accounting and auditing services, and 50 percent for management consulting services.

In fact, a number of experts argue that the growth in the non-audit consulting business done by the large accounting firms for their audit clients has so compromised the independence of audits that a complete prohibition on the provision of services by accounting firms to their public audit clients is required—a complete prohibition. According to James E. Burton, the CEO of the California Public Employees’ Retirement System, CalPERS, which manages pension and health benefits for more than 1.3 million members and has aggregate holdings of $150 billion:

The inherent conflicts created when an external auditor is simultaneously receiving fees from a company for non-audit work cannot be remedied by anything less than a bright line ban. An accounting firm should be an auditor or a consultant, but not both to the same client.

John Biggs, CEO of Teachers Insurance and Annuity Association—College Retirement Equities Fund, TIAA-CREF, the largest private pension system in the world, which manages approximately $275 billion in pension assets for over 2 million participants in the education and research communities, told the Committee:

Because auditors owe their primary duty to the shareholders, questions about the integrity of that duty as an audit firm provides other, potentially more lucrative, consulting services to the company. The board and the public auditor should both see to it that, in fact as well as in appearance, the auditor reports to the independent board audit committee and acts on behalf of shareholders. The key reason why awarding contracts to one firm to do both audit work to the audit firm is troubling is because it results in conflicting loyalties. While the board’s audit committee is formally responsible for hiring and firing the outside auditor, management controls virtually all the other types of non-audit work the audit firm may do for the company. These contracts with the reporting relationship it is difficult to believe that auditors do not feel pressure for
the overall success of their firm with the client. Even their own compensation packages may be tied to consulting and non-audit services being provided by their firm to the company.

By requiring public companies to use different accounting firms for their audit and consulting services, or by establishing an independent board with real authority to oversee the accounting profession you will be taking important steps toward reversing the crisis confidence in financial markets that exists today.

We looked at this carefully. We had testimony on the other side. In the end, we took the approach that is outlined in the bill. The bill contains a short list, of non-audit services that an accounting firm doing the audit of a public company cannot provide to that company. These include, for example, bookkeeping or other services related to the accounting records or financial statements of the audit client, financial information system design, appraisal or valuation services, actuarial services, management functions or human resources, broker or dealer or investment adviser services, or legal services.

The thinking behind drawing this line around a limited list of non-audit services, is that provision of these services to a public company audit client creates a fundamental conflict of interest for the accounting firm in carrying out its audit responsibility. If the accounting firm is not the auditor for the company, it can do any of these consulting services—it can do any consultation. But if the firm is the auditor—so there is a conflict of interest problem—then we take certain services and say: those services you can’t do. And the reason is, first of all, in order to be independent, the auditor should not have a personal interest in the company, and it should not act as an advocate of the audit client, unless you can get one of these case-by-case exemptions from the board. And those consulting services are the ones that the statutory system that we are establishing lists certain consulting services that, if you are the auditor, you cannot perform for the public company that is your audit client, unless you can get one of these case-by-case exemptions from the board.

There are a lot of other auditing services, other than the nine I mentioned, that an auditor may want to provide and whose provision we did not preclude. In other words, the statutory system that we are establishing lists certain consulting services that, if you are the auditor, you cannot perform for the public company that is your audit client, unless you can get one of these case-by-case exemptions from the board.

There is a framework and guidance for the SEC to use in setting independence standards for public company audits is needed. History has shown that the AICPA and the SEC have failed to update their independence standards in a timely manner, and that past updates have not adequately protected the public’s interests. In addition, the accounting profession has placed too much emphasis on growing non-audit fees and not enough emphasis on modernizing the auditing profession for the 21st century environment. Congress is the proper body to promulgate a framework (on this important issue).

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The next two titles, III and IV, deal with corporate responsibility and enhanced financial disclosure. As I said, we provide for a strong public company audit committee that would be directly responsible for the appointment, compensation, and oversight of the work of the public company auditors, which means it must clearly state the primary duty of the auditors is to the public company’s board of directors and the investing public, not to the managers.

We require that the audit committee develop procedures for addressing complaints concerning auditing issues and also that they put in place procedures for employee whistleblowers to submit their concerns regarding accounting.

Where does an employee go when he sees a problem and is fearful of taking it up with management because his perception is that management is involved with the problem? We provide that the employee should be protected in going to the audit committee. We have a provision prohibiting the coercion of employees. Some have asserted that officers and directors have coerced employees or tried to fraudulently influence them to provide misleading information. Obviously, the auditors ought to be protected from that as well.

We have a provision that the CEO and the CFO who make large profits by selling company stock or receiving company bonuses while management is misleading the public about the financial health of the company would have to forfeit their profits and bonuses realized after the publication of a misleading report.

We also address the question of remedies against officers and directors who violate securities laws, something in which the SEC is very interested. We have a provision on insider trades during pension fund blackout periods. We prohibit the insider trades. So you can’t have officers and directors free to sell their shares while the majority of the employees of the company are required to hold theirs—as, of course, has happened in some instances.

On enhanced financial disclosures, we require that public companies must disclose all off-balance-sheet transactions and conflicts. We require that pro forma disclosures be done in a way that is not misleading and be reconciled with a presentation based on generally accepted accounting principles. Some companies want these pro forma disclosures. They really are not accurately reflecting the financial conditions of the company.

We require very prompt disclosure of insider trades—actually, to be reported on the second day following any transaction.

We require the reporting of loans to insiders. There have been some enormous loans made. At a minimum, those need to be disclosed. Some argue they ought to be prohibited. We didn’t go that far. Some testified there are some good reasons on occasion that a company ought to make a loan to one of its...
officers. But, at a minimum, they ought to be disclosed.

This is a small item, but it may have a good benefit. We require public companies to disclose to the investors whether they have adopted a code of ethics for financial officers and whether their audit committee among it a member who is a financial expert. We don’t require them to have a code of ethics, although we think they should. We just require that they disclose whether they have one or not.

Finally, with analyst conflicts of interest. We have had this incredible situation that was brought to the public attention by the efforts of the Attorney General of the State of New York, Eliot Spitzer, in which research reports and stock trades of companies that were potential banking clients of a major broker-dealer were often distorted to assist the firm in obtaining investment banking business. There was one document that actually acknowledged the conflict and, as a result, stated:

We are off base on how we rate stocks and how much we bend over backwards to accommodate banking.

These analysts would recommend a buy rating on the stock essentially to help out the investment banking firm which was trying to get the company’s investment banking business. So they get the analysts to say good things about the company, which will then lead the company to be favored favorably and take on that firm in order to do their investment banking business.

In some instances, they were actually recommending buys and then they were saying to one another what a turkey the company was, but the poor investor was being taken at the time.

We set out a number of provisions in this regard. I will not go through all of them.

We prevent investment banking staff from supervising research analysts or clearing their reports.

We prohibit analysts from distributing research reports about a company they are underwriting.

We have a provision to protect analysts from retaliation for making unfavorable stock recommendations.

We heard moving testimony from some who said: If you make an unfavorable recommendation, who knows what is going to happen to you?

We also provide—the bill here focuses on disclosure instead of prohibition—that an analyst would have to disclose if he owned the company stock. If you are doing an analysis and if you are doing a report, and you own the company stock, you ought to disclose whether you own the company stocks or bonds, whether you have received compensation from the company, whether your firm has a client relationship with the company, and whether you are receiving compensation or investment banking revenues from the company. These are not prohibitions, they are just disclosures.

The thought behind this is, if you are an investor and an analyst is making a recommendation and he puts up front in his analysis that he owns the company stock, or that he is receiving compensation from the company, or that his firm has a client relationship with the company, then he is receiving compensation based on investment banking revenues received from the company, someone is going to look at this and say: wait a second. I have to take his recommendation in the context of his conflict.

Finally, of major importance is the increase we have provided for the budget of the SEC to, No. 1, provide pay parity for SEC employees; No. 2, enhance information technology and security enhancement; and, No. 3, fund more professionals to help carry out the important investigative and disciplinary efforts of the SEC.

We provide for two studies. One concerns the consolidation of public accounting firms. Senator Akaka was very interested in this. There has been a constant consolidation trend. We have asked the Comptroller General to do the study. And the other is by Senator Bunning directing the SEC to conduct a study of the role of credit rating agencies in the operation of the securities markets.

In closing, there has been broad support for this legislation. Just a few days ago, the Business Roundtable came out in favor of this. The Financial Executives International early on in the process was supportive, as well as the Council of Institutional Investors.

We have tried hard to listen to the concerns people raised.

The procedure here was that before the Memorial Day recess—in fact, in early May, we put out a committee print. As we approached markup shortly before the Memorial Day recess, a number of amendments were proposed. They were voted down over. We agreed to do that. We took all the amendments that had been put forward, and other suggestions that were being received with respect to the committee print, and went back and reworked it.

I have to say to you that, in all candor, many of those suggestions were meritorious and in fact are now reflected in the legislation that is before the Senate.

So we tried very hard to listen to people at every step of the way. We then reworked the print. We came back with another committee print. We went to markup on June 18. We made a limited number of amendments in markup and brought the bill out to the floor of the Senate by a 17-to-4 vote.

I simply close by saying strongly I believe that financial irresponsibility and deception of the sort that we have seen in all of the instances that keep appearing on the front pages of our newspapers have been a negative to our economic recovery. We cannot afford to wait for the next corporate deception, followed by the next round of lay-offs, followed by the next collapse of a company’s pension fund.

We need to take action to restore public trust in our financial markets, and that really begins with restoring public confidence in the accuracy of financial information. That is what this legislation seeks to accomplish. I urge my colleagues to support this critical legislation.

Mr. President, I yield the floor.

MR. GRAMM. Mr. President, I begin by thanking Senator SARBANES for working with me as we have considered this bill. I congratulate him on this day that we are considering the bill in the Senate.

We had a series of hearings that I wish every Member of the Senate could take. Whether you agree with him or at the end of those hearings good people with the same facts, as Jefferson said so long ago, were prone to disagree.

I find myself in a position where Senator SARBANES and I agree on many of the key issues of this bill; we differ on others. It is not the first time in managing a bill that we have been on opposite sides.

I reminded Senator SARBANES this morning that it might very well be this will be the last bill we will ever manage together. Since I am leaving the Senate, and we have something like 40 legislative days left, I do not know whether after this bill is dealt with, the Banking Committee will warrant any of those 40 days.

But I would like to say for the record that no one can object to the hearings we had, the approach the chairman has taken. Whether you agree with him or whether you do not, I think his approach has been reasoned and reasonable.

It is clear this issue has attracted a great deal of attention. It is clear that there is a mind in the Congress, if not in the country—Congress is not always reflective of the thinking of the country—but there is a sort of collective mind that we need to do something, even if it is wrong.

I lament, as we have gotten into this debate, that the media has decided that the tougher bill is the bill with more mandates; that if you decided to set up a stronger committee, a stronger board with broader powers so they might decide to go beyond the legislative mandates, that that is a weaker proposal than having Congress actually write auditing standards or conflict of interest standards.

I would submit to my colleagues—and I guess I would have to say at this point, I do not know that we will follow this adage—but I suggest this is a very important bill. I urge my colleagues, as you look at this bill, to realize we are not just talking about accounting, if this is about accounting, it could do some good, it could do some harm, but it could not do too much of either.
But this bill is far more than just a bill about accounting. This is a bill that has profound effects on the American economy; therefore, I think it is very important that we try to look at the problem and that we try to come up with a solution that will be good not just for the people who work in the nursing home test. That is the test where, when we are all sitting around in rocking chairs in a nursing home, and we look back at what has happened under this bill, that we will be proud of what we did and how we did it. I want to touch on several things. I want to go through and make several points, some related to what the distinguished chairman said, some just because I want to say them. I want to talk about what I believe the problem is. And I want to make it clear that I do not believe the approach it or not that it was a problem, that it was ever read this seminal work on the history of Vietnam. And the journalist said: No, he had never read it because he was being asked to put together, I thought we could enhance its prestige by making it a little stronger. And I think that board would have a higher profile. With a Presidential appointee as chairman, it would raise the prestige, and we would get better people to serve on the board. I thought that given the approach of this bill, we are probably going too far in putting people in positions where they are going to have massive unchecked authority and they have no real expertise in the subject area.

Anybody who thinks this board is just going to slap around a few accountants does not understand this bill. This board is going to have massive power, unchecked power, by design. I would have the board that Senator ENZI and I set up in our bill have massive unchecked power as well. I mean, that is the nature of what we are trying to do here. I am not criticizing Senator SARBANES. I am just saying people tend to the two edges of this sword. We are setting up a board with massive power that is going to make decisions that affect all accountants and everybody they work for, which directly or indirectly is every breathing person in the country. They are going to have massive unchecked powers.

We need to give some more thought to who is going to be on this board and is it going to be something that is attractive enough to make people want to serve. In the proposal Senator ENZI and I put together, I thought we could enhance its prestige by making it a little stronger. And I think that board would have a higher profile. With a Presidential appointee as chairman, it would raise the prestige of the board, and we would get better people to serve on the board.

I urge my colleagues, think long and hard when you think about this board exercising tremendous, unbridled, unchecked power, about how many people you want on the board who know something about the subject matter. Today, in an environment where accountants are the evil people of the world, the enemies of the people, having no accountants on this board or relatively few and not letting them vote when ethics matters is being done with an accounting background to vote. Now I would have to say that I strongly disagree with that for two reasons: No. 1, since when is a person’s background a source of corruption? I will address that a little more in a minute. Secondly, when you are looking at what is and what is not ethical practice, I am not saying it is absolutely essential, but it is helpful to have somebody who knows something about what practice is.

I submit that in all of these approaches, from the SEC approach to this independent board, we are probably going too far in putting people in positions where they are going to have massive unchecked authority and they have no real expertise in the subject area.

…
Let me finally get it out of my system by saying: I don't know a whole bunch of accountants. I taught at a public university. About a third of my students in economics were accounting majors. I would have to say that I have a pretty high opinion of accountants. I had a safety and security responsibility for my children and my wife today, after all these revelations about bad accounting, to a politician, a preacher, a lawyer, or an accountant drawn at random in America today, without any pause, any thought, you choose an accountant. I am not saying that there are not bad people in accounting. I am not saying that there has not been abuse. But I think we have to separate people from professions.

One of my concerns is, we have already had a decline in the number of people majoring in accounting. I am wondering, I don't care what kind of law you write, I don't care what kind of board you set up, if we don't attract smarter, more talented people who understand it is not talent, it is not personality, it is not cool, it is character that ultimately counts, then none of these systems are going to work very well.

Now, don't buy the idea that legislating something instead of setting up a reasoned system to make decisions is a tougher approach; and if it is, I don't want it. But what we have today is an approach that is largely taken in the media that the more mandates you have, that the more things chiseled inflexibly into law, that the more it is one-size-fits-all, whether it has any rhyme, reason, or responsibility, that that is tougher, and therefore it is better, that in today's environment is obviously appealing.

I hope this doesn't happen, but it would not shock me if we have a series of amendments offered tomorrow when we first start dealing with the bill, where people try to out-tough each other—maybe one to kill all the accountants and start all over and train new ones. Well, nobody would offer such an amendment, but I think we could very easily get into this one-upmanship that we can end up regretting. I hope that will not happen. I want to discourage that.

Let me give you an example of where Senator SARBANES and I differ in our opinions. Who is right, I don't know. I think a lot is lost by writing it into law. I don't think a lot is lost by writing it into law, and I think a lot is lost by writing it into law.

Having read editorials, I know this makes the bill tougher, but I don't think it makes it better. What I believe is that we should set up a board and a strong board can, make it independent, give it independent funding, and put competent people on it. The way Senator ENZI and I did it, and there is nothing magic about it other than that we did it, we decided to have the SEC, the Fed, and the CFTC appoint two members, one with an accounting background and one without, and then have the President appoint the chairman, and he could decide

I personally wonder if leaving more accountants rather than fewer is a plus, not a minus. I don't think they all ought to have an accounting background. I don't necessarily say a majority have to have an accounting background, but I believe that was not the case in the way Senator ENZI and I did it, and there is nothing magic about it other than that we did it, we decided to have the SEC, the Fed, and the CFTC appoint two members, one with an accounting background and one without, and then have the President appoint the chairman, and he could decide.

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is that nobody on our committee can say that Senator SARBANES did not listen. Nobody can say he failed to try to hear them out on their concerns and that, in many cases, he didn’t change the bill to try to respond to their concerns.

One of the changes that I support is giving the board, with the concurrence of the SEC, the ability to grant waivers to these rules and, in fact, to the law. The problem with waivers on an individual company basis is a practical problem and that is, if 16,254 companies are trying to get waivers under their special conditions—they all come to Washington and hire lawyers and lobbyists; they all petition the board and the SEC—if that board has 16,254 petitions in 1 year, and it could have many times that if people are petitioning for different kinds of waivers, we are going to shut it down for any other purpose except waivers.

What will happen, not because anybody happening but because of the very nature of Government, the people who will get the waivers will not in general be the most deserving people. They will be the people who hired the best lawyers, who had the best people to know how to do about it, and who had the money to spend getting the waiver.

My guess is the smallest companies that need the waiver the most will not get them. Surely at some point we are going to look at the bill so that the accounting board, with the concurrence of the SEC, can say: OK, look, in applying this, if you fall into these categories, you have these circumstances, you have a waiver to do things in this way. Clearly, something like that has to make sense.

One of the things we have to come to recognize, and I think we all recognize it, is that having a beautiful law in a law book does not make good law. It has to be applied. And it has to be applied to the 1,001—in this case, the 16,254 different circumstances that can apply.

What is the problem? I guess there are as many theories about the problem as there are people. I have my own theory about the problem, and I will share it with my colleagues and anybody else who is interested.

Why is all of this happening now? I believe it is happening because of the problem with accounting, which is that accounting is $100 billion to $100 million, what happened to assets? When a company goes from $100 billion to $100 million, how is that possible? I remember when Enron went bankrupt. People said: Where are the assets? When a company goes from $100 billion to $100 million, what happened to them?

Here is the problem. Increasingly, the asset is a combination of knowledge, credibility, and a belief by the public that you are carrying out your business in an efficient and ethical way. Increasingly, the modern corporation does not have steel mills. They do not own massive physical assets. Many companies have tried, basically, to get out of the asset business into the information business. The value of WorldCom was a discounted present value of what the public believed its revenue stream was relative to its cost. It never had $100 billion worth of physical assets, anything like that. That is what happens when the public perceived it in a period where our wise friend, Alan Greenspan, talked about irrational exuberance. That is what they thought that company was worth, but it never had assets that were anything near $100 billion. What it had was know-how, knowledge of a market, and it had credibility.

Enron was like a bank in the 19th century before FDIC insurance. Their reputation was the source of their value, and I remember all the business decisions that called that reputation into question, they collapsed.

I have a great sympathy for accounting because I used to be an economist, and in economics, we have something called ceteris parabis. It means “other things being the same.” So when we do not know what those other things are, we just utter this Latin phrase and pretend they do not exist—literally pretend they do not exist.

That is a simplification of physics where you talked about force equals mass times acceleration, or for every action there is equal but opposite reaction. That is an assumption. That is a simplification because it leaves out friction, and it leaves out gravity. There is nothing wrong with it, but the problem is, accounting cannot do those things.

I had a famous and great accounting professor named David McCord Wright. Nobody remembers him anymore. I can quote him on this—defining what WorldCom. He would have talked about the discounted stream of earnings, and he would have talked about the value of their equity or market capitalization and would have plotted out a projection of revenues and a projection of costs and integrating that area to add it up, and that is where the $100 million was.

I doubt if WorldCom’s physical assets ever totaled $50 million, probably not even $10 million. It was not intellectual capital and you have the job with the directions that are available through GAAP, generally accepted accounting principles. You have the job of trying to model, for accounting purposes, what WorldCom looks like. You do not have the ability to utter a Latin phrase and wish away things you do not understand. Our problem today is that our GAAP accounting has not kept pace with the world in which we live.

In this world, as knowledge is power, in this world where know-how is wealth, it is very hard to model with GAAP accounting. In the decade of the 1990s, when this new model was used on a massive basis in the American economy, accountants had to figure up how much all this stuff was worth.

GAAP accounting has not kept pace with our changing economy. Our accounting is based on the old steel mill model of the 1950s when you paid for the furnaces, and you had them a certain period of time, and you depreciated them.

How do you depreciate an idea? How do you book having brilliant young people who are committed to the future of your company because they own your stock? How do you put that down in value terms?

So when we are pointing the finger at these people who call themselves accountants, when we are blaming them for every problem in the world, accountants did not put WorldCom into bankruptcy. Accountants did not put Enron into bankruptcy. Enron put Enron into bankruptcy by making bad business decisions. The accounting was not the problem because it was slow to show it, but it was there. WorldCom’s problems were there. The problem was not accounting. The problem was accounting did not show the problem soon enough.

If anyone is listening to this debate and thinks some investment is going to be more valuable because we have better accounting, in the long run that is true; in the short run, I am not sure that is true. In fact, I argue these sorts of problems would have gone broke anyway. Clearly, they would have gone broke, and they would have gone broke quicker had the accounting system been better. It should have been better. It needs to be better.

The point I am trying to make is the following: When you are trying to model a company using GAAP accounting, it is hard. It is something nobody has ever done before.

We are learning how to do this, and we will use our concentration of goodwill to try to be a proxy for things like intellectual capital and know-how. That is the source of our problems.

I think the fact this came at the end of a financial bubble in the 1990s exacerbated the problem. The problem, in my opinion, is accounting was easier—maybe it was not easier initially. We figured out how to do it on the old model. We will figure out how to do it on the new model.

There is a smart accountant, probably at Texas A&M right now, studying accounting, who will probably get an MBA, who will figure out how to get all this goodwill off our books—which is a silly concept in my opinion, but it is the only one we have—and companies will have haves of intellectual capital that will have meaning, just as that steel furnace in the 1940s and the write-down of it that made sense, but that is not the world in which we live. That has to be dealt with. What Congressman’s bill does, something that I very much am in favor of, is it gives independent funding to FASB. The two things that have to
be done and only Congress can do them effectively. In my opinion, are: No. 1, we have to have an independent, self-funded accounting standards board, FASB, and we have to have accountants setting accounting standards. No. 2, we need to set up this board to oversee entire profession and it concerns me.

I do not think it matters whether it has a majority of accountants or not, but it needs to have a reasonable number of people who have a background in accounting so they know what they are doing and so they have an intellectual stake in it being done right. It is a dangerous thing when there are people with massive power who do not have any kind of intellectual stake in the application of that power, and it concerns me.

So to conclude, let me say this: Senator SARBANES and I, when we were at this point on the financial services modernization bill, were on opposite sides. I was for the bill. I saw it as the epitome. He was opposed to the bill and saw it in less glowing terms. By the time we got out of conference, it was our bill. We were together on it and 90 Members of the Senate voted for it. It passed the Senate initially by a very close vote, a very narrow margin.

I do not think that will be the case here. I think this bill will pass by a very large margin. I also think it is possible that by the time we have reconciled the House, that we can have a bill that will be very broadly supported. At that point, I hope I will be in a position of supporting it.

There are many good things in the SARBANES bill. There certainly has not been a bill, since I have been in the Senate, that was better intended than this bill. I do think it can be improved. I think it legislates too much. I think it does one-size-fits-all mandates. It takes on so big a tilt, too far. That is why some guy outside government, does not sound very important, but it is very important when one starts talking about application. If we do this thing right, and if we build a consensus and it works well, that will be the final monument of the bill.

I hope we can offer germane amendments. As of right now, I think there will probably be two amendments I will offer. One will have to do with this issue of waivers on a market basis so that rather than making every individual company that has specific kinds of problems come in and ask for an individual waiver, that the SEC and the board, when they agree, could simply issue a set of principles, and if you qualify you would get the waiver. If you do not, you do not. Pretty straightforward amendment.

The second amendment I believe I will offer will have to do with appeals. Under British common law, we have always taken in a very strong position in affecting the right of a person to earn a living. We have set very high standards when it comes to taking someone’s livelihood. I believe there are people who are practicing accounting, or veterinarians or economists or any profession, there is somebody in it who ought not to be in it. I think when this board, which is a private entity—and again this is not a problem with the SARBANES bill. This is a problem of our substitute as well. It is a strange kind of entity. We want it to be private, but we want it to have governmental powers. We have tried to structure it in ways to assure this.

The bottom line is, when this board is taking away somebody’s livelihood and that person believes they have been wronged, they ought to have a right to go to the Federal district courthouse. They ought to have a right to say: I do not think that was right, and I want my day in court.

They ought to have to pay for it, and at that point I think all the material involved has to be made public, but that is a right I think people have to have. Those two amendments are very narrowly drawn, and they go to the very heart of the bill. I know some of our colleagues want to offer a whole bunch of other amendments. I submit that trying to work out a compromise with the House is going to be difficult. I think we will succeed at it, but I think if we get a whole bunch of other issues involved, we are making the mountain higher. I believe we are ready to legislate in this area, and I think if we can limit what we are doing to this area that we can pass this bill, we can go to conference, and we can have a bill signed into law before we leave. I think if we get into a lot of other areas, I am not saying the world comes to an end if we do that.

I am saying if we get off into those kinds of issues, where you have strong feelings on both sides of the aisle—and that would not be any kind of partisan vote—I think it is harder for our chairman and for the members of this committee to get their job done. I hope we will have a limited number of amendments. I hope they will be germane to the bill.

Finally, at some point we are going to take up Yucca Mountain. I am not up high enough in the pecking order to have gotten the word as to exactly when that is going to be. Other things being the same, I would rather finish this bill first and then go to Yucca Mountain, the middle of the desert, and that would be a red herring. It is a highly privileged motion. Any Member can make it. It is not debatable. I assume at some point sometime tomorrow that motion will be made. As I figure the time limit under that privileged motion, it would take about a day.

I don’t see any reason this bill should not be finished this week, and maybe much sooner if we can stay on the bill, if we don’t drift on into these other areas. When people who are for the bill in its current form want to stay pretty close to the bill and people who are against it in its current form want to stay pretty close to the bill, we ought to come to a pretty clear position. I think it can be improved. Under British common law, we have all the time in the world. I don’t think you can get a clearer explanation of the problems than those given by Senators GRAMM and SARBANES. They are very detailed and very much to the point and lay the groundwork for what we are about to do.

Usually in this Chamber, we have a solution and we are looking for a problem. Today, we have a problem and we are looking for a solution. We have a problem before the Senate. The way our process works is that we try to place the solution in the best possible form. Under our form of government, the Senate will work on its bill; the House works on another bill on the same topic. When those two bills have been completed, there will be a conference committee and we will work out the differences. Through every one of those processes, there will be changes to the legislation. We get 100 different opinions from 100 different backgrounds on any piece of legislation. That is what makes our form of government work. At the other end of the building, there are 435 people from different backgrounds. They all lend their opinion issues that come before the House.

It is sometimes a slow process, but it is the best process in the world. It will work on this problem for which we are looking for a solution.

If the economy were different today, we would not have this problem. When there are changes in the economy, we realize accounting problems—or at least that is when the accounting problems become apparent. That is where we are today.

I am the lone accountant in the Senate. There is a good reason for that. Accountants are out there doing very detailed work. When you listen to what is in this bill, you are going to hear details that you do not hear with other legislation. It is the nature of the occupation, of the profession of accounting. In the last 6 months, there has been an increased interest in the accounting profession. Kids in colleges have been asking the Deans about this phenomenon called accounting that no one was talking about a year ago. It is a tremendous opportunity for accountants to finally explain what they do.
Some of the kids are looking into accounting for the wrong reasons. They want to be one of the green eyeshade people bringing down huge corporations. That is not what it is about. It is an opportunity to make sure everyone understands business in America. Accountants are people with a very special kind of experience who both know it and can explain it. That is their job.

Somewhere along the line, it is possible for people to get distracted from that main goal. We are trying to bring them back to that main goal—providing a basis where everyone can understand the value of the companies in which they are investing.

Today we are addressing accounting legislation that has been reported out of the Banking Committee. It has been through initial scrutiny. It has been through the process that leads us to the floor. I have talked about the floor process, but so far this has only been through the hearings process. We had 13 hearings in the Banking Committee. They were on very diverse topics and a very diverse bunch of people who understood each of those topics testified.

I commend Senator SARBANES for the way he conducted the process of the hearings. It was the process of negotiations that led up to the committee vote. That happened over the last several months. On this issue, I can think of no other Chairman in either the House or Senate who did a more thorough and productive hearing process. The Banking Committee stayed on the substance and did not allow enormous outside pressures on this issue to interfere with trying to get to the bottom of the real problem. The hearings were not finger-pointing. The hearings were an attempt to get valuable information to arrive at the best possible solution.

In addition, the witnesses at the hearings presented objective views. Had it been my choice to call the witnesses, I would have chosen the person of every person who testified. That shows the care and concern that went into choosing the individuals who provided this basic information. The witnesses offered several different views, and they came from diverse backgrounds. I also thank the Chairman for the way he and his staff conducted themselves through the endless negotiations we had during that same timeframe.

Right now, it seems as if everyone is writing their version of the bill—including myself. In fact, I got calls as soon as Enron occurred from some of the House Members who said they would really like to work on a bill with me. Of course, the first question I had to ask them was, What did you find really interesting? Enron was, We don’t know yet. Their response was, but we want to get ahead of the curve.

I am glad we had the patience to wait, to hold the hearings, and then to negotiate a number of different bills to come up with the one before the Senate today. Those negotiations by Senator SARBANES and his staff were both honest and fair. Although we were not able to agree on everything, which is the basis of negotiation, I believe all negotiations took place in good faith. I thank the Chairman for that. I do think we have a bill that is a good basis for finishing the process of legislation. Enron, Global Crossing, WorldCom, and the other numerous restatements that are occurring have caused a ripple effect on the trust of corporate executives and the public. This bill would regulate the convictions. These executives, the persons in whom stakeholders put their trust, have stained the entire corporate community. A few bad apples have spoiled the bunch. As a result, the legislation we will be debating this week will restructure the way executives operate by increasing accountability and making it easier to discipline fraudulent behavior while at the same time increasing penalties for illegal activity.

This legislation will force the management and directors to be accountable to their shareholders by requiring that they certify the accuracy of their financial statements. In addition, the legislation will require that members of corporate audit committees are independent. The legislation provides the audit committee the ability to engage outside consultants and advisers and provide them the resources they need to determine whether the accounting techniques being used are in the best interests of the shareholder.

In addition, all employees should be subject to the same rules when selling company stock. In this regard, the bill prevents officers and directors of a company from purchasing or selling stock when other employees are restricted. And when these officers or directors do sell stock in the companies in which they work, they should report the transaction on the next business day.

However, the cornerstone of this legislation will be to change the way in which a company’s auditors interact with their clients, and also to force them to be more accountable. While I believe that accountants have extremely high ethics and standards, I do believe the current environment has highlighted a number of problems inherent in the current oversight structure of the accounting industry.

I do believe it is an awesome task to be able to explain this to everybody else. I do need to explain a little bit why there are not more accountants in legislatures or in the Senate or in the House. That is because if you pick up experience in legislating, most of that is done during the tax season and we need the accountants during the tax season. And they need the business during the tax season. If they don’t earn at least 70 percent of their revenue during that time, they are out of business, which is why they need legislative experience. There is no requirement that you have to have legislative experience before you come here. There is no requirement that you have any kind of experience. But that is why there are fewer accountants here than there are a number of other professions—it is a matter of timing.

While I am hesitant to move forward with a number of issues postponed in this bill, I do believe the legislation is necessary given the current lack of faith in accountants.

Make no mistake about it, this legislation is federalization of the accounting industry. §103 of the Federal Government bureaucracy at the helm of accounting regulation. While the legislation doesn’t prevent the State accountancy boards from continuing to regulate accountants registered in their States, it does establish an oversight regulator to oversee the firms which audit publicly traded companies. My hope is that this new oversight structure will renew the faith the public has in auditors and the financial statements which they help prepare.

In conclusion, in my opinion, over the past several months I have seen a lot of different proposals. I have also spoken to and met with many of my colleagues about this issue. I have spoken with groups from different industries and different professional groups, including scholars, consumer advocates, and regulators. All the groups agree that steps need to be taken to enhance the oversight of accountants.

I have examined several existing models of quasi-public regulators such as the New York Stock Exchange and the National Association of Securities Dealers. One point is clear: When these organizations were established, there was a desire to appoint the most informed individuals, those who actually deal with the industry on a day-to-day basis, as majority members of the boards that oversee the industry.

For instance, the National Association of Securities Dealers, NASD, has a large board which is anywhere between 17 and 27 members. Nowhere in the NASD rules does it state their board members may not serve if they have previously been involved in the securities industry. As such, the majority of the NASD board members have worked within the industry.

Why should the accounting industry be treated so differently? Why would we create a board which oversees the accounting industry and then require that a minority of its members have ever practiced accounting? The NASD plays just as important a role in the protection of investors as the accounting oversight board will, so why shouldn’t the persons who sit on this board have the best possible knowledge of the accounting industry?

I do want to thank Senator SARBANES for the change he made in the legislation. Originally it said there could be no more than two accountants on this five-person board. He made the change so that two will be accountants. It is a very significant change so that accountants are represented on the board. Previously it would have been
possible to have no accountants regulating the accounting profession.

Every piece of legislation has its handful of unintended consequences, despite how well-meaning Congress can be. I fear the way in which the accounting industry will change. In a group of non-accountants set the standards which accountants must follow. Lawyers do not have non-lawyers setting ethical and professional standards which they must follow, yet I would argue that those standards are as important as accounting standards and ethics.

I don’t want my message to be misconstrued. I do believe that a board should be established to oversee the accounting industry. I also agree the board members should have all the tools necessary to effectively oversee the industry. I agree that the board members should be full-time and independent from the accounting firms. I agree that they should be appointed by government and industry and not just elected. I do not agree that the members of the board should be excluded just because they may have passed a CPA exam 25 years ago.

To the contrary, because I believe this board should be as effective as possible, I believe the board members should know how an audit engagement works and they should know the pressures that are applied to an auditor from a client. I believe with this knowledge the board may be able to apply stricter standards than a board of non-accountants.

As I said, I believe accounting firms should be subject to strict scrutiny. However, I do not believe this legislation should pave the road for the trial bar to open frivolous lawsuits against accounting firms. Arthur Andersen no longer exists. Can we really afford to lose another one or two of the final four firms? We used to call them the big five. Now we call them the final four.

It was mentioned earlier that there are 16,254 SEC-filed corporations. That is 16,254 to be reviewed, primarily by four accounting firms. If the trial lawyers pick off one after another after another of the firms because the Board provides information and because they are handed that information, how will we have those 16,254 audited at all?

I am hoping there are a lot of young people who are going into accounting who may start firms and grow the firm themselves so they can handle an audit of a Fortune 500 company. But it doesn’t happen overnight. And we have to make sure that there is auditing, and not just consulting, which some people would point out where most of the money is these days.

It makes me nervous to know that essentially only four accounting firms now have the resources and expertise to audit the world’s largest companies. We rely on these firms to verify the books of diverse and complex companies because they are the only firms that can provide this service. If we sub-

ject them to the will of the trial bar, they will surely continue to be driven from existence, one firm at a time.

Instead, we should punish the wrongdoers to the fullest extent possible and rely on good managers of companies to do the right thing proactively. In the end, we went to the SEC to make sure the audit committee members full-time employees, and then there will not be any independence—another problem about which we have to worry.

Having said this, I do believe this legislation is needed at this time. Congress must produce a remedy to help restore investor confidence. We have seen that real penalties, or at least a threat of strong penalties, need to be hung over the heads of corporate executives to assure they maintain their obligations and responsibilities. The moral and ethical breakdown among some of those executives is disgraceful, and investors must know these executives will be punished severely when they audit and audit no longer turn their head when management wants to engage in questionable ethical engagements. Also, credit rating agencies will impose much more scrutiny on the companies they rate to protect their reputation and lenders themselves will require more information about the stability of the companies in which they invest. Research analysts will ask more questions about the company, those important to lenders themselves. They also plan to use their votes to impact executive compensation packages. These private sector solutions will be more effective than any legislation which can be passed out of Washington.

One of our country’s greatest strengths rests in the dominance of our capital markets. But the strength of our markets is only as strong as the underlying confidence in the listed companies. When these companies lose their financial independence, they no longer turn their head when management wants to engage in questionable ethical engagements. Also, credit rating agencies will impose much more scrutiny on the companies they rate to protect their reputation and lenders themselves will require more information about the stability of the companies in which they invest. Research analysts will ask more questions about the company, those important to lenders themselves. They also plan to use their votes to impact executive compensation packages. These private sector solutions will be more effective than any legislation which can be passed out of Washington.

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As we get into this bill, there are virtually no limits on what amendments can be put on—at least unless there is a cloture motion. I hope people will recognize the need to have something done, the need to get it done quickly, and not try and make this a whole lot for everything they ever thought needed to be done with corporations. The purpose of this bill is not to solve the international problems of business for everything that we ever thought of. I hope my colleagues will constrain their amendments, keep them to the corporate governance and accounting area we are working on, and help us to get this bill finished as quickly as possible.

Again, I thank Chairman SARBANES and Senator GRAMM for their tremendous efforts and insight which they provided in the previous explanation of this, and for the hours of work they have put into the solution that is before us today. I hope we can keep it to a limited solution, take care of the problems that are recognizable, and reach agreement so we can get this to conference and get a bill to the President for his signature.

Thank you, Mr. President. I yield the floor.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. Mr. President, I ask unanimous consent that it be in order to send an amendment to the desk and have it immediately considered. This amendment makes two simple changes to the bill. One is a technical change to conform to the budget rules, and a conforming change involving the definition of “issuers.” We have discussed this. It has been cleared. I would like to go ahead and take care of that business, if I could.

The PRESIDING OFFICER. Is there objection?

Mr. GRAMM. Mr. President, there isn’t any objection. I think this clarifies the bill. I think it is something that both sides are for, even though we had a previous agreement not to do any amendments today. It is simply so technical that I don’t think anybody would have any concerns.

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

amendment no. 4173

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Maryland [Mr. SARBANES] proposes an amendment numbered 4173.

Mr. SARBANES. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To make technical and conforming amendments)

On page 76, between lines 16 and 17, insert the following:


(1) by striking “DEFINITION” and inserting “Definition”;

(2) by adding at the end the following: “As used in this section, the term “issuer” means an issuer (as defined in section 3), the securities of which are registered under section 12, or that is required to file reports pursuant to section 15(d), or that will be required to file such reports at the end of a fiscal year of the issuer in which its registration statement filed by such issuer in accordance with section 12 became effective pursuant to the Securities Act of 1933 (15 U.S.C. 77a et. seq.), unless its securities are registered under section 12 of this title on or before the end of such fiscal year.”;

The PRESIDING OFFICER. If there is no further debate, without objection, the amendment is agreed to.

The amendment (No. 4173) was agreed to.

Mr. SARBANES. Mr. President, I move to reconsider the vote, and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. SARBANES. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. REID. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. REID. Mr. President, I first want to extend my appreciation to the Senator from Maryland for this bill. It is really well timed and well done.

I received a letter today from the Secretary of State of the State of Nevada, a Republican.

By the way, the Senator from Connecticut is in the Chamber—the Secretary of State worked very closely with the Senator from Connecticut. As the Senator will recall, he is a very fine man. I wish he were a member of the Democratic Party. He is not. But he is an outstanding public servant.

He wrote me a letter, which said:

DEAR SENATOR REID: Investor confidence in the integrity of U.S. securities markets has been badly shaken as a result of Enron, Global Crossing, WorldCom, and other alleged wrongdoing. The failure of several large corporations to police themselves cries out for reform before the negative impact on our markets damages our National economy.

The Senate is to begin consideration of S. 2673, The Public Company Accounting Reform and Investor Protection Act of 2002, on Monday, July 8. I fully support S. 2673 and oppose any efforts to weaken its provisions.

If I could have the attention of the Senator from Maryland, the manager of this bill, I have here a letter from the secretary of state of the State of Nevada, whom I fully support S. 2673 and oppose any efforts to weaken its provisions.

I say to the Senator, one of the things the Secretary of State of Nevada is worried about is someone attempting to weaken the bill that you have brought forward to prevent State securities agencies from looking at wrongdoings in the State of Nevada.

As the Senator from Maryland knows, the attorney general from New York, who has been here, is very concerned about this. It is my understanding this bill does nothing to weaken that; is that true?

Mr. SARBANES. If the Senator would yield.

Mr. REID. I would be happy to yield. Mr. SARBANES. That is correct. At one point there was talk of an amendment floating around but that was never agreed to.

Mr. REID. But the point is, is it not in the bill?

Mr. SARBANES. No, it is not in the bill.

Mr. REID. On behalf of the secretary of state of Nevada, who I indicated earlier worked closely with the Senator from Connecticut in bringing forward a very good election reform bill—he is very progressive, and a fine secretary of state—throughout this letter, he acknowledges how important this legislation is. I wanted this to be spread on the RECORD before my friend’s attention was diverted.

Mr. SARBANES. I appreciate the Senator’s comment.

Mr. REID. My friend, secretary of state Heller, goes on to say:

As Nevada’s chief securities regulator, I believe there is an immediate need to restore investor confidence in our securities markets.

I stand with my fellow state securities regulators in endorsing Title V, Analyst Conflicts of Interest, in its current form and strongly oppose any amendment to this title that would reduce our ability to investigate wrongdoing and take appropriate enforcement actions against securities analysts. However, an industry amendment has been circulated that would prohibit state securities regulators from imposing remedies upon firms that conspire to defraud or fraudulently solicit security analysts, or anyone acting on their advice, with the goal of weakening state securities laws. This is not acceptable.

He certainly opposes this.

Mr. President, I ask unanimous consent that the letter from our secretary of state be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OFFICE OF THE SECRETARY OF STATE,


Hon. HARRY REID,
U.S. Senator, Hart Senate Office Building, Washington, DC.

DEAR SENATOR REID: Investor confidence in the integrity of U.S. securities markets has been badly shaken as a result of Enron, Global Crossing, WorldCom, and other alleged wrongdoing. The failure of several large corporations to police themselves cries out for reform before the negative impact on our markets damages our National economy.

As the Secretary of State of the State of Nevada, who knows the attorney general from New York, who has been here, is very concerned about this. It is my understanding this bill does nothing to weaken that; is that true?

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I stand with my fellow state securities regulators in endorsing Title V, Analyst Conflicts, and its current language and strongly oppose any amendment to this title that would reduce our ability to investigate wrongdoing and take appropriate enforcement actions against securities analysts. However, an industry amendment has been circulated that will prohibit state securities regulators from bringing remedial enforcement actions against firms that commit fraud if it involves securities analysts and perhaps even broker-dealers that serve individual investors. If Nevada’s and enforcement authority in this area are weakened, so too will the confidence of Nevada investors.

An amendment to be offered on the Senate floor under the guise of creating national uniform standards for securities analysts. Its real intent, I fear, is to eliminate remedies that state securities regulators may impose on firms should fraudulent activity be unearthed in an investigation. This approach is clearly ill-advised in today’s climate of investor uncertainty.

As Nevada’s Secretary of State, my office is charged with administering the Nevada Uniform Securities Act. My office is currently holding negotiations with Merrill Lynch regarding a possible settlement of analyst conflicts discovered in a lengthy investigation by the New York Attorney General. My staff is also participating in a task force investigation of UBS Paine Webber/UBS Warburg. This amendment would greatly hamper our ability to bring analyst enforcement actions and would have a detrimental effect on Nevada investors.

I urge you to support S. 2673 and to vote against any amendment to weaken the enforcement powers of state securities regulators. The result of an amendment such as this one, which virtually every one of the thousands of actions brought by state securities regulators every year would be preempted, as well as all civil suits and arbitrations under state law. In light of the recent Enron and WorldCom debacles, it simply does not make sense to limit or preempt the state’s ability to bring enforcement actions against anyone who lie to Nevada investors. The public is looking for elected officials to help them regain their confidence in corporate America.

As Nevada’s Secretary of State, I have a duty to protect our state’s investors. Any measure that dilutes my authority as the state’s securities regulator is contrary to the mission of my office and to state securities regulators nationwide. Accordingly, I again urge you to vote against any amendment to S. 2673 that would weaken the enforcement powers of state securities regulators.

Please call me at (775) 684-5709 if you have any questions or need additional information.

Sincerely,

DEAN HELLER,
Secretary of State.

Mr. REID. Mr. President, our nation is experiencing a crisis in confidence among the investing public. Americans hear on the news and read in the papers every day more and more cases of corporate executives bilking employees and shareholders out of millions of dollars. We looked the other way, of boards of directors failing to provide the oversight expected of them, and of well-connected investors buying and selling stock based on insider information. Investors do not know who they can trust.

We have been in a mad rush the last many years to make sure that the quarter you are involved in has a good financial statement. People go to whatever ends they can to make sure that that quarterly statement looks good to keep the stock price up. That is all that matters. It does not matter whether the company is enriching itself, walking away with the money. It does not matter if their employees are being laid off. It does not matter, as long as they do everything they can to do what can be done to make sure that stock price stays the same or goes up.

I have spoken previously on efforts of Senators to secure the future for American families. In fact, Senate Democrats are using that as a theme: to secure the future for all American families. Securing our future means not only making sure our borders are safe but also securing educational opportunities for all our children and access to affordable prescription drugs and affordable health care. We must provide pension protection for American families. In part, that means extending pension coverage. There will be an opportunity, before this legislative year ends, where we can have a vote on this.

The vast majority of workers in Nevada have no pensions. As a consequence, they face their retirement years with inadequate resources. Senator BINGAMAN, chairman of a task force that has raised awareness of the lack of pension coverage for American workers and is working on legislation to address that problem.

My colleagues have also led the way with other legislative initiatives to restore investor confidence and provide safeguards to secure Americans’ investments, pensions, and retirement savings.

Chairman SARBANES has introduced important legislation that will create a strong, independent oversight board to oversee the conduct of auditors of public companies, and he has done this on a bipartisan basis. That bill was reported out of committee, as I recall, by a vote of 17 to 4, with overwhelming bipartisan support.

This legislation would establish guidelines and procedures to assure that auditors of public companies do not engage in activities that could undermine the integrity of the audit. It ensures great corporate responsibility by setting standards for audit committees and for corporate executives, but it would, we would hope, impose penalties on auditor who are violated. It would establish additional criteria for financial statements and require enhanced disclosures regarding conflicts of interest.

This legislation also directs the Securities and Exchange Commission to adopt rules to improve the independence or research and disclose potential conflicts of interest. It also would provide a significant boost in funding for the SEC, the Securities and Exchange Commission, to help it carry out its responsibilities in a fashion that would help restore investors’ confidence in the markets.

This legislation goes a tremendous distance in addressing some of the major concerns I have heard from people in Nevada. And I am pleased this bill has gained, as I have indicated, bipartisan support.

It seems that after staying silent for so long, and after allowing a permissive atmosphere where businesses could do no wrong, the President, our President, and Republicans in Congress, quite frankly, are now reversing course. Some are falling all over themselves to jump on the bandwagon and support this legislation. They have done it after hearing from an outraged public. And that is good.

Tomorrow I will be eager to hear what the President has to say in New York. I hope that he does not say we are going to have to enforce the law that we have, because the law we have not been enforced, especially by the people who surround this President and his administration.

For him to go to New York and say we need to enforce the law more strongly will not do the trick. He needs to jump on the bandwagon with this legislation. We need additional legislation.

The President ran a campaign based on themes such as responsibility and accountability, but recent news reports suggest that both have been lacking in his explanations of his past dealings in the business world.

Prior to holding public office, our President has parlayed his connections as a member of a wealthy and powerful family to arrange a number of what I would call, sweetheart deals. In editorials they have been referred to that way for the past several days. Despite a string of business failures, our President always seemed to land on his feet and seemed to profit.

Now there are disturbing indicators that he has played fast and loose with some of the rules that he is now being asked, through his administration, to enforce. When asked about his business experience, the President has acknowledged that his has not been enforced, especially by the people who surround this President and his administration.

I would have to say there are questions not only about the Harken business dealings but about the business and accounting practices of Halliburton, where Vice President CHENEY enriched himself, walking away with tens of millions of dollars more, all the way up to Enron.

So the problems we have heard go far beyond Enron and the President’s friend, as he referred to him, “Kenny boy,” Kenny Lay. They are not limited to the handful of companies gettingicket media coverage in recent weeks. Instead, there are fundamental and systematic problems that have to be corrected. That is what this legislation is all about.

I applaud the chairman and the committee for reporting out this bipartisan legislation.

I hope, I repeat, that the President will join in supporting this legislation.
We need to make sure that those who serve as corporate executives and on boards accept the responsibility of their roles when they sign their name on a financial report. The American people need to be able to trust corporate America.

Likewise, the President, and those in his administration who came to office from the corporate world, need to show more transparency in letting the American people know how they are making policy decisions, who has access to them, and who is influencing them, who is meeting with them.

I joined in an amicus brief with the General Accounting Office to have the Vice President disclose who met with them, and why he met with them, and why he met with them. They refused to give us that information. That is why I joined in that litigation.

The administration must set aside what I believe and agree with some—again, it is replete in the editorials of what I believe and agree with some in that litigation.

We need to know with whom he met, when he met with them, and why he met with them. They refused to give us that information. That is why I joined in that litigation.

I begin by extending my compliments to the chairman and his staff for the tremendous job done to lay the groundwork. Oftentimes we will see, particularly in light of a crisis that occurs, there is a rush to judgment. We will quickly to the floor with a sort of a cut-and-paste job with the legislation, I am not suggesting intentions are not good, but that is often times how we react.

This set of hearings did, very deliberately, very deliberately, take a deal of patience and thought, lay out the foundation for the legislation now before the Senate. Certainly, while there will be ideas offered to improve the legislation, we think the committee has produced a very fine product. The best evidence of that is the fact that 17 of us in the committee found this proposal to be worthy of our support. There were four dissenters. I think even among dissenters, there was a sense that we were perhaps heading in the right direction. Some may have fundamentally disagreed, but if there were one in the four, I don’t know which one it would have been.

Most thought we were doing the right thing, either that we went a little too far or didn’t go far enough possibly, but this is a very balanced approach.

I urge our colleagues to be careful of two potential actions in the coming days. One would be to dilute this product in some way. We are not suggesting we have written perfection here, but we think this is a well-balanced proposal. Senator SABANES has worked closely with our colleagues from Wyoming, Senator ENZI, who is the only Member of this body who is actually a former member of the accounting profession. He brings a wealth of personal knowledge and awareness to the issue. He worked very closely with him and other members of the minority, as well as with those of us on the majority side, to finally bring this product to the Chamber. It already has involved some compromise.

At this hour, when investor confidence is going to be absolutely critical and the steps that we take and the language we use will in no small measure contribute to the restoration of confidence, it can just as easily do the opposite, if we are not careful. This is a critical moment in the economic history of our country.

The steps taken by those who are in significant positions to affect the outcome of the course we are on are going to be critically important.

The second caution I express is that we don’t try to also overburden this bill to say that this is the only opportunity for us to deal with every other issue affecting corporate business life in America, I am not suggesting the ideas Members will want to bring to the table are bad. But we can so load down a good bill that we can sink this effort if we are not careful. I urge my colleagues as well to be restrained in the temptation to bring up every other issue. I think it is extremely important that he actually go to Wall Street to share his views.

My hope would be that this evening, as he makes the final preparations for his remarks, he would come out four square and endorse this proposal that we have brought out of committee by a vote of 17 to 4. I can’t think of anything more the President could do in the next 24 hours, aside from the rhetoric he will offer, than to endorse this bill and to say this was a good effort and to talk about the laborious hearings where we have held to learn exactly what was necessary to incorporate in this legislation.

Lastly, I would hope we would get this bill done fairly soon and not let this go on too long. We would love to be able to not only finish our work here but to go to conference with the House, which has another proposal. It is a weaker proposal, in my view, but nonetheless we will have to work with them to resolve our differences and to send a bill to the President for his signature.

I would hope that before we leave for our August break less than 3 weeks away we would actually be able to give to the President a bill for his signature and not let it drag on over into September and October. It is important we act in a timely fashion.

With those background thoughts, I would like to share some general comments about the bill itself. The importance of this issue cannot be overstated. Anyone who has read a paper or turned on the news or flipped on their computer is aware of the crisis in our financial markets and, in fact, beyond that, in our Nation. No rule or regulation is enough to address this fundamental problem.

Mr. DODD. Mr. President, let me begin my remarks by commending the distinguished chairman of the Banking Committee. I have said on other occasions and in other places that for students of the Congress who wish to find a good example of how to prepare a committee and ultimately the Chamber for a moment such as this, a good model to use would be the hearings conducted by the chairman of the committee on this very question.

There were 10 hearings—there may have been more than 10 full hearings—to which were invited virtually everyone from across the spectrum on this question. This was hardly a set of hearings where we heard from one side. We literally invited the best experts in the country; they came and shared with us their views and thoughts on what sort of steps we should be taking to reform the accounting profession, to reform the rules affecting the accounting profession.

I begin by extending my compliments to the chairman and his staff for the tremendous job done to lay the groundwork. Oftentimes we will see, particularly in light of a crisis that occurs, there is a rush to judgment. We will quickly to the floor with a sort of a cut-and-paste job with the legislation, I am not suggesting intentions are not good, but that is often times how we react.

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The issue causing all of this turmoil is about the simple word of “trust.” The question that the world is asking is not whether our companies or corporations or the workers who toil in them or the products and services are competitive, but simply whether we are telling the truth. Are we telling the truth?

The reason people of the world so often have come here and invested their hard-earned resources is not because they have a better deal to be made financially speaking. It is because there is a sense that our structures are sound, transparent, and that they are fair. You may end up losing your investment; you may make money on your investment. That is always a risk when you make a financial investment. But the one thing you could always say about the United States, as opposed to almost any other place around the globe, is that when you come to America and invest your money, there is a sense of trust. And that trust arises from the integrity of our financial institutions and the structures that we created to protect them.

That trust has been fractured by the events that have occurred over the last 9 months and continues to be fractured with daily reports. So it is vitally important that we respond in an appropriate and thoughtful manner as the Congress of the United States. We have done so, in my view, with the product before us, and this bill which we are about to consider today. It is not an easy path to walk down, but it is critically important if we are going to contribute to the restoration of investor confidence and for the confidence people have in this profession is to provide some regulatory framework that would allow for auditor independence and for professionalism to be restored at a time when it has been so badly damaged.

Investors are depending upon us to act on this issue and set aside partisan conflicts. As I said, we should not dilute this legislation and make it far less important, less meaningful, or overburden it by trying to add too much to the bill. It is not an easy path to walk down. I urge my colleagues to listen to those of us who have worked on this bill, particularly the chairman, as we try to balance the particular needs of all members and the bill to come up with a good, competent, bipartisan piece of legislation. This is not an easy path to walk down, but it is critically important if we are going to contribute to the restoration of investor confidence as part of our responsibilities as members of this historic Chamber.

The purpose of the original securities laws of the 1930s was to increase public trust in America’s financial markets, the reliability of disclosed corporate financial information, and the resulting openness and accuracy of corporate disclosures. The resulting openness and accuracy of corporate disclosures to the investing public paved the way for America’s rise as the unrivaled economic superpower that we had achieved. The collapses of Enron, WorldCom, and other corporations, and the accounting scandals that followed raised the question about whether these laws need reexamination. They do. We know that reforms are mostly needed to protect and strengthen the public trust in America’s financial markets, and the time to enact them is now. I am confident and hopeful that we will do just that in the ensuing days.

I yield the floor.

The PRESIDING OFFICER. The Senator from Maryland is recognized.
Mr. SARBANES. Mr. President, I thank the very able Senator from Connecticut for his kind remarks about our work together on the committee as we tried to move this legislation forward. I particularly want to underscore the very substantial and significant contribution of the Senator from Connecticut and his colleague from New Jersey, Senator CORZINE, made when they came forward fairly early on in the process with S. 2004.

Much of that legislation is included in this legislation, and it was a seminal contribution early on in our consideration and it helped us to move ahead. I am grateful to him for that and for his efforts and support throughout this process as we have tried to move this legislation forward.

The Senator from Connecticut, of course, is a chairman of one of our subcommittees and has been enormously effective within the committee in his efforts on this legislation, and I appreciate that. I am very hopeful that we are going to get a good product at the end of the path—of course, we are not there yet—which the President will sign and which will make a substantial difference.

It is a tragedy, in a sense. The founder of the accounting firm Arthur Andersen was a man of great rectitude and very high principles. He had the slogan “think straight and talk straight” to guide him.

His successor, Andrew Spacek, also was a man of very high principle. For that company with those origins, in that tradition, to in effect have happen what has happened to it is a tragedy, there is no question about it.

We are anxious to reassure accountants all across the country that we think this legislation will help bring the profession back to the standards that marked it at an earlier time and which standards more thoughtful and more responsible members hope will mark the profession in the future.

The point the Senator from Connecticut made in that regard is an interesting and important one.

Mr. DODD. I thank the chairman.

Mr. SARBANES. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DODG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. DODG). Without objection, it is so ordered. The Senator from North Dakota.

Mr. DODG. Mr. President, I begin by saying the Senator from Maryland has done this Senate and this country a great service, along with his colleagues, including the Presiding Officer, by writing legislation that addresses a critically important topic at a very critical time in this country.

As much as I appreciate the work done on this bill, I would still like to speak about a few ways in which we can strengthen it. I listened with some attention in the last hour or so as I presided in the Senate to the suggestion that we ought not change it much. I do not disagree with that assessment, but we ought to change it some, in my judgment. There are some areas we can strengthen it. We can strengthen this legislation and send it on to the President and have the expectation the President will sign it.

This Chamber has long been the site of debates about abuses and abuses, especially in America’s poverty programs. We have heard over a couple of decades, and appropriately so, anecdotal stories about the Cadillac welfare queen who spends food stamp money to buy cigarettes. Congress has clamped down on all of that and said: Shame on you, you cannot do that, that is abusing the public trust. And it is. So we have taken aggressive action as we have seen these abuses.

Today this discussion is not about the abuse of the poverty program or the abuse at the top. It is about abuse at the top. It is important for all of us to understand that accountability and responsibility do not just apply to poor people, accountability and responsibility apply to everyone, and that includes the people at the top of the corporate structure.

I wish to talk about fraud in the boardroom, about deceiving investors, about cooking the books, about accounting firms that cannot account, about law firms that turn a blind eye. I wish to talk about the situations the country has seen in recent weeks and months that we have not seen for many decades in this country.

The victims, of course, are the people in this country who have invested in stocks, who believed in the certification of financial statements by some of the biggest accounting firms in the country, that good corporations, that they had good income, that they were moving in the right direction, taking steps so that the funds in corporations were accounted for properly. And now we discover that was not necessarily the case in all too many instances.

Of course, there are a lot of wonderful corporations in this country, wonderful companies with terrific top executives who do the right thing, who always were honest, who take some risks, but they do it in anticipation of gain for the stockholders. We ought not tarnish with the same brush all American corporations, but we ought to determine what is happening within some of these corporations that has caused the collapse and the devastation of a lifetime of savings for many Americans.

Let me use Enron as an example. We spent a fair amount of time with Enron hearings in the Commerce Committee. We had the executives of that company, a company who had been cashing out prior to Enron going bankrupt. I have a chart that shows the way in which the top management of Enron made fortunes on the sale of Enron stock, from 1998 to the present, at the same time that they were driving their company into the ground.

Contrast this with a call I received from a fellow in North Dakota one day who said: I worked for Enron for a good number of years. I had a retirement plan, and all my retirement plan was in Enron stock. Mr. Lay and others repeatedly encouraged us to do that. My retirement plan was invested in Enron. It was worth $330,000. Now it is worth $1,700. He said: That is what happened to my life savings—$330,000 to $1,700.

What happened to the folks at the top of the ladder at Enron? Mr. Lay, the chairman of Enron, from 1998 to the present, sold $101 million worth of stock. That is what he received. Mr. Rice, $72.7 million; Mr. Skilling, $66.9 million; Mr. Fastow, $30 million.

Let’s look at the numerator: an equity role in the special purpose entities, the off-the-books partnerships, and in one of them he actually invested $25,000 of his own money. He invested $25,000, and 2 months later paid himself $4,5 million. If I do not know anybody who gets returns like that anywhere in America, except by cheating.

In the year 2001 in American corporations, the average pay for top CEOs increased by 7 percent, despite falling profits and stock values. Is there a relationship at the top between people who run the companies and the performance of the companies themselves? It does not look like, does it?

In 1991, the average pay for the top 10 highest paid CEOs was $3.5 million. In the year 2001, the average was $15.5 million. So we can see what has happened in this country at the top in the boardroom.

Let’s look at the number of times that CEO pay exceeds average worker pay: In 1980, they made 42 times the pay of the average worker in the company. In 1990, they made 85 times the pay of the average worker in the company. But in the year 2000, it was 531 times. So forty-twofold to five hundred and thirty-onefold. That is what has happened to executive compensation at the top of the corporate ladder.

We have seen story after story about what is happening in some of the boardrooms. There are a lot of wonderful companies, and I do not think this ought to tarnish all American corporations, but we ought to be very concerned about what is happening in some publicly traded corporations and why the safeguards have not been able to provide early warning to investors and others.

Adelphia: The drop in their stock values by 99.8 percent. The question is whether it failed to properly disclose $3.1 billion in loans and guarantees to the family of the founder.

Dynegy: Whether the Project Alpha transactions served primarily to cut taxes and artificially increase cashflow, 67 percent of their value lost.

Enron lost 99.8 percent of its value. In fact, as I have mentioned before, the
Enron board of directors commissioned a report called the Powers Report which looked at only three partnerships, and they described what was happening inside this company was “appalling.” The board of directors of the company then said what was happening inside the company was appalling. They said that in one year they reported $1 billion of income they did not have.

Global Crossing: Whether it sold its telecom capacity in a way that artificially boosted 2001 cash revenue, 99.8 percent loss in value.

Halliburton: Whether it improperly recorded revenue from cost overruns on big construction jobs.

The list, of course, goes on.

Qvest: Whether it inflated revenue for 2000 and 2001 through capacity swaps and equipment sales.

On the weekend talk shows, I heard a panel discussion about this, and one of the panelists who is kind of an academic said the market is just adjusting. That is an antiseptic way, by an economist I suppose, to ignore the fact that families are losing their life savings.

Sure, the market is adjusting, but it means families are losing everything they have. It means investors with 401(k)s see that 401(k) shrink so their life savings are disappearing right before their eyes.

What is the cause of all of this, and what is the cause of all of this? Enron, for example, was an accounting firm that became an enabler; it was a law firm that became an enabler; it was CEOs who became greedy, officers of the corporation who did not pay much attention, who also, incidentally, were making a great deal of money selling stock, board members selling stock. It all became a carnival of greed.

I indicated, after having spent a lot of time looking at Enron, that there was a culture of corruption inside that corporation. The CEO of Enron took great exception to that, but it is clear every passing day, with more and more evidence of what happened inside that company, that there was in fact a culture of corruption.

How do we respond to that, and how do we deal with that? I think that, first of all, the rules have to be changed some, and that is what this legislation attempts to do. Second, even if there are changes in the rules, there must be an effective referee, a regulator. In this system of ours, we have to have effective regulation. And frankly, that has been lacking.

Mr. Pitt, who is the head of the SEC, has taken great exception to statements that have been made by my colleagues and myself. But the fact is that a system like this cannot work unless there is effective oversight and regulation, and that has been lacking. Congress agrees that Mr. Pitt has made this. This is Mr. Pitt speaking at the AICPA, which represents the accounting industry:

For the past two decades, I have been privileged to represent this fine organization and every one of the big five accounting firms that are among its members. Somewhere along the way, accountants became afraid to talk to the SEC. Those days are ended.

That was to the American Institute of Certified Public Accountants.

Then Mr. Pitt, who is, again, the head of the SEC, said:

The agency I am privileged to lead has not, of late, always been a kinder and gentler place for accountants; and the audit profession, in turn, has not always had nice things to say about it.

So Mr. Pitt was concerned about ensuring a “kinder and gentler” SEC.

The New York Times did a story as a result of the initial speeches Mr. Pitt gave when coming to the SEC. It noted that Pitt “spoke favorably of pro forma earnings reports in ways that no doubt heartened accountants who have worked so hard to find ways to make even the worst profit figures look pretty.”

It also noted that “A major embarrassment for accountants is having the SEC force a client to restate its numbers. Mr. Pitt and his chief accountant, Robert Herman, are sending signals that fewer such demands will be made.”

“We can change the law, but if we do not have a tough, no-nonsense regulator, then it will not work.”

We all watch basketball games, and we understand. They are the ones who enforce the rules in basketball. We see a game from time to time where it is quite clear right at the start the referees are not going to call them close, and then pretty much it is “Katy bar the door,” and things get out of hand. Then we see other games in which it is quite clear they are going to call up close, and nothing gets out of hand. The same is true with the attitude and mindset of Federal regulators. We have regulators who are not always following this purpose. That purpose is to enforce the rules. Fairly, yes, but also aggressively.

If someone who comes from that industry and says, I represented all of you, and suggests it will be a kinder and gentler place, whether that is the regulator we ought to have.

No matter who is heading the SEC, I want that person to be a fierce advocate on behalf of the rules that protect investors. I want someone that can make this system work and require everyone to own up to their responsibilities. So people who never enter a corporate office or know nothing about a corporation but who want to invest in American business, can buy a share of stock, having never visited the company, and can have confidence that what the accounting firm has said about that company, what the financial statements represent about that company, are absolutely fair and accurate.

That is the only way in which the American people can participate in the raising of capital for America’s businesses. If we do not do that and do not have confidence, we undermine the entire system by which we raise capital in this country. We undermine the entire system. That is why this piece of legislation is important and timely.

There are several amendments I would like to have considered, some I hope will be accepted, and some, perhaps, we will discuss at some length, and I may or may not prevail. There are some amendments that can strengthen and improve this legislation.

One of the provisions in the legislation calls for CEOs to return profits and bonuses they wrongfully reaped in the 12 months following a published earnings report that require a restatement. I would propose that this provision apply when a company goes bankrupt, as well. This idea has been endorsed by former SEC Chairman Richard Breeden, Goldman Sach CEO Henry Paulson, and others.

I also ought to be some proviso with respect to loans to CEOs by corporate boards of directors. I don’t know what that limit ought to be, but I mentioned one corporation where over $3 billion was loaned to one family of the founder. This is a publicly traded corporation. I believe we ought to discuss that.

I may offer a provision dealing with something called inversion, a mechanism whereby some American corporations, having new headquarters or domicile, yet the majority of the company’s assets remain in the United States. This is a problem that we need to address as well.
companies cannot escape the requirement of this bill that they certify the accuracy of their financial statements. I do not think that, in addition to avoiding their fair share of U.S. taxes, these companies ought to be held to a lesser standard in reporting accuracy than U.S.-based firms. So I will often amend the bill, if needed, and visit with the chairman and the ranking member about that subject.

Another issue, one requiring disciplinary proceedings to be open to the public was discussed in committee. Transparency and having those hearings open to the public are important. I hope we can consider an amendment on that.

The other issue that was discussed in the committee at great length: What is the definition of the division of responsibilities between auditing and consulting? That definition, determined by the SEC or the Congress, is critical to determining whether there is a conflict.

Having said all that, let me say to the Senator from Maryland, we are in the Senate the first week after the Fourth of July. I listened to the Senators from Texas and Wyoming and Connecticut, and others speak about this bill. This is a good start. If this legislation passed without one word changed, it would make a magnificent contribution to a problem we face, a gripping problem in this country.

Having said that, I do not subscribe to those on the committee who say not to change anything. That is not what the chairman said. There are some suggestions that will come from other parts of the Senate that can strengthen and improve this legislation, a couple of which I suggested. When it goes to conference with the House, we will have something we can be proud of.

The most important thing is to show the investors in this country who have lost, in many cases, their life savings, that those acting to take action to respond to the conditions that caused this to happen.

When we talk about the people at the top getting rich and the people at the bottom losing their life savings, the American people have every right to ask: By whose authority can this happen in this kind of economy? It cannot happen if the rules are fair. It cannot happen if the rules are enforced.

The American people have a right to expect the regulators, the SEC and the Congress to take action now to address these issues.

I yield the floor.

The PRESIDING OFFICER (Mr. WELLSTONE). The Senator from Missouri is recognized.

Mr. BOND. Mr. President, I initially came to the floor to talk about this bill and another issue. The Water and Power Subcommittee of the Energy and Natural Resources Committee is holding a hearing on Wednesday, and I asked to testify about the views of Missouri on the Missouri River issue. Initially, the staff said I was not going to be able to testify, and I was going to therefore have to share my testimony with the entire body. However, I have now been advised by the chairman of the committee I will have an opportunity to testify, so I will save my comments for the committee hearing.

I thank the chairman for giving me that opportunity.

Mr. DORGAN, Will the Senator yield?

Mr. BOND. I am happy to yield. Mr. DORGAN. Let me explain to the Senator what my hope was. The Senator asked to testify, quite properly. The Missouri River manual issue is a highly controversial issue. The Senator has been involved with it for some long while. We are having a hearings. The Corps of Engineers and many others are testifying. My hope had been we could hold a hearing with all of those groups, then have a separate meeting, hearing from all Members of Congress who want to testify. It appears that that will not be the case.

We will hear from Senators at the front end of that hearing. I assume it will take some time. As the Senator from Missouri knows, having indicated, yes, we would entertain his testimony, there has been word from the Senators who have already gotten in line saying, if that is the case, please hear my statement, as well. Of course we will.

It was never a case where we would not hear testimony. The question was whether we would have a separate hearing and hear Members of the Senate. I understand the Senator's concern. Senators Daschle, Johnson, Conrad, Carnahan, and many, many other Senators have great concerns about this issue.

I will lose some sleep Tuesday night with great anticipation hearing your testimony on Wednesday morning.

Mr. BOND. I thank my good friend from North Dakota and assure him I hope, to be brief and to the point. I am somewhat disappointed I will not share all that testimony with my colleagues, but there will be another opportunity.

I thank the chairman of the subcommittee for his kind indulgence.

Today I rise to join in expressing my concern about recent accounting practices in publicly held companies and their auditors. As a former State auditor, I have an interest in that profession being performed properly. Obviously, we would have a separate hearing. We hear about Enron, Global Crossing, WorldCom, and Arthur Andersen. The people of America are very concerned. We have seen millions of families with their investments diminished or even wiped out. That is not acceptable. The vast majority of investments were not in the volatile sectors, or not what we thought were the volatile sectors of the stock market. They were invested in the so-called blue chip companies. The families who made those investments suffer in integrity of our financial markets and accounting industry now find that because of corporate shams, accounting gimmicks, and inadequate auditing, they have lost significantly the investments they planned for education or retirement—for their families.

As far as we know, overall the overwhelming majority of publicly traded companies are in full compliance with corporate accounting standards. But the fact that there has been a significant deception by a handful of companies raises suspicions of all companies. In addition, we don't know how many others will come forward in coming weeks.

We must restore the public's confidence in the market. Without this, the economic recovery which should be beginning will remain elusive. The serious effect and the unintended consequences the bill could have on smaller firms—both small auditing firms and small publicly traded companies.

The bill is clearly targeted towards abuses in extremely large businesses, which we all think should be dealt with. I personally hope it will result in prison sentences for people who are proven to have committed criminal acts in their accounting activities.

But the SEC is not even aware of how many small auditing firms there are auditing small, publicly traded companies. There are some 2,500 small companies, and we believe many of those are audited by small- and medium-size auditing firms. For small auditors, the bill will require many new elements including registration, annual filing requirements, as well as partnership responsibilities of lead auditors. The bill would codify a list of banned services or nonauditing services that an auditing company might conduct for a company that it audits.

While some of these elements clearly are necessary to restore confidence, and I think are going to be dealt with by regulatory action and maybe even by the industry itself, no one knows how these requirements will affect the industry. It has been argued that the bill allows for a case-by-case exemption, but that exemption process itself could be extremely costly and untimely for small firms and lead to inconsistent results.

I am concerned that some of these small auditing firms will not have the resources to implement these requirements and will stop auditing services or just go out of business. The result may be that small, publicly traded companies may not be able to obtain auditing services at reasonable cost. As a result, the bill might be setting up a hurdle for small companies to reach the public markets, one
Mr. SPECTER. Mr. President, during the course of the Fourth of July recess, I traveled through Pennsylvania holding some 16 town meetings, and I found many concerns among my constituents: The issue of prescription drugs; the concern about what is happening with respect to Iraq; the issue of terrorism, which confronts the United States; the concern about what might happen on July 4; concern about the suicide bombers from the Palestinians terrorism.

But high on the list of public concern was what has happened with Enron, WorldCom, and many other companies on the stock exchange, where so many of my constituents in Pennsylvania—like tens of millions of Americans, really, and even more—have had their savings decimated in their retirement accounts of a variety of sorts. The issue that was raised consistently was: What happened?

I think it is very good that the Senate is now considering legislation to deal with the fraudulent conduct that has plagued so many companies in corporate America. There is no doubt that the American people are very frightened of what is going on in a boardroom. A lot of people question the ethics for an accounting firm to be both an adviser and an auditor. An adviser has a close relationship with a company—call it cozy, or intimate, or friendly—but that is very different from the function of an auditor, which ought to be at arm’s length, scrutinizing what the company has done. That kind of a conflict should certainly be prohibited in the future. If the accounting firms do not have enough understanding of the ethics to be enacted, with very tough penalties to follow. When you find companies having so much debt off the books, subsidiary corporations, that is a matter of fraud. Fraud is a misrepresentation of a fact that is in some way related to their retirement, and that is a crime. When you have companies putting expenses in, say, a capital account that shows billions of dollars in additional income or assets of the corporation, that too is fraud.

A good part of my career has been as an assistant DA and then as district attorney. I believe this kind of white-collar crime is certainly susceptible of deterrence, providing that standards are established and penalties are provided for a breach. It is my hope that from the Senate’s current consideration, some very tough legislation will follow.

(Mr. DAYTON assumed the Chair.)

LOW MEDICARE REIMBURSEMENTS

Mr. SPECTER. Mr. President, for a considerable period of time, there have been a number of counties in Pennsylvania that have been suffering from low Medicare reimbursements, which have caused them great disadvantage because their nurses, their medical personnel, are moving to surrounding areas. I refer specifically to Luzerne County, Wyoming County, Wyoming County, Luzerne County, Wyoming County, Lycoming County, Mercer County, and Columbia County in northeastern Pennsylvania. Those counties are surrounded by MSAs—metropolitan statistical areas—in Newport, New York, to the north; in Allen-town to the southeast; and to the Harrisburg MSA to the southwest.

When these counties are so surrounded by—and a similar situation exists in Mercer County, which has higher rates in immediately adjacent counties; there is then flight of very necessary medical personnel. Last year, in the conference on the appropriations bill covering the Department of Labor, Health and Human Services, and Education, the conferees were in agreement that there should be relief for these areas in Pennsylvania that were surrounded by areas that had higher MSA ratings. At the last moment, the House leadership gave a written commitment of the Appropriations Committee that there would be an objection to including language in our conference report because it was not included in either bill—in the House or in the Senate. That makes it subject to a point of order, so we had a discussion. I went to the office of the chairman of the Appropriations Committee, Senator BYRD, and did my best to persuade him to make an exception in this case because of the extraordinary hardship.

We then talked about bringing the matter forward in the supplemental appropriations bill. I thought it highly likely that, given the immediate history, we could accomplish this accommodation, this correction, in this appropriations bill. The House of Representatives came forward, and the House Appropriations Committee, the Ways and Means Committee, the Senate Appropriations Committee, the Appropriations Committee and the Ways and Means Committee and the House leadership generally agreed with Congressman SHERWOOD, who represents these counties in northeastern Pennsylvania in the House of Representatives, and my colleague PHIL ENGLISH, who represents Mercer County, that these were indeed meritorious—not that there were not other counties that had similar problems, but these counties were meritorious and should have a chance in the MSA.

When the matter reached the Senate floor and I filed an amendment to have a similar result, there was resistance because, after all, it was in the House bill and it could be taken up in conference. It is customary that a colloquy was entered into between Senator BYRD and myself, and Senator BYRD said he would give every consideration to it in the conference. It is true that the leadership in the House has had other places in the United States that have problems, but I believe none is so pressing as what is occurring in these counties in Pennsylvania, as is evidenced by the fact that the leadership in the House of Representatives—as I say, the Ways and Means Committee chairman and the leadership of the House—agreed to these changes.

A week ago today, on July 1, I visited in Wilkes-Barre, PA, at the Gossinger Health Alliance, with representatives of the hospitals and went over with them the situation that had occurred and asked that they submit memoranda, which showed the extreme plight, which I could then share with my colleagues in the Senate, which I did last night, and it will be in the CONGRESSIONAL RECORD for everyone to see.

A memorandum prepared by Bernard C. Rudgegair of the Greater Hazleton Health Alliance pointed out the following:

With competing institutions located within in a 30- to 60-minute drive from our front
doors—and able to pay up to $4 per hour more to attract staff—the Greater Hazleton Health Alliance has experienced an out-migration of clinical staff to those areas.

In the last 18 months, 52 employees—including registered nurses, licensed practical nurses, pharmacists, radiology technologists and physical therapists—have resigned.

Then he goes on to say:

Nearby three-quarters of our inpatient population are Medicare recipients. It is often difficult for them to find reliable transportation to out-of-town healthcare facilities.

So they are serviced at Greater Hazleton causing these hardships and losses.

The senior vice president of operations at Geisinger Wyoming Valley Medical Center, Conrad W. Schinzl, wrote on July 3 as follows:

There are 10 vacancies in the support departments, such as laboratory and radiology. A significant factor in these vacancies is the higher wages and benefits that are paid in the Philadelphia and New York metropolitan areas that are within a 2.5 hour drive from our hospital.

Similar concerns were noted by the Community Medical Health Care System of Scranton, PA, where Dr. C. Richard Hartman, president and CEO, wrote on July 3 as follows:

As of July 1st, our malpractice insurance increased nearly 50 percent. Staff continue to find opportunities elsewhere, driven by higher wages and attractive sign-on bonuses. We have been forced to adjust salaries to stay competitive. This has had a significant impact on our bottom line—a $3.2 million loss in fiscal year 2000.

In this new age of domestic security awareness, our hospitals have become even more important fixtures in our communities. In the event of a tragedy or terrorist event (a nuclear power plant is located just miles away), our communities would look to our hospitals, not only as sources of emergency medical care, but as places of refuge, information and comfort.

Our elderly patients are the ones who need us most. Many of them toiled in the local coal mines and served our country in foreign wars. Their strong work ethic and love of country has often led to illness and injury that will plague them for the rest of their lives. This is a proud population that we are committed to caring for far into the future.

Tyler Memorial Hospital in Tunkhannock, PA, sent a memorandum expressing the same basic point:

A similar letter has been submitted by the Community Hospital at Newburgh, NY, to the Appropriations Committee of the House of Representatives, with a $3.2 million loss in fiscal year 2000.

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An increase in uncompensated care being provided by our hospitals, in particular our Trauma Center. In addition, access to services such as CMC’s trauma services, given the malpractice crisis, for our community is threatened. CMC has in excess of $5 Million in uncompensated care year-to-date.

Employer Health Insurance premium cost are increasing in the double digit range (Financing Side of the System) with limited or no relief to hospitals (Delivery System) as providers of care for such cost exigency.

The financial market’s performance that its effect on earnings and cash flow, the survival of the organization directly limiting our ability to plan for and reinvest in facilities, etc.

In closing, thank you for the opportunity to express my concerns for our delivery system and allowing the expression of the desire that a fair, adequate return be provided to hospitals, specifically here in Northeastern Pennsylvania.

As you have seen day in and day out, our healthcare delivery system in Northeastern Pennsylvania is undergoing rapid change and challenges. As such, it is becoming ever more important that we continue the dialogue surrounding this marketplace. I look forward to your support and successful outcome in the Conference Committee. Feel free to contact me should you require further information.

Sincerely,

C. Richard Hartman,
President/CEO

MOSES TAYLOR
Healthcare System,
July 8, 2002.
MEMO
Re:MSA Amendment

Several important factors highlight why the thirteen hospitals located in the Wilkes-Barre Scranton Hazleton-MSA need relief. Reports produced by the Pennsylvania Health Care Cost Containment Council (PHC4) and the American Hospital Association indicate that all of the hospitals are very efficient and effective healthcare institutions. Despite that fact this region has suffered shortages and a substantial increase above both the state and national level.

The Financial Analysis of all Pennsylvania Hospitals is a report produced by FHIC. The medical community (30) percent of all hospitals in Pennsylvania had negative total margins for the three year period between 1999-2001, nine (9) of the thirteen (13) hospitals located in this MSA have had negative total margins.

Every hospital in the MSA has had a negative operating margin over that period. These losses are causing a significant reduction in the capital base of the institutions in this MSA. An MSA where over 45% of the Net Patient Revenues are provided by Medicare patients.

In the AHA Hospital Statistics guide from 2001, the efficiency of the Hospitals in this MSA is apparent.

In terms of the total labor expense per adjusted patient day, CMC’s hospitals were below the national average and 22% below the state average. (MSA—$2.82 vs. Pennsylvania—$3.06)

In terms of total full time equivalent personnel compared to volume the MSA also compares favorably. The MSA utilizes 15% less FTE’s than the nation and 12% less than the state (MSA—40.1/FTE per adjusted occupied bed, United States 46.1, Pennsylvania 44.5).
This MSA has very efficient, very effective hospitals (see the Hospital Performance report published by PHC4) that are losing significant amounts of money while serving the Medicare population.

In addition to losing significant amounts of capital, the MSA like the nation is undergoing a nursing shortage. Every institution in the MSA is reporting a critical shortage of nurses, especially RN’s. The situation is exacerbated by the fact that most if not all of the adjacent MSA’s advertise locally for nurses. Added to this on a regular basis are all the advertisements that appear in the newspapers, on radio stations and on billboards.

This problem is further exacerbated when one considers that we are losing both regular RN’s and Allied Services. Allied Services, on average, are paid a wage rate of $23.05 per hour which is approximately 28% more than the national average. The reason for this is that we have over 2,700 Allied health professionals in our MSA who are being recruited/retention programs.

This problem will further deteriorate when we consider the rate re-classification to the Newburg, NY, MSA statistical area. The four largest providers in this statistical area, the four largest providers are losing 41% of their operating results ranging from 0.81% (Northwestern Pennsylvania) to 3.75% (Lehigh Valley).

The reduction could not come at a worse time. Per the most recent Pennsylvania Cost Containment Council Financial Analysis, our region, Region 6-Northeastern Pennsylvania, had the worst operating margin of all Pennsylvania Hospitals—1.51% and a total margin at -0.27%. This is a reduction 14% more pressure on our institutions which in turn jeopardizes the quality of care that our institutions provide to our communities in general and our large Medicare age population.

These statistics are even more eye-opening when you compare them to national averages. The average total margin for hospitals across the country is 4.5% based on the latest American Hospital Association data in conjunction with the Center for Medicare Services.

In closing, I would like to once again emphasize the importance of this legislation and its impact on the Mercy Health System.

Sincerely,

WILLIAM J. SCHROEN
Vice President, Finance

CONGRESSIONAL RECORD—SENATE
July 8, 2002

S6350

Sincerely,

WILLIAM J. SCHROEN
Vice President, Finance

WYOMING VALLEY, HEALTH CARE SYSTEM, WILKES-BARRE GENERAL HOSPITAL,


HON. ARLEN SPECTER, U.S. Senate, Hart Senate Office Building, Washington, DC.

DEAR SENATOR SPECTER: On behalf of Wyoming Valley Health Care System, Its Board of Directors, and the entire Wilkes-Barre/Scranton community, we would like to thank you for the efforts that you, Representative Sherwood, and your respective staffs have committed to addressing the disparity caused by the Medicare wage index.

While you certainly have earned an appreciation for the challenges facing the hospitals in our region, we would like to share with you some of the data we have that we believe are relevant to our situation:

WVHCS-Hospital (comprised of Wilkes-Barre General Hospital and Nesbitt memorial hospital, the largest in the region), as well as both the Scranton/Wilkes-Barre Metropolitan Statistical Area and the Northeastern Pennsylvania region (Region 6 as defined by the Pennsylvania Health Education Council or the HC4) have suffered operating deficits in each of the fiscal years since the year ended June 30, 2001. The smallest operating deficit was $5,542,000 in 1998, and the operating loss for the year just ended is expected to exceed $10,000,000.

This inability to cover our costs is, in fact, jeopardizing the quality of care that we are able to provide to our communities, the largest of which is Luzerne County, with its population of 200,000 residents or greater. And, the proportion of Medicare beneficiaries within those counties are among the highest anywhere in the country.

Based on data presented by the HC4 for the 2001 fiscal year, seven of nine regions within Pennsylvania enjoyed positive operating margins ranging from 2.56% (Northwestern Pennsylvania) to 3.75% (Lehigh Valley). Altoona area hospitals experienced a slight operating deficit of —.07%. Most notable is the fact that hospitals in Northeastern Pennsylvania were faced with operating deficits averaging —1.51% in 2001.

Of the 13 hospitals within our metropolitan statistical area, the four largest providers experienced operating deficits ranging between —2.56% and —1.51%. Four of the remaining nine hospitals also experienced significant operating deficits.

As the largest hospital in Luzerne County, and sponsor of a very active family practice residency program, WVHCS-Hospital provides a significant amount of free care. For
the year just ended, it is estimated that VWHCS-Hospital provided uncompensated care valued at over $6,000,000. In addition, there were almost 18,000 patient encounters within our family practice residency program, the majority of which were to Medical Assistance or other uninsured/underinsured patients who otherwise would have ended up in emergency rooms.

Under the current rules, Medicare applies the wage index to about 71% of the average hospital’s non-capital cost pool. Based upon our calculations, the portion of our costs to which that index should be applied is estimated to be far less, approximately 58%. The result is that areas like ours, where the wage index rates are paid less than cost for a portion of their supply expenses.

For the 2002 fiscal year, we have experienced (RN) staffing to over approximating 15% of our total RN pool. This is driven by the fact that the average wage rate which we can afford to offer for a registered nurse is $20.28, well below other contiguous metropolitan statistical areas. In addition, the current vacancy rate for certified registered nurse anesthetists is 25%. Despite the fact we operate one of the largest and most successful schools of nurse anesthetists in the nation, surrounding areas are paying $5 to $6 per hour more than our region.

Registered nurses are not the only area of need with which we are faced. For example, radiology/imaging technologists are earning an average hourly wage of $14.48, well below other nearby metropolitan statistical areas. The result is that for the first half of 2002, we have experienced almost 20% turnover in imaging technologists, particularly in the areas of nuclear medicine, CT scanning, magnetic resonance imaging (MRI) and general radiology services. Without normal relief, we are losing staff to surrounding communities.

In addition to these labor related pressures, we are faced with other issues affecting costs including the malpractice insurance crisis, bioterrorism preparedness, as well as, added regulatory requirements under the Health Insurance Portability and Accountability Act (HIPAA). While it is not our intention to redirect wage-related reimbursements to those areas, the fact remains that the funds of funds which we have available to address our staffing needs will be even further limited.

Once again, we would like to thank you, Representative Kanjorski, Senator Santorum and each of your respective staffs for all of the efforts that you have put into this important cause. In particular, we would like to thank you and Representative Sherwood for spending time with representatives from area hospitals on Monday, July 1, 2002.

We are looking forward to hearing from you as to when the conference committee hearings will be scheduled as we would like to be present to represent our community and this critical issue.

Sincerely,

William R. Host, President and Chief Executive Officer.

Michael D. Scherneck, Senior Vice President and Chief Financial Officer.


From: Andrew M. Wallace, Executive Director, Northeast Region.

To: Robert J. Spinelli, CEO, The Bloomsburg, Bloomsburg, PA.

The Medicare Reimbursement issue currently debated is extremely important for The Bloomsburg Hospital. As a community hospital located in Northeast Pennsylvania, the current wage index rates have contributed to three years of deficit income, which has made it difficult to recruit qualified staff. In addition, our hospital has had to furlough individuals and not fill positions as vacancies become available.

Your help in this index change is greatly appreciated. Thank you.

I will be available to attend the Conference Committee Meeting, please contact me.


Senator ARLEN SPECTER, Scranton, PA.

DEAR SENATOR SPECTER: Thank you for holding the briefing on the Medicare reimbursement issues and the Wage Index issue in particular. We truly appreciate all your efforts on our behalf to assure that Medicare Reimbursements to providers of services are adequate.

I am summarizing a few of the issues facing us in our fiscal year 2003, which began on Monday, July 1, 2002, the same day as your briefing.

We are anticipating an increase in our Medicare payment rate of approximately 3% effective with the beginning of the next federal fiscal year on October 1, 2002. The increase is based on a Market Basket Increase less 5.5%, as I recall has been the reduction factor over the last several years. Medicare is saying that, effectively, they are giving us a 3.00% increase in rates. This makes it extremely difficult to keep net revenues above expenses when by definition, expenses are increasing faster than revenue and rates. Capital costs are included in this same methodology. Wayne Memorial is currently in a planning process that may well identify the need for additional dollars. Medicare reimbursement will not change as a result of this capital project and the proposed increase for fiscal 2003 will make it difficult to cover additional debt service on any new debt that may be required.

We have also recently absorbed an 80% increase in our annual General and Professional liability (malpractice) insurance premium that must be paid from this 3% increase from Medicare. We are facing serious physician recruitment issues brought on by the malpractice crisis here in Pennsylvania, as well. The increase in our malpractice premium will total over $725,000 on an annual basis in Wayne Memorial. This is a trend that would result from this change in MSA to Newburg, New York would mean approximately $500,000 of additional Medicare reimbursement for Wayne Memorial.

I want to thank you again for your hard work on these serious issues facing healthcare providers in Pennsylvania and hope that, together, we can move us toward a Medicare payment system that is more adequate.

Sincerely,

MICHAEL J. CLIFFORD, Director of Finance.

Mr. SPECTER. In the absence of any other Senator seeking recognition, I suggest the absence of a quorum.

The PRESIDING OFFICER. The assistant legislative clerk proceeded to call the roll.

Mr. REID. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. REID. Mr. President, are we in a period of morning business?
been made. But it was that kind of event that makes your heart swell and brings tears to your eyes.

There was a song about heroes sung by elementary students. It reminded me that community, and communities across the country, are made up of heroes. Heroes are just ordinary people who do extraordinary things. Fortunately, in America we have a lot of those.

We are in a rapidly changing world. And an opportunity to go over to Russia with three interpreters. We worked on an international agreement of cooperation on controlling weapons of mass destruction, on export controls. That meeting was a tremendous shock for me. All the time I was growing up, Russia was our enemy—the Soviet Union where the people were out to get us. I was sitting across the table from their equivalent of the Senate and House talking about cooperation.

I also had an opportunity to meet with some small businessmen while I was over there. I think it was an even bigger shock for them to be talking to a capitalist about free enterprise. I think we will learn a lot from each other as the world changes.

I have to tell you that the people in Russia today have a tremendous amount of respect for us. Part of it comes from the action the United States took in Afghanistan. We did in 1 month what Russia couldn't do in 7 years. That did get us some respect.

The rest of the world anticipates that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things is that the reason we are able to do things.

But, what of the soldiers whose death has brought the liberty of our nation? Soldiers more than 42 million men and women have served in our Army. The cost of that vision has been tremendous. For more than 220 years our military has provided a bastion against our enemies. In that time, our world has changed and our armed forces have changed with it, but the valor, dignity, and courage of the men and women in uniform remain the same. From Valley Forge to Enduring Freedom, from San Juan Hill to Pearl Harbor, the fighting spirit of the American Serviceman permeates the history of our nation.

The founders of the United States understood that the military was a rampart from which America would guard its freedom. George Washington once stated, "By keeping up in Peace a well regulated and disciplined military the fairest and best method to preserve for a long time to come the happiness, dignity and Independence of our country." The prophecy of those words has been fulfilled time and again.

The cost of that vision has been tremendous, for the periods of peace our country has enjoyed are few and far between. With the debt we owe to those men and women who have died in that war. Remember also the 51 U.S. military men and women who have died in the 23 years between World Wars One and Two. Since the Revolutionary War, more than 600,000 of our military men and women have died in service to America. More than 600,000 of those dauntless, selfless warriors died in combat.

But why are we so seemingly willing to fight and, if need be, to die? The answer to that question is as simple—and yet as complex—as the soul of America itself. We fight because we believe. Not that war is good, but that sometimes it is necessary. Our soldiers fight and die not for the glory of war, but for the sake of freedom. And, the heart of America is freedom, for ourselves and all nations willing to fight for it. Yes, the price is high, but freedom is a wealth no debt can encumber.

But, what of the soldiers whose death has brought the liberty of our nation? Soldiers
who did not even enjoy the status of veteran? They were all different; yet share a sameness that is deeper than the uniform they wore. They were black, white, man, woman, Hispanic, Catholic, Protestant, Buddhist, Muslim, and a hundred other variations and combinations. What is most important—regardless of race, creed, color, or culture—were Americans.

These courageous men and women, each so different in heritage and background, shared the common purpose of the armed forces—duty and sacrifice. All of them reached a moment in their lives when race and religion, creed and color made no difference. What remained was the essence of America—the fighting spirit of a proud people. They are servicemen who paid the price for freedom.

As we dedicate this memorial to the brave veterans who lost their lives at the battle of Bull Run, let us also look to the future. In today’s world, of terrorism and freedom comes cloak in uncertainty. America still relies on her sons and daughters to defend her liberty. The cost of inde-

pendence remains high, but we are willing to pay it. We do not pay it gladly, but we pay it with cheerful acceptance and thanks to those who have sacrificed their lives for America. We know that in the years to come, more brave soles will sacrifice their lives for America. They include them in our thoughts when we view this symbol of free-

dom.

Let me conclude my remarks by reading a few excerpts from a letter that exemplifies why we honor our people in uniform. It was written by Sullivan Ballou, a Major in the 2nd Rhode Island volunteers, to his wife Sarah a week before the battle of Bull Run. Dear Sarah: The indications are very strong that we shall move in a few days—perhaps tomorrow. Let me write again, I feel impelled to write a few lines that may fall under your eye when I am no more. Our movements may be of a few days’ duration and full of pleasure—perhaps tomorrow. Lest I should not be able to write again, I feel impelled to write a few lines that may fall under your eye when I am no more. Our movements may be of a few days’ duration and full of pleasure—and it may be one of some conflict and death to me. If it is necessary that I should fall on the battlefield for my Country, I am ready. I have no misgivings about, or lack of confi-

dence in the cause in which I am engaged, and my courage does not halt or falter. I know what duty calls me to do, and I know how to carry out that duty. If I should not be able to write again, I feel impelled to write a few lines that may fall under your eye when I am no more. Our movements may be of a few days’ duration and full of pleasure—and it may be one of some conflict and death to me. If it is necessary that I should fall on the battlefield for my Country, I am ready.

The memories of the blissful moments I have enjoyed with you come crowding over me, and I feel most gratified to God and to you that I have enjoyed them so long. And it is for hard for me to give them up and burn to ashes the hopes of future years, when God willing, we might still have lived and loved together, and grown up to honorable manhood. If I do not return my dear Sarah, never forget how much I love you, and when my last breath escapes me on the battlefield, it will whisper your name. Forgive me for this, and the many other faults I have caused you. How thoughtless and foolish I have been.

But, O Sarah! If the dead can come back to this earth and flit unseen around those they loved, I shall always be near you; in the bright and the dark; through the shortest night to the darkest weight of day; and, if a soft breeze falls upon your cheek, it shall be my breath, as the cool air fans your throbbing temple, it shall be my spirit passing by. I shall not do less, nor could I do more. Think I am gone and wait for me, for we shall meet again.

Sullivan Ballou was killed a week later at the First Battle of Bull Run. That is why I am proud to be in Lovell, today to participate in the dedication of the Veteran’s Memorial honoring the men and women who served our services.

Mr. ENZI. Mr. President, I know it was a great day across America when we celebrated the Fourth of July. I look forward to the future Fourth of July and the daily events when patriotism and community and faith are shown in our country.

TRIBUTE TO CAPTAIN (SELECT) BENNY G. GREEN, U.S.S. NAVY

Mr. LOTT. Mr. President, I wish to take this opportunity to recognize and say farewell to an outstanding Naval Officer, Captain Benny Green, upon his change of command from Special Boat Unit Twenty-Two. Throughout his career, Captain Green has served with distinction. It is my privilege to recog-

nize his many accomplishments and to commend him for the superb service he has provided the Navy, the great State of Mississippi, and our Nation.

Captain Benny Green joined the Navy in September 1972. After an initial tour at the Aircraft Intermediate Maintenance Department at Barbers Point, Hawaii, he attended Basic Underwater Demolition/SEAL Training in Coro-

nadco California, and graduated with class 83, for further assignment to SEAL Team One. Captain Green received a Bachelor of Science Degree from the University of Louisville in 1980, and was commissioned an Ensign in 1981. He attended flight school at Pensacola Naval Air Station and upon graduation was assigned to Fighter Squadron Eleven at Naval Air Station, Oceana, VA as a Radar Intercept Offi-

cer. He flew numerous combat missions over Lebanon in response to the 1983 terrorist bombing attack of the Marine Barracks in Beirut. In February 1985, Captain Green returned to the Special Forces and was assigned to SEAL Team Four, in Little Creek, VA, as the Platoon Commander of the newly formed Sixth Platoon. In his next as-

signment, Captain Green was a platoon owner of SEAL Delivery Vehicle Team One Detachment Hawaii, on Ford Island, Oahu, HI, where he served as Dry Deck Shelter Platoon Commander. Other operational Naval Special Warfare include: Dry Deck Shelter Department Head, SEAL Delivery Ve-

hicle Team Two; Operations Officer, SEAL Delivery Vehicle Team Two; Maritime Special Purpose Force Com-

mander for Central Command Amphibious Ready Group 3-91; Executive Offi-

cer, SEAL Delivery Vehicle Team Two; Naval Special Warfare Task Unit Com-

mander for the Theodore Roosevelt Battle group 1-96; Operations Officer, Naval Special Warfare Team Group Two; Chief Staff Officer, Naval Special War-

fare Group Two; and Requirements Offi-

cer for Naval Special Warfare Develop-

ment Group. Captain Green also completed a joint tour as the Counternarcotics and Maritime Officer, Special Operations Command, Pacific.

As Commanding Officer, SBU-22, Captain Green’s leadership firmly es-

hibited his unit as the premier facility for train special operations forces in the riverine environment. His determi-

nation and oversight hastened the con-

struction of new state-of-the-art fa-

tilities that provide for the training in the maintenance and repair of combat craft, an armory, a supply building, a swim training tank, and a detach-

ment building/administrative head-

quarters, with plans under develop-

ment for a land-water range, a 30-unit housing facility, and a new Naval Ex-

change/gas station. His rapport with senior military leadership was essent-

ial to theater commander exposure to SBU-22 capabilities in support of Spe-

cial Operations Forces, SOF, throughout the Combined Joint Special Forces Group, and SBU-22 hosted two major Joint Combined Exchange for Training, JCET, exer-

cises, executed 13 counter-drug mis-

sions in South America, and trained foreign personnel in all facets of riverine operations. His re-

quirements of the Combatant Craft Training Curriculum fully addresses the requirements of the Naval Special Warfare Force-21 initiative and is typ-

ical of the exceptional foresight Capt-

ain Green demonstrated throughout his tour as Commanding Officer of SBU-22. His vast Special Operations experience proved to be a major resource in the identification, testing and im-

mination of vital capabilities. Per-

missions to revolutionize riverine tac-

tics and capabilities.

Throughout his distinguished career, Captain Green has served the United States Navy and the Nation with pride and excellence. He has been an integral member of, and contributed greatly to, the best-trained, best-equipped, and best-prepared naval and special oper-

ations forces in the history of the world. Captain Green represents leader-

ship, integrity, and limitless energy have had a profound impact on SBU-22 and will continue to positively impact the United States Navy, our Special Operations Forces, and our Nation. Captain Green relinquishes his com-

mand on July 12, 2002 and reports as Di-

rector, Concept Development Direc-

torate at Special Operations Command Joint Forces Command, in Norfolk, VA where he will continue his successful career. I speak in behalf of my colleagues on both sides of the aisle, I wish Captain Green “Fair Winds and Following Seas.”

COLONEL DOUGLAS JOHN WREATH OF THE UNITED STATES AIR FORCE RESERVE.

Mr. THURMOND. Mr. President, on March 29, 2002, Douglas John Wreath was promoted to the grade of Colonel in the United States Air Force Reserve. Major General Mike Hamel, USAF, ad-

ministered the military oath of office.
to Colonel Wreath on that date in a ceremony that was held in the Reserve Officers Association of the United States Building, in Washington. It is my pleasure to join those who are congratulating Colonel Wreath on this achievement.

Since 1997, Colonel Wreath has been an active duty Reservist, assigned to the United States Air Force Office of Congressional Affairs. During part of this time, Colonel Wreath served as the Acting Director of the United States Liaison Office in the Senate, where he became known to many Senators and members of their staffs. Colonel Wreath is currently assigned to the United States Air Force Headquarters, at The Pentagon, where he is implementing the recommendations of The Commission to Assess United States National Security Space Management and Organization, as well as serving as the Air Staff Legislative Liaison for Space Integration issues.

Colonel Wreath is a graduate of the United States Air Force Academy. He has also earned the degree of Master of Science in Systems Management from the University of Colorado.

Doug Wreath began his career in the United States Air Force as a Space Shuttle Navigation Analyst in 1984, leavings, as a Space Operations Officer in 1992, when he transferred into the Reserve. While on active duty, Doug Wreath performed a variety of command and supporting activities at three duty stations, and as the Personal Assistant to the Commander of the Air Force Space Command, he assisted in establishing the operational plans and policies of the Air Force National Space Program.

Colonel Wreath is an outstanding American who has developed an impressive record of achievement through his service to our Nation. I am pleased to commend Colonel Wreath on his promotion and I extend my best wishes to him for much continued success.

LOCAL LAW ENFORCEMENT ACT OF 2001

Mr. SMITH of Oregon. Mr. President, I rise today to speak about hate crimes legislation I introduced with Senator KENNEDY in March of last year. The Local Law Enforcement Act of 2001 would add new categories to current hate crime legislation pending in our society. I would like to describe a terrible crime that occurred January 25 in Washington, DC. Two minors attacked two gay men leaving a gay bar in Dupont Circle. Before attacking the victims, the assailants shouted derogatory, anti-homosexual slurs at them. Local police have arrested one of the perpetrators.

I believe that government’s first duty is to defend its citizens, to defend them against the harms that come out of hate. The Local Law Enforcement Enhancement Act of 2001 is now a symbol that can become substance. I believe that by passing this legislation and changing current law, we can change hearts and minds as well.

CHRISTEN O’DONNELL EQUESTRIAN HELMET SAFETY ACT

Mr. DODD. Mr. President, last week my colleague from Rhode Island, Senator CHAFEE, and I introduced legislation to provide greater safety for children and adults who ride horses in the United States. Each year in our country, nearly 15 million people go horseback riding. Whether it be professionally or for pleasure, Americans of all ages and from all walks of life enjoy equestrian sports. And, while everyone acknowledges that horseback riding is a high-risk activity, there are serious safety issues related to equestrian sports that can and should be addressed.

I first became aware of the problem of equestrian helmets when Kemi O’Donnell, a constituent of mine in Connecticut, called my office to relate her family’s tragic experience. The story she shared opened my eyes to the dangers posed by equestrian helmets. In 1998, Kemi’s daughter, Christen O’Donnell, was a young 12-year-old resident of Darien, Connecticut, and a 7th grader at New Canaan Country School. Active and sporty, Christen was a talented equestrian rider who had five years of riding experience under her belt when she mounted her horse on the morning of August 11. As always, Christen wore a helmet and was accompanied by her trainer when she began a slow walk through the ring. Suddenly, without warning, the horse she was riding shook its head, and Christen was thrown off onto 4 inches of sand. Even though her horse was only at a walk, and Christen was wearing a helmet, that helmet offered her little protection, and she sustained severe head injuries as a result of the fall. She was rushed to Stamford hospital where, despite efforts to save her, she died the next day. The magnitude of their loss has been compounded by the thought that, had Christen been wearing a better constructed helmet, it is possible she could have survived this accident.

My colleagues may be shocked to learn, as Christen’s parents were, that there are no government standards in existence for the manufacturing of equestrian helmets. Some helmets are voluntarily constructed to meet strict American Society of Testing and Materials (ASTM) testing requirements, but the vast majority of helmets sold in the U.S. offer little or no real protection and are merely cosmetic hats—a form of apparel. Frequently, parents of young riders like Christen—and even more mature riders—do not know that they are buying an untested and unapparently constructed riding helmet. Indeed, most riders believe that when they buy a helmet at the store, they are purchasing a product that meets standards designed to provide real and adequate head protection. Bike helmets are built to minimum safety requirements, as are motorcycle helmets.

Apparel helmets, like the one worn by Christen, offer little or no head protection, while ASTM-approved helmets are designed to significantly reduce head injury. The difference in aesthetic design between the two is minimal, but the underlying support structures of these types of helmet are substantial. ASTM-approved helmets offer a high degree of head protection, increase the survivability of equestrian accidents and, in my view, should be the standard for all equestrian helmets.

This lack of adequate safety standards in riding helmets is why USA Equestrian (USEA), one of the largest equestrian organizations in the country, recently mandated that ASTM-approved helmets must be worn in all USEA-sanctioned events. While this decision effectively eliminates the danger posed by “apparel helmets” at these events, each day many more students ride in lessons and in private shows that are not ASTM-conformed. For their safety, I believe that Congress should establish minimum safety standards for all equestrian helmets sold in the United States, so that all riders can obtain headgear that offers actual protection against head injury. This is not an unprecedented suggestion. As I stated before, Congress has already acted to similarly ensure the safety of bike helmets. The legislation that I and Senator Chafee introduce in Christen’s memory today is modeled on this successful bike helmet law and would go a long way toward reducing the mortality of equestrian accidents.

The Christen O’Donnell Equestrian Helmet Safety Act would require that the Consumer Product Safety Commission establish minimum requirements, based on the already proven ASTM standard, for all equestrian helmets in the United States. Thus, there would be a uniform standard for all equestrian helmets, and I am confident that the helmet they buy offers real head protection. Let me be clear. This modest legislation does not mandate that riders wear helmets. That is a matter better left to individual states. But, it would take a significant step toward improving the survivability of equestrian accidents and would bring the United States in line with other industrialized countries with sizable riding populations. Countries like Australia and New Zealand have enacted similar safety legislation, and the European Union has set standards to make sure that helmets for equestrian activities meet continental standards. It is time for the United States to take similar steps.

This bill is supported by a wide-ranging coalition of equestrian, child safety, and medical groups. This bill has received the endorsement of The National SAFEKIDS coalition, an organization dedicated to preventing accidental injury to children, and the
Brain Trauma Foundation, a leading medical group dedicated to preventing and treating brain injury. Additionally, USAEq has passed a rule in support of the concept of the bill, requiring all children to wear ASTM approved helmets and strongly recommending that all adults do so as well. Further, in the Chronicle of the Horse, the trade publication for the Master of Foxhounds Association, the U.S. Equestrian Team, the U.S. Pony Clubs, The National Riding Commission, the Foxhounds of North America, the National Beagle Club, the U.S. Dressage Foundation, the American Vaulting Association, and North American Riding for the Handicapped Association, an article was published endorsing the ASTM rule. Given the wide range of organizations that endorse this bill, or have endorsed the ASTM rule, it is clear that riders, coaches, and medical professionals alike recognize the need for a standard, tested helmet design.

I would like to draw my colleague’s attention to some alarming statistics that further demonstrate the importance and expediency of this bill. Emergency rooms all across America have to deal with an influx of horse-related injuries each year. Nationwide in 1999, an estimated 15,000 horse-related emergency department visits were made by youths under 15 years old. Of these injuries, head injuries were by far the most numerous and accounted for around 60 percent of equestrian-related deaths. These injuries occurred, and continue to occur, at all ages and at all levels of riding experience. That an adequately protected fall from a horse can kill is not surprising when you examine the medical statistics. A human skull can be shattered by an impact of less than 6.2 miles per hour, while a horse skull can be shattered by an impact of 40 miles per hour. A fall from two feet can cause brain damage, and a horse elevates a rider to eight feet or more above the ground. These statistics make it evident that horseback riding is a high-risk sport. While all riders acknowledge this fact, reducing the risk of serious injury while horseback riding is attainable through the use of appropriate head protection. We should pass this bill, and pass it soon, to ensure that head protection for equestrian events is safe and effective. Americans deserve to be confident that their protective gear, should they choose to wear it, offers real protection. I urge my colleagues to support this bill.

MESSAGE FROM THE HOUSE

At 2:09 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has passed the following which was referred to the Senate:

H.R. 4954. An act to amend title XVII of the Social Security Act to provide for a voluntary program for prescription drug coverage under the Medicare Program, to modernize and reform payments and the regulatory structure of the Medicare Program, and for other purposes.

MEASURES PLACED ON THE CALENDAR

The following bill was read the second time, and placed on the calendar:

H.R. 4231. An act to improve small business advocacy, and for other purposes.

The following bill was read the first and second times by unanimous consent, and placed on the calendar:

H.R. 5031. An act appropriating funds for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 2003, and for other purposes.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated.

POM-362. A concurrent resolution adopted by the Senate of the Legislature of the State of Hawaii relative to Medicare coverage of oral cancer drugs; to the Committee on Finance.

SENATE CONCURRENT RESOLUTION NO. 65

Whereas, cancer is a leading cause of morbidity and mortality in the State of Hawaii and throughout the Nation; and

Whereas, cancer is disproportionately a disease of the elderly, with more than half of new cancer cases occurring in persons ages 65 or older, who are thus dependent on the federal Medicare program for provision of cancer care; and

Whereas, treatment with anti-cancer drugs is the cornerstone of modern cancer care, elderly cancer patients must have access to potentially life-extending drug therapy, but the Medicare program’s coverage of drugs is limited to injectable drugs or oral drugs that have an injectable version; and

Whereas, research and development in biomedicine has begun to bear fruit with a compelling array of new oral anti-cancer drugs that are less toxic, more effective than existing therapies, but, because such drugs do not have an injectable equivalent, they are not covered by Medicare; and

Whereas, non-coverage of these important new products leaves many Medicare beneficiaries confronting the choice of either substantial out-of-pocket personal costs or selection of ineffective treatments that are covered by the program; and

Whereas, Medicare’s failure to cover oral anti-cancer drugs leaves at risk many beneficiaries suffering from blood-related cancers such as leukemia, lymphoma, and myeloma, as well as cancers of the breast, lung, and prostate; and

Whereas, certain Members of the United States Congress have recognized the necessity of Medicare coverage for all oral anti-cancer drugs and introduced legislation in the 107th Congress to achieve that result (H.R. 1624; S. 913), now, therefore, be it

Resolved by the Senate of the Twenty-first Legislature of the State of Hawaii, Regular Session of 2002, the House of Representatives concurring, that the Congress of the United States in respectfully requested to enact legislation in a Medicare program to cover all oral anticancer drugs; and be it further,

Resolved, That certified copies of this Concurrent Resolution be transmitted to the President of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, the members of Hawaii’s congressional delegation, the Secretary of Health and Human Services, and the Administrator of the Centers for Medicare and Medicaid Services.

POM-263. A resolution adopted by the Senate of the Legislature of the State of Michigan relative to the Federal Prison Industries Competition in Contracting Act; to the Committee on the Judiciary.

SENATE RESOLUTION NO. 26

Whereas, In 1934, Federal Prison Industries (FPI) was created as a wholly owned government corporation. Today, FPI operates 103 factories, with over 21,000 inmate workers contributing $400 million per year. The operation offers over 150 products to many working families. Last year, Michigan lost thousands of manufacturing jobs; and

Whereas, Congress is presently considering a measure that would bring comprehensive reforms to the operations of FPI. The Federal Prison Industries Competition in Contracting Act would allow manufacturers to compete fairly and enhance the federal corrections system; and

Whereas, With obvious personnel and benefits advantages, including a “mandatory source” requirement for government agencies; and

Whereas, In Michigan, the impact of current FPI policies has strongly felt by many working families. Last year, Michigan lost thousands of manufacturing jobs; and

Whereas, Congress is presently considering a measure that would bring comprehensive reforms to the operations of FPI. The Federal Prison Industries Competition in Contracting Act would allow manufacturers to compete fairly and enhance the federal corrections system; and

Resolved, That certified copies of this Concurrent Resolution be transmitted to the President of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, the members of Hawaii’s congressional delegation, the Secretary of Health and Human Services, and the Administrator of the Centers for Medicare and Medicaid Services.

POM-264. A resolution adopted by the Senate of the Legislature of the State of Hawaii relative to veteran’s benefits to Filipino veterans who served in the United States Armed Forces; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives, the members of Hawaii’s congressional delegation, the Secretary of Health and Human Services, and the Administrator of the Centers for Medicare and Medicaid Services.

SENATE RESOLUTION NO. 26

Whereas, the Philippine Islands, as a result of the Spanish-American War, were a possession of the United States between 1898 and 1946; and

Whereas, in 1934, the Philippine Independence Act (P.L. 73-127) set a ten-year timetable for the eventual independence of the
Whereas, the United States veterans medical benefits for the four groups of Filipino veterans vary depending upon whether the person resides in the United States or the Philippines; and
Whereas, the eligibility of Old Scouts for benefits based on military service in the United States Armed Forces has long been established; and
Whereas, the federal Department of Veterans Affairs operates a comprehensive program of veterans benefits for the government of the Republic of the Philippines, including the operation of a federal Department of Veterans Affairs office in Manila; and
Whereas, the federal Department of Veterans Affairs does not operate a program of this type in an official capacity; and
Whereas, the program in the Philippines evolved because the Philippine Islands were a United States possession during the period 1898-1946, and many Filipinos have served in the United States Armed Forces, and because the preindependence Philippine Commonwealth Army was called into the service of the United States Armed Forces during World War II (1941-1945); and
Whereas, our nation has failed to meet the promises made to those Filipino soldiers who fought as American soldiers during World War II; and
Whereas, Congress passed legislation in 1966 limiting the number of Filipino veterans that fought in the service of the United States during World War II from receiving most veterans benefits that were available to them before 1946; and
Whereas, many Filipino veterans have been unfairly treated by the classification of their service as not being service rendered in the United States Armed Forces for purposes of benefits from the federal Department of Veterans Affairs; and
Whereas, other nationals who served in the United States Armed Forces have been recognized and granted full rights and benefits, but the Filipinos, American nationals at the time of service, are still denied recognition and singled out for exclusion, and this treatment is unfair and discriminatory; and
Whereas, on October 20, 1986, President Clinton issued a proclamation honoring the nearly 100,000 Filipino veterans of World War II, soldiers of the Philippine Commonwealth Army, who served in the United States Armed Forces alongside allied forces for four long years to defend and reclaim the Philippine Islands, and thousands of Filipino civilians who supported the Armed Forces after the war; now, therefore, be it
Resolved by the Senate of the Twenty-First Legislature of the State of Hawaii, Regular Session of 2002, that the President and the Congress of the United States are respectfully requested in the 107th Congress to take action necessary to honor our country’s moral obligation to recognize Filipino veterans with the military benefits that they deserve, including, but not limited to, holding related hearings, and acting favorably on legislation that will establish a program of benefits to Filipino veterans of the United States Armed Forces; and be it further
Resolved, that this Resolution be transmitted to the President of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, and the membership of the Senate and delegation.

POM-365. A resolution adopted by the Senate of the State of Hawaii relative to the establishment of a sister-state relationship between the State of Hawaii and the People’s Republic of China, and in 2001 had a population slightly over 10,000,000; and
Whereas, the city is made up of 13 districts, five counties, 126 villages, 93 towns, and 374 street communities; and
Whereas, Tianjin is known as the Bright Diamond of Bohai Gulf and is the gateway to China’s capital of Beijing. Tianjin is one of China’s biggest business and industrial port cities and, in north China, is the biggest port city. Tianjin now ranks second in importance and size in terms of industry, business, finance, and trade in the north. Its industrial development, second only to Shanghai in the south; and
Whereas, the city’s traditional industries include mining, metallurgy, machine-building, shipbuilding, automobile manufacturing, petroleum exploitation and processing, tobacco products, pesticide production, and watch, television, and camera manufacturing; and
Whereas, in 1994, Tianjin’s economic goal was to double its gross national product by the year 2003. With its 1997 gross national product reaching RMB 124 billion yuan (about RMB 124 billion yuan to US$ 15.86), Tianjin is proud to reach that goal. By the year 1998, 12,065 foreign-owned companies were established in Tianjin that invested a total of RMB 21.017 billion yuan (about US$ 2.5 billion). About RMB 9.291 billion yuan (about US$ 1.1 billion) of that amount was used for development of Tianjin; and
Whereas, in the past, business and other forms of industrial enterprises were primarily state-owned throughout China. However, under on-going nationwide reform, the proportion of business and other forms of enterprises, including private ownership. In the retail sector, the respective proportions were 23.7 per cent, 17.3 per cent, and 59 per cent, respectively; and
Whereas, Tianjin has a broad science and technology base upon which to build, for example, it is home to 161 independent research institutions (17 local and 144 national). Aside from its several universities and colleges, Tianjin has six national-level laboratories and 27 national and ministerial-level technological research centers and is an important center of the nation’s science and technology educational goals; and
Whereas, in 1984, the State Council issued a directive to establish the Tianjin Economic-Technological Development Area (TEDA), situated some 35 miles from Tianjin. Recently, some 1,180 foreign-invested companies have located to TEDA with a total investment of over US$ 11 billion; and
Whereas, at present, TEDA has developed four major industries, including communications, automobile manufacturing and mechanization, food and beverages, and bio-pharmacy, and is promoting four new industries, information software, new energies, and environmental protection; and
Whereas, in 1996, TEDA began offering a technology incubator to help small and medium-sized enterprises with funding, tax breaks, personnel, etc. Within the TEDA high-tech park, the government of the State of Hawaii provided a US$ 5.3 billion of which foreign-funded enterprises accounted for US$ 3.49 billion while total foreign investment in TEDA amounted to US$ 11.6 billion.

Whereas, Hawaii has been, since its early days, the destination of many Chinese immigrants who have helped to develop the State and its economy and

Whereas, compared to the rest of the country, Hawaii is advantageously situated in the Pacific to better establish and maintain cultural, educational, and economic relationships with countries in the Asia-Pacific region, especially the People’s Republic of China.

Whereas, the new century we have embarked upon has been described by some as the “century of Asia” or the “China’s century”

Whereas, like Tianjin, Hawaii is also striving to diversify its economy by expanding into environmentally clean high-technology industries including medical services and research; and

Whereas, the State also emphasizes the importance of higher education in order to create a solid foundation and workforce to serve as the basis from which to launch initiatives in high-technology development; and

Whereas, Hawaii and Tianjin share many common goals and values as both work towards achieving their economic and educational objectives in the new century, and the people of the State of Hawaii desire to form a mutually beneficial relationship between the State of Hawaii and the municipality of Tianjin to share our knowledge and experiences in order to better assist each other in reaching our goals; now, therefore, be it

Resolved by the Senate of the Twenty-First Legislature of the State of Hawaii, Regular Session of 2002, That Governor Benjamin Cayetano, of the State of Hawaii, or his designee, be authorized and is requested to form a mutually beneficial relationship with the municipality of Tianjin of the People’s Republic of China; and be it further

Resolved, That the Governor or his designee is requested to keep the Senate of the State of Hawaii fully informed of the process in establishing the relationship, and involved in its formalization to the extent practicable; and be it further

Resolved, That the municipality of Tianjin be afforded the privileges and honors that Hawaii extends to its sister-states and provinces; and be it further

Resolved, That if by June 30, 2007, the sister-state affiliation with the municipality of Tianjin of the People’s Republic of China has not reached a sustainable basis by providing mutual economic benefits through local community support, the sister-state affiliation shall be withdrawn; and be it further

Resolved, That certified copies of this Resolution be transmitted to the President of the United States, the Governor of the State of Hawaii, the President of the United States Senate, the Speaker of the United States House of Representatives, Hawaii’s congressional delegation, the President of the People’s Republic of China and the Mayor of the municipality of Tianjin through the Los Angeles Consulate General of the People’s Republic of China.

POM-256. A Senate concurrent resolution adopted by the Legislature of the State of Hawaii relative to the establishment of a sister-state relationship between the State of Hawaii of the United States of America and the People’s Republic of China; to the Committee on Foreign Relations.

SENATE CONCURRENT RESOLUTION NO. 161

Whereas, Tianjin, a city in northeastern China, is one of the municipalities under the direct control of the central government of the People’s Republic of China, and in 2001 had a population slightly over 10,000,000; and

Whereas, the city is made up of 13 districts, five counties, 126 villages, 93 towns, and 133 street communities; and

Whereas, the history of Tianjin begins with the opening of the Sui Dynasty’s Big Canal (S18-977 AD). Beginning in the mid-Tang Dynasty (618-907 AD), Tianjin became the nexus for the transport of foodstuffs and silk between south and north China. During the Ming Dynasty (1404 AD), the city figured prominently as a military center. In 1860, its importance as a business and communications center began.

Whereas, Tianjin is known as the Bright Diamond of Bohai Gulf and is the gateway to China’s capital of Beijing. Tianjin is one of China’s biggest industrial port cities and, in north China, is the biggest port city. Tianjin now ranks second in importance and size in terms of industry, business, finance, and transport. Its industrial production and trade volume is second only to Shanghai in the south; and

Whereas, the city’s traditional industries including iron and steel, machine-building, chemicals, power production, textiles, construction materials, paper-making, foodstuffs, shipbuilding, automobile manufacturing, petroleum exploitation and processing, tractor production, fertilizer and pesticide production, and watch, television, and camera manufacturing; and

Whereas, in 1996, TEDA began offering a technology incubator to help small and medium-sized enterprises with funding, tax breaks, personnel, etc. Within the TEDA high-tech park, the government of the State of Hawaii provided a US$ 5.3 billion of which foreign-funded enterprises accounted for US$ 3.49 billion while total foreign investment in TEDA amounted to US$ 11.6 billion; and

Whereas, for the eleven months ending November 2001, total exports from TEDA was US$ 3.53 billion, of which foreign-funded enterprises accounted for US$ 3.49 billion while total foreign investment in TEDA amounted to US$ 2.3 billion; and

Whereas, Hawaii has been, since its early days, the destination of many Chinese immigrants who have helped to develop the State and its economy; and

Whereas, compared to the rest of the country, Hawaii is advantageously situated in the Pacific to better establish and maintain cultural, educational, and economic relationships with countries in the Asia-Pacific region, especially the People’s Republic of China; and

Whereas, the new century we have embarked upon has been described by some as the “century of Asia” or the “China’s century”; and

Whereas, like Tianjin, Hawaii is also striving to diversify its economy by expanding into environmentally clean high-technology industries including medical services and research; and

Whereas, the State also emphasizes the importance of higher education in order to create a solid foundation and workforce to serve as the basis from which to launch initiatives in high-technology development; and

Whereas, both Hawaii and Tianjin share many common goals and values as both work towards achieving their economic and educational objectives in the new century, and the people of the State of Hawaii desire to form a mutually beneficial relationship between the State of Hawaii and the municipality of Tianjin to share our knowledge and experiences in order to better assist each other in reaching our goals; now, therefore, be it

Resolved, by the Senate of the Twenty-First Legislature of the State of Hawaii, Regular Session of 2002, That Governor Benjamin Cayetano, of the State of Hawaii, or his designee, be authorized and is requested to form a mutually beneficial relationship between the State of Hawaii and the municipality of Tianjin to share our knowledge and experiences in order to better assist each other in reaching our goals; now, therefore, be it

Resolved, by the Senate of the Twenty-First Legislature of the State of Hawaii, Regular Session of 2002, the House of Representatives concurring, That Governor Benjamin Cayetano, of the State of Hawaii, or his designee, be authorized and is requested to form a mutually beneficial relationship between the State of Hawaii and the municipality of Tianjin to share our knowledge and experiences in order to better assist each other in reaching our goals; now, therefore, be it

Resolved, That the Governor or his designee is requested to keep the Senate of the State of Hawaii fully informed of the process in establishing the relationship, and involved in its formalization to the extent practicable; and be it further

Resolved, That if by June 30, 2007, the sister-state affiliation with the municipality of Tianjin of the People’s Republic of China has not reached a sustainable basis by providing mutual economic benefits through local community support, the sister-state affiliation shall be withdrawn; and be it further

Resolved, That certified copies of this Resolution be transmitted to the President of the United States, the Governor of the State of Hawaii, the President of the United States Senate, the Speaker of the United States House of Representatives, Hawaii’s congressional delegation, the President of the People’s Republic of China and the Mayor of the municipality of Tianjin through the Los Angeles Consulate General of the People’s Republic of China; and
not reached a sustainable basis by providing mutual economic benefits through local community support, the sister-state affiliation shall be withdrawn; and be it further resolved, that certified copies of this Concurrent Resolution be transmitted to President of the United States, the Governor of the State of Hawaii, the President of the United States Senate, the Speaker of the United States House of Representatives, Hawai’i’s congressional delegation, and the President of the People’s Republic of China and the Republic of Micronesia, the Marshall Islands, and the Republic of Palau.

Whereas, in January 2001, the National Park Service established in 1961 to save a sacred lace of rainforest, the Kahuku Ranch parcel contains outstanding biological, cultural, scenic, and recreational value, and is the sole habitat for at least four threatened and endangered bird species endemic to Hawaii; and

Whereas, the Kahuku Ranch parcel was acquired in 1995 by the National Park Service in recognition that the property contains a potential addition to the geological, ecological, and scenic integrity of Hawaii Volcanoes National Park; and

Whereas, the 181-acre Pu’uhonua O Honaunau National Historical Park was established in 1963 to save a sacred lace of refuge that for centuries offered sanctuary to anyone who reached its walls; and

Whereas, Pu’uhonua O Honaunau are the remains of Kii’i, an ancient Hawaiian settlement dating back to the late 12th or early 13th centuries, and which remained active until about 1580, making it one of the last traditional Hawaiian villages to be abandoned; and

Whereas, significant portions of this ancient Hawaiian village remain outside of national park boundaries; and

Whereas, including these lands within the boundaries of Pu’uhonua O Honaunau National Historical Park has been a goal of park management for more than 30 years; and

Whereas, the park’s 1972 Master Plan identified Kii’i Village as a proposed boundary extension and in 1992, a Boundary Expansion Study completed for the park called for adding the ‘balance of Kii’i Village’; and

Whereas, within the Kii’i lands the National Park Service is seeking to acquire, more than 800 archaeological sites, structures, and features have been identified, including two caves and ten heiau, more than twenty platforms, twenty-six enclosures, over forty burial features, residential compounds, a holua slide, canoe landing sites, a water well, numerous walls, residential compounds, a heiau, more than twenty platforms, twenty-five structures, and a wide range of agricultural features; and

Whereas, in June 2001, Senator Inouye and Senator Akaka introduced a bill to authorize the addition of the Kii’i Village lands to Pu’uhonua O Honaunau National Historical Park; and whereas, this bill passed the United States Senate and it is anticipated that the authorization bill will pass the House of Representatives as well; and

Whereas, the U.S. State Department offers an opportunity rarely imagined because they would give the National Park Service an excellent chance to expand and protect native plants and archaeological sites from destruction; and

Whereas, these opportunities can benefit current and future generations of residents and tourists, because expansion of Volcanoes National Park and Pu’uhonua O Honaunau National Historical Park will preserve more open space, add to the natural environment, protect affected native species, and preserve cultural and historical sites; and

Whereas, in January 2001, the National Park Service held a series of public meetings to receive comments from the public regarding possible purchase of Kahanu Ranch and Kii’i Village, and the nearly 400 people in attendance expressed overwhelming support and endorsement; now, therefore, be it

Resolved, by the Senate of the Twenty-First Legislature of the State of Hawaii, Regular Session of 2002, the House of Representatives concurring, That the Legislature supports the acquisition by the United states National Park Service of Kahuku Ranch parcel from the Kahuku Ranch Company and expansion of the Hawaii Volcanoes National Park and of Kii’i Village for expansion of Pu’uhonua O Honaunau National Historical Park; and be it further

Resolved, That certified copies of this Concurrent Resolution be transmitted to the Director of the Appropriations Committee, the President of the United States Senate, the Speaker of the United States House of Representatives, and to the members of Hawaii’s congressional delegation.

POM-388. A Senate concurrent resolution adopted by the Legislative of the State of Hawaii relative to urging adequate financial impact assistance to provide services to residents of the freely associated states who reside in the State of Hawaii; to the Committee on Energy and Natural Resources.

SENATE CONCURRENT RESOLUTION No. 127

Whereas, the Compact of Free Association is an agreement established in 1986 between the United States and the Federated States of Micronesia, the Republic of the Marshall Islands, and in 1994 with the Republic of Palau; and

Whereas, under the Compact, the United States provides direct economic assistance, federal services, and military protection to these nations, in exchange for defense rights; and

Whereas, the U.S. State Department should consider the impact of Freely Associated States citizens on Hawaii during this year’s renegotiations; and

Whereas, citizens of these Freely Associated States (FAS) are also allowed to freely enter the United States without a visa or other immigration status; and

Whereas, drawn by the promise of better medical care and a better education for their children, over 6,000 Freely Associated States citizens have entered Hawaii and are currently residing in Hawaii; and

Whereas, the Compact’s enabling legislation authorizes federal compensation for immigration costs incurred by United States states, including Hawaii; and

Whereas, the 1996 federal welfare reform act cut-off compensation to FAS citizens and medical programs forcing citizens of these Freely Associated States to rely on state aid; and

Whereas, the cost of supporting FAS citizens, largely in healthcare and education, was $86 million between 1996 and 2000; and

Whereas, FAS students have higher costs than non-resident students due to poor language and other skills; and

Whereas, due to FAS students entering and leaving school a few times each year their integration into the school system difficult; and

Whereas, since the Compact went into effect in 1986 until 2001, the State spent over $30 million to educate FAS citizens and their children in our public schools, $10 million in 2000 alone; and

Whereas, FAS citizens continue to have a fast-growing impact on our public school system; and

Whereas, last year, the number of FAS students in our primary and secondary public schools increased by 28%, resulting in costs to the State of over $13 million for the academic year, bringing the total cost since 1988 to about $78 million; and

Whereas, during the academic school year 2001–2002, the University of Hawaii lost over $1.2 million in tuition revenue as a result of students leaving the University of Hawaii due to Micronesia, the Republic of the Marshall Islands, and the Republic of Palau paying resident rather than non-resident tuition; and

Whereas, inadequate and delayed federal compensation to Hawaii’s education system will be at a cost to our own children, and contributes to Hawaii being substantially below many other states in per pupil expenditures for its public school children in kindergarten through 12th grade; and

Whereas, state Medicaid payments for FAS citizens from 1998 to 2001 totaled $12.4 million; and

Whereas, the financial stability and viability of our private hospitals and medical providers is threatened by staggering debts and write-offs resulting from medical services to FAS citizens, in spite of state Medicaid reimbursements; and

Whereas, the Queen’s Medical Center alone has incurred operating losses of $10 million between 1995 and 1999, and is owed over $11 million by Compact of FAS nations; and

Whereas, community health centers estimate an annual cost of $420,000 for services to FAS residents; and

Whereas, the Department of Health has also been significantly impacted by the cost of public health services to FAS immigrants with $967,000 spent on screening vaccination and preparation ofCompact of FAS nations; and

Whereas, Guam has been asking for— and receiving— financial impact assistance for the last ten years; and

Whereas, the fact that Micronesians should qualify for federal benefits, while residing in Hawaii and the rest of the United States, can best be summed up by the resolution which was passed on September 9, 2001, in Washington, D.C., by a national group called Grassroots Organizing for Welfare Leadership supporting the insertion of language in all federal welfare, food, and housing legislation because Micronesians are eligible for all federal welfare, food, and housing legislations including Micronesians are eligible for all federal welfare, food, and housing legislations including
Whereas, the United States government is not owing up to its responsibility for what the United States did to the Micronesian people by refusing them food stamps and other benefits when they came to Hawai‘i and the rest of United States seeking help; and

Whereas, the excuse being used by the U.S. government to deny any aid to the Micronesians in the U.S. is the word “non-immigrant” used in the Compact of Free Association to describe Micronesians who move to Hawaii and the U.S.; and

Whereas, on Dec. 7, 1993, then President Bill J. Clinton signed a bill on Human Radiation Experiments which documented human radiation experiments; and

Whereas, based on some of these documents it is evident that all Micronesia was affected, not just the Marshall Islands; and

Whereas, it is the intention of this Resolution to encourage the responsible entities to implement the provisions of the Compact of Freely Associated States, which authorizes compact impact funds to be made available to states that welcome and provide services to the people of the Federated States of Micronesia, Republic of the Marshall Islands, and Palau, because most of the FAS citizens that come to Hawaii do so for medical problems related the United States’ military bases and other social services for Hawaii’s Federally Associated States citizens; and be it further

Resolved, That the Bush Administration and the U.S. Congress are requested to appropriate adequate financial impact assistance for health, education, and other social services for Hawaii’s Federally Associated States citizens; and be it further

Resolved, That the Bush Administration and the U.S. Congress are requested to insert language in all federal welfare, food, and housing legislation which says that Micronesians are eligible for federal food stamps, welfare, public housing, and other federal benefits as “qualified nonimmigrants” residing in the United States; and be it further

Resolved, That the Bush Administration and the U.S. Congress are requested to re-store FAS citizens’ eligibility for federal public assistance, the Housing Assistance, Medicaid, Medicare, and food stamps; and be it further

Resolved, That Hawaii’s congressional delegations are requested to assure financial reimbursement for the establishment of a trust, escrow, or set-aside account, to the State of Hawaii for educational, medical, and social services to Hawaii’s private medical providers who have provided services to Federally Associated States citizens; and be it further

Resolved, That certified copies of this Concurrent Resolution be transmitted to the President of the United States, United States Department, President of the United States House of Representatives, members of Hawaii’s congressional delegation, Governor, Attorney General, Superintendent of Education, Secretary of Education, Director of Human Services, Grassroots Organizing for Welfare Leadership, Micronesians United, United Church of Christ, Hawaii branch of the United Methodist Church of Honolulu, national negotiating teams of the Compact of Free Association, and Presidents and Hawaii Consolidated States of the United States of America, Republic of the Marshall Islands, and Palau of Pohnpei.

POM-269. A Senate resolution adopted by the Legislature of the State of Hawaii relating to supporting the acquisition by the United States National Park Service of Kahuku Ranch for expansion of the Hawaii Volcanoes National Park and of Kīlauea Village, the nearly 400 people in attendance at the meetings expressed overwhelming support and endorsement; now, therefore, be it

Resolved, by the Senate of the Twenty-First Legislature of the State of Hawaii, Regular Session of 2002, That this body supports the acquisition by the United States National Park Service of Kahuku Ranch for expansion of the Hawaii Volcanoes National Park and of Kīlauea Village for expansion of Pu‘uhonua O Hōnaunau National Historical Park; and be it

Resolved, That certified copies of this Resolution be transmitted to the President of the National Park Service, the President of the United States Senate, the speaker of the United States House of Representatives, and to the members of Hawaii’s congressional delegation.

Whereas, the United States government is the largest known, discovered natural gas resources, estimated to be 35 trillion cubic feet, in the United States and estimated, undiscovered gas resources in excess of 100 trillion cubic feet; and

Whereas demand for natural gas in the lower 48 states is expected to experience record growth, rising from approximately 22 trillion feet a year in 2000 to 30–35 trillion cubic feet a year in 2020, with some experts predicting demand to be as large as 50 trillion cubic feet a year in 2020; and

Whereas the lower 48 states have an inadequate resource base to meet this expected demand, and experts expect that more natural gas will have to be imported from Canada and from other countries in the form of liquefied natural gas (LNG); and

Whereas energy supply disruptions have significant negative effects on the United States economy, including the loss of tens of millions of United States jobs; and

Whereas energy supply disruptions have significant negative effects on the United States economy, including the loss of tens of millions of United States jobs; and

Whereas ANS is one of the few known locations in the United States that can supply significant amounts of LNG, it can be subjected to the market power of the exporting country through mechanisms such as embargoes and price making; and

Whereas the nearly 200,000 cubic feet of LNG ANS failed to provide any significant gas supply increase, and many experts are questioning whether other United States frontier areas like the deepwater Gulf of Mexico can deliver material new gas supplies and, therefore, more imports may be required than previously thought; and

Whereas it is important for the United States to have a reliable and affordable source of domestic natural gas for its citizens and businesses, and for national security, especially given the recent tragic events; and

Whereas energy supply disruptions have significant negative effect on the United States economy, including the loss of tens of millions of United States jobs; and

Whereas, if the United States imports significant amounts of LNG, it can be subjected to the market power of the exporting country through mechanisms such as embargoes and price making; and

Whereas there are few known locations in the United States that can supply significant natural gas supplies to the lower 48 for years to come; and

Whereas, given these supply and demand predicaments, several countries have studied different pipeline routes, including a “northern” route, running off the
shore of the Arctic National Wildlife Refuge in the Beaufort Sea to the Mackenzie Delta and south through Canada to the lower 48; a “southern” route along the Alaska Highway through the lower 48 by an “LNG” route adjacent to the Trans Alaska Pipeline System pipeline to Valdez and LNG tankers for delivery to California; and

Whereas, the President, on July 9, 1977, issued a decision (‘‘President’s Decision’’) establishing the Joint Committee on Natural Gas Pipeline (‘‘Joint Committee’’). The decision was adopted by or in conformance with the recommendation of the Joint Committee.

Whereas, the Twenty-Second Alaska State Legislature established the Joint Committee on Natural Gas Pipeline (‘‘Joint Committee’’). The decision may be appropriate to ensure that the best interests of the state are protected; and

Whereas its vital for the continued exploration and development of natural gas resources on the ANS that oil and gas companies that do not have an ownership interest in the pipeline (‘‘Explorers’’) have access to on fair and reasonable terms and have the ability to seek expansion of the pipeline when economically and technically feasible; and

Whereas the Joint Committee adopted recommendations supporting enactment of these provisions in federal law; and

Whereas it is vital for the economic development of Alaska that Alaskans and Alaska businesses have access to gas from the pipeline on a fair and reasonable basis, and that the Regulatory Commission of Alaska participate with the Federal Energy Regulatory Commission to develop methods to provide for such access; and

Whereas the Joint Committee has issued various recommendations requesting that Congress reaffirm the validity of ANGTA and modernize it; and

Whereas natural gas prices in the lower 48 states periodically fluctuate below those required to adequately cover investment, and governmental involvement, including tax incentives, is essential and quite common on major projects to enable private enterprises to undertake the risks; be it

Resolved, That the Joint Committee on Natural Gas Pipeline strongly urges the President of the United States, the United States Congress, and appropriate federal officials to actively support the expeditious construction and operation of a natural gas pipeline through Alaska along a southern route; and be it further

Resolved, That the Alaska State Legislature strongly urges passage during the first half of 2002 of the Alaska Gas Producers Pipeline Team legislation, so long as it contains a provision similar to that in H.R. 4 banning the over-the-top route and the following amendments:

(1) provisions for Alaskans and Alaska businesses that ensure they have access to the pipeline for in-state consumption and value-added manufacture on a fair and reasonable basis and that the Regulatory Commission of Alaska is part of the process in determining that access;

(2) provisions for access to the pipeline by Explorers on a fair and reasonable basis, including a proper open season with fair and reasonable tariffs, and that provide that they and the State have the ability to obtain expansion of the pipeline if economically and technologically feasible;

(3) provisions for the reaffirmation of the validity of the Alaska Natural Gas Transportation Act of 1976 and the modernization of that Act as necessary;

(4) provisions for federal financial incentives, including a complemented depreciation and an income tax credit that is designed to provide mitigation of long-term natural gas price risks and the risks associated with expansion of the pipeline; and

(5) specific provisions declaring that the content of amendments (1)–(4) is not intended to exclude supply of Alaska North Slope natural gas to markets in the form of LNG or GTL.

Resolution No. 155

Whereas, in the winter of 1777-1778 General George Washington and the Continental Army camped at Valley Forge to be close to the British Army occupying the City of Philadelphia; and

Whereas, during this encampment the volunteer citizen soldiers endured great hardships such as cold, hunger, disease, poor lodging, and they were badly equipped and supplied; and

Whereas, about 2,000 soldiers died from pneumonia, typhoid, dysentery and other diseases; and

Whereas, at Valley Forge the leadership of George Washington and Baron von Steuben introduced the ill-equipped volunteer soldiers to an effective fighting force which helped defeat a military power, the British, at Yorktown in 1783; and

Whereas, the first State park was founded at Valley Forge in 1893; and

Whereas, Governor Samuel Pennypacker of Pennsylvania conveyed Valley Forge to a pilgrimage and urged every American to visit the site; and

Whereas, Valley Forge has been visited by Presidents of the United States and numerous dignitaries from around the world; and

Whereas, in 1973, as part of the United States Bicentennial Celebration, the Commonwealth of Pennsylvania conveyed_to the United States Government, and

Whereas, Act 1975-53 authorizing the conveyance said the land was to be used for ‘‘historical purposes’’; and

Whereas, the development of land privately owned within Valley Forge National Historical Park boundaries would violate the spirit of the conveyance from the Commonwealth to the United States Government; and

Whereas, the Secretary of the Interior has the authority to acquire privately held property within the boundaries of the Park; therefore be it

Resolved, That it is the sense of the Senate of the Commonwealth of Pennsylvania that locating a large housing development within the boundaries of the Valley Forge National Historical Park is against the spirit of the original conveyance to the Federal Government approved by the Commonwealth; and be it further

Resolved, That the Senate of the Commonwealth of Pennsylvania strongly urge the Secretary of the Interior to exercise author- ity under Act 1975-53 to acquire the land to be developed; and be it further

Resolved, That the Senate of the Commonwealth of Pennsylvania urge the Congress of the United States to appropriate moneys sufficient for the purchase of this property; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States, to the presiding officers of each house of Congress and each member of Congress of the Commonwealth of Pennsylvania and to the Secretary of the Interior.

POM-271. A Senate joint resolution adopted by the Senate of the General Assembly of the Commonwealth of Pennsylvania regarding the Valley Forge National Historic Park; to the Committee on Energy and Natural Resources.

POM-271. A Senate joint resolution adopted by the Senate of the General Assembly of the Commonwealth of Pennsylvania regarding the Valley Forge National Historic Park; to the Committee on Energy and Resources.
We, your Memorialists, the Members of the One Hundred and Twentieth Legislature of the State of Maine now assembled in the Second Regular Session, most respectfully present and petition the President of the United States and the Congress of the United States, as follows:

Whereas, Acadia National Park is Maine’s most visited national destination, with approximately 3 million annual visits, and is one of the most heavily used parks in the National Park Service; and

Whereas, Acadia National Park is among the most beautiful places in Maine and its Atlantic shore represents 25% of the Maine coastline that is available for public use and enjoyment; and

Whereas, Acadia National Park generates $152,900,000 in economic benefits to the Mount Desert Island region and many additional millions of dollars in indirect benefits throughout Maine, making the park’s $5,000 acres of land and easements among the most economically productive national assets in the State; and

Whereas, Acadia National Park has conducted a rigorous financial analysis leading to a business plan that demonstrates an average operating annual budget that supplies only 47% of what is needed to operate the park in compliance with laws and regulations; and

Whereas, Acadia National Park’s annual operating budget shortfall is the 3rd largest calculated for the 40 national parks that have undertaken business plans; and

Whereas, Acadia National Park’s total annual operating budget need is approximately $14,000,000, and additional millions of dollars are needed for anticipated park operations at Schoodic Point; and

Whereas, Acadia National Park has 121 full-time equivalent employees but needs 230 full-time equivalent employees to execute the park’s mission in accordance with laws and regulations: Now, therefore, be it

Resolved, That We, your Memorialists, respectfully urge the President of the United States and the Congress of the United States to increase the annual budget of Acadia National Park to amounts that will meet the park’s full operational needs, including the needs of Schoodic Point; and be it further

Resolved, copies of this resolution, duly authenticated by the Secretary of State, be transmitted to the President of the United States, the President of the Senate and the Speaker of the House of Representatives of the United States and to each Member of the Maine Congressional Delegation.

REPORTS OF COMMITTEES RECEIVED DURING RECESS

Under the authority of the order of the Senate of June 26, 2002, the following reports of committees were submitted on July 3, 2002:

By Mrs. FEINSTEIN, from the Committee on Appropriations, with Amendments:

S. 2709: An original bill making appropriations for the Department of Defense for the fiscal year ending September 30, 2003, and for other purposes.

By Mr. BINGAMAN, from the Committee on Energy and Natural Resources, with amendments:

S. 1946: A bill to amend the National Trails System Act to designate the Old Spanish Trail as a National Historic Trail.

By Mr. BINGAMAN, from the Committee on Energy and Natural Resources, with an amendment:

H. R. 640: A bill to adjust the boundaries of Santa Monica Mountains National Recreation Area, and for other purposes.

By Mr. SARBANES, from the Committee on Banking, Housing, and Urban Affairs:

Report to accompany S. 2673, An original bill to improve quality and transparency in financial reporting and independent audits and accounting services for public companies, to improve Securities and Exchange Commission oversight, to enhance the standard setting process for accounting practices, to strengthen the independence of firms that provide accounting and corporate responsibility and the usefulness of corporate financial disclosure, to protect the objectivity and independence of securities analysts, to improve Securities and Exchange Commission resources and oversight, and for other purposes.

By Mr. BIDEN, from the Committee on Foreign Relations, with an amendment:

S. 2325: A bill to amend the Foreign Assistance Act of 1961 to increase assistance for foreign countries seriously affected by HIV/AIDS, tuberculosis, and malaria, and for other purposes.

By Mr. KENNEDY, from the Committee on Health, Education, Labor, and Pensions, with an amendment in the nature of a substitute:

S. 2649: A bill to provide assistance to combat the HIV/AIDS pandemic in developing foreign countries.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second times by unanimous consent, and referred as indicated:

By Mrs. FEINSTEIN:

S. 2709. An original bill making appropriations for the Department of Defense for the fiscal year ending September 30, 2003, and for other purposes.

By Mr. DASCHLE (for himself and Mr. LOTT):


ADDITIONAL COSPONSORS

At the request of Ms. COLLINS, the names of the Senator from Maine (Ms. SNOWE) and the Senator from Hawaii (Mr. INOUYE) were added as cosponsors of S. 917, a bill to amend the Internal Revenue Code of 1986 to exclude from gross income amounts received on account of claims based on certain unlawful discrimination and to allow income averaging for backpay and frontpay awards received on account of such claims, and for other purposes.

At the request of Mr. INHOFE, his name was withdrawn as a cosponsor of S. 952, a bill to provide collective bargaining rights for public safety officers
employed by States or their political subdivisions.

s. 999

At the request of Mr. BINGMAN, the name of the Senator from Maryland (Ms. MIKULSKI) was added as a cosponsor of S. 999, a bill to amend title 10, United States Code, to provide for a Korea Defense Service Medal to be issued to members of the Armed Forces who participated in operations in Korea after the end of the Korean War.

s. 1115

At the request of Mr. KENNEDY, the name of the Senator from Louisiana (Ms. LANDREU) was added as a cosponsor of S. 1115, a bill to amend the Public Health Service Act with respect to making progress toward the goal of eliminating tuberculosis, and for other purposes.

s. 1292

At the request of Mr. JEFFORDS, the name of the Senator from New York (Mrs. CLINTON) was added as a cosponsor of S. 1292, a bill to amend the Internal Revenue Code of 1986 to provide a tax incentive for land sales for conservation purposes.

s. 1296

At the request of Mr. LEVIN, the name of the Senator from Wisconsin (Mr. FEINGOLD) and the Senator from Pennsylvania (Mr. SPECTER) were added as cosponsors of S. 1339, a bill to amend the Bring Them Home Alive Act of 2000 to provide an asylum program with regard to American Persian Gulf War POW/MIA’s, and for other purposes.

s. 1986

At the request of Mr. ROBERTS, the name of the Senator from New Mexico (Mr. DOMENICI) was added as a cosponsor of S. 1986, a bill to amend the Interstate Transportation Efficiency Act of 1991 to identify a route that passes through the States of Texas, New Mexico, Oklahoma, and Kansas as a high priority corridor on the National Highway System.

s. 2009

At the request of Mr. DURBIN, the name of the Senator from Delaware (Mr. BIDEN) was added as a cosponsor of S. 2009, a bill to amend the Public Health Service Act to provide services for the prevention of family violence.

s. 2010

At the request of Mr. LEAHY, the names of the Senator from Massachusetts (Mr. KERRY), the Senator from Georgia (Mr. CLELAND), and the Senator from Arizona (Mr. MCCAIN) were added as cosponsors of S. 2010, a bill to provide for criminal prosecution of persons who alter or destroy evidence in certain Federal investigations or defraud investors of publicly traded securities, to disallow debts incurred in violation of securities fraud laws from being discharged in bankruptcy, to protect whistleblowers against retaliation by their employers, and for other purposes.

s. 2027

At the request of Mr. DURBIN, the name of the Senator from Maine (Ms. COLLINS) was added as a cosponsor of S. 2027, a bill to implement effective measures to counteract conflict diamonds, and for other purposes.

s. 2033

At the request of Mr. JEFFORDS, the name of the Senator from Minnesota (Mr. WELLSTONE) was added as a cosponsor of S. 2033, a bill to provide for the establishment of health plan purchasing alliances.

s. 2055

At the request of Ms. CANTWELL, the name of the Senator from Virginia (Mr. ALLEN) was added as a cosponsor of S. 2055, a bill to make grants to train sexual assault nurse examiners, law enforcement personnel, and forensic correspondents in the handling of sexual assault cases, to establish minimum standards for forensic evidence collection kits, to carry out DNA analyses of samples from crime scenes, and for other purposes.

s. 2215

At the request of Mrs. BOXER, the name of the Senator from Iowa (Mr. HARKIN) was added as a cosponsor of S. 2215, a bill to halt Syrian support for terrorism, end its occupation of Lebanon, stop its development of weapons of mass destruction, cease its illegal importation of Iraqi oil, and by so doing hold Syria accountable for its role in the Middle East, and for other purposes.

s. 2239

At the request of Mr. SARBANES, the name of the Senator from Alaska (Mr. STEVENS) was added as a cosponsor of S. 2239, a bill to amend the National Housing Act to simplify the downpayment requirements for FHA mortgage insurance for single family homebuyers.

s. 2244

At the request of Mr. DORGAN, the name of the Senator from Wisconsin (Mr. FEINGOLD) was added as a cosponsor of S. 2244, a bill to permit commercial importation of prescription drugs from Canada, and for other purposes.

s. 2246

At the request of Mr. DODD, the names of the Senator from Massachusetts (Mr. KENNEDY), the Senator from Georgia (Mr. CLELAND), and the Senator from North Carolina (Mr. EDWARDS) were added as cosponsors of S. 2246, a bill to improve access to printed instructional materials used by blind or other persons with print disabilities in elementary and secondary schools, and for other purposes.

s. 2264

At the request of Mr. BIDEN, the name of the Senator from Indiana (Mr. LUGAR) was added as a cosponsor of S.
Res. 284, a resolution expressing support for “National Night Out” and requesting that the President make neighborhood crime prevention, community policing, and reduction of school crime important priorities of the Administration.

At the request of Ms. Snowe, the names of the Senator from Massachusetts (Mr. Kerry) and the Senator from Missouri (Mrs. Carnahan) were added as cosponsors of S. Con. Res. 122, a concurrent resolution expressing the sense of Congress that security, reconstitution, and prosperity for all Cypriots can be best achieved within the context of membership in the European Union which will provide significant rights and obligations for all Cypriots, and for other purposes.

SUBMITTED RESOLUTIONS

SENATE RESOLUTION 299—TO AUTHORIZED TESTIMONY, DOCUMENT PRODUCTION AND LEGAL REPRESENTATION IN CITY OF COLUMBUS V. JACQUELINE DOWNING, ET AL. AND CITY OF COLUMBUS V. VINCENT RAMOS

Mr. DASHLE (for himself and Mr. Lott) submitted the following resolution; which was considered and agreed to:

Whereas, in the cases of City of Columbus v. Jacqueline Downing, et al., Nos. 2002 CR B 01082-25, 01083-37 and City of Columbus v. Vincent Ramos, No. 2002 CR B 01083-37 pending in the Franklin County Municipal Court in the State of Ohio, testimony has been requested from Michael Dawson, an employee in the office of Senator Mike DeWine;

Whereas, pursuant to sections 703(a) and 704(a)(2) of the Ethics in Government Act of 1978, 2 U.S.C. §§288(a)(2) and 280c(a)(2), the Senate may direct its counsel to represent employees with respect for testimony relating to their official responsibilities;

Whereas, by the privileges of the Senate of the United States and Rule XI of the Standing Rules of the Senate, no evidence under the control or in the possession of the Senate may, by the judicial or administrative process, be taken from such control or possession but by permission of the Senate;

Whereas, when it appears that evidence under the control or in the possession of the Senate is needed for the administration of justice, the Senate will take such action as will promote the ends of justice consistent with the privilege of the Senate; Now, therefore, be it Resolved, That Michael Dawson and any other employee of the Senate DeWine’s office from whom testimony may be required are authorized to testify and produce documents in the case of City of Columbus v. Jacqueline Downing, et al., and City of Columbus v. Vincent Ramos, except concerning matters for which a privilege should be asserted.

SEC. 2. The Senate Legal Counsel is authorized to represent Michael Dawson and any other employee of Senator DeWine’s office in connection with the production of documents authorized in section one of this resolution.

AMENDMENTS SUBMITTED AND PROPOSED

SA 4173. Mr. SARBANES proposed an amendment to the bill S. 2673, to improve quality and transparency in financial reporting and independent audits and accounting services for public companies, to create a Public Company Accounting Oversight Board, to enhance the standard setting process for accounting practices, to strengthen the independence of firms that audit public companies, to increase corporate responsibility and the usefulness of corporate financial disclosure, to protect the objectivity and independence of securities analysts, to improve Securities and Exchange Commission resources and oversight, and for other purposes.

TEXT OF AMENDMENTS

SA 4173. Mr. SARBANES proposed an amendment to the bill S. 2673, to improve quality and transparency in financial reporting and independent audits and accounting services for public companies, to create a Public Company Accounting Oversight Board, to enhance the standard setting process for accounting practices, to strengthen the independence of firms that audit public companies, to increase corporate responsibility and the usefulness of corporate financial disclosure, to protect the objectivity and independence of securities analysts, to improve Securities and Exchange Commission resources and oversight, and for other purposes; as follows:

On page 65, line 11, strike “All” and insert “Subject to the availability in advance in an appropriations Act, and notwithstanding subsection (h), all”.

On page 76, between lines 16 and 17, insert the following:

(d) CONFORMING AMENDMENT.—Section 10A(f) of the Securities Exchange Act of 1934 (15 U.S.C. 78j(f)) is amended—

(1) by striking “DEFINITION” and inserting “DEFINITIONS”; and

(2) by adding at the end the following: “As used in this section, the term ‘issuer’ means—

an issuer (as defined in section 3), the securities of which are registered under section 12, or that is required to file reports pursuant to section 15(d), or that will require to file such reports at the end of a fiscal year of the issuer in which a registration statement filed by such issuer has become effective pursuant to the Securities Act of 1933 (15 U.S.C. 77a et seq.), unless its securities are registered under section 12 of this title on or before the end of such fiscal year.”.

NOTICES OF HEARINGS/MEETINGS

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. BINGAMAN. Mr. President, I would like to announce for the information of the Senate and the public that a hearing has been scheduled before the Committee on Energy and Natural Resources.

The hearing will take place on Tuesday, July 16, at 9:30 a.m. in room 306 of the Dirksen Senate Office Building in Washington, D.C.

The purpose of the hearing is to receive testimony on the Administration’s plans to request additional funds for wildland firefighting and forest restoration as well as ongoing implementation of the National Fire Plan.

Because of the limited time available for the hearing, witnesses may testify by invitation only. However, those wishing to submit written testimony for the hearing record should send two copies of their testimony to the Committee on Energy and Natural Resources, United States Senate, 312 Dirksen Senate Office Building, Washington, DC 20510.

For further information, please contact Kira Finkler of the committee staff at 202/224-8164.

PRIVILEGES OF THE FLOOR

Mr. GRAMM. Mr. President, I ask unanimous consent that Maureen Kelly, from Senator Domenici’s staff, have access to the floor during this pending bill.

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

Mr. SARBANES. Mr. President, I ask unanimous consent that Steven Dettelbach, a detaillee to the Committee on the Judiciary, and Jack Taylor, a fellow with Senator Tim Johnson’s office, be granted the privilege of the floor during the Senate’s consideration of the pending matter, S. 2673.

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

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2003

On June 27, 2002, the Senate amended and passed S. 2514, as follows:

S. 2514

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

SECTION 1. SHORT TITLE.

This Act may be cited as the “National Defense Authorization Act for Fiscal Year 2003.”

SEC. 2. ORGANIZATION OF ACT INTO DIVISIONS; TABLE OF CONTENTS.

(a) DIVISIONS.—This Act is organized into three divisions as follows:

(1) Division A—Department of Defense Authorizations.

(2) Division B—Military Construction Authorizations.

(3) Division C—Department of Energy National Security Authorizations and Other Authorizations.

(b) Table of Contents.—The table of contents for this Act is as follows:

Sec. 1. Short title.
Sec. 2. Organization of Act into divisions; table of contents.
Sec. 3. Congressional defense committees defined.

DIVISION A—DEPARTMENT OF DEFENSE AUTHORIZATIONS

Subtitle A—Authorization of Appropriations

Sec. 101. Army.
Sec. 102. Navy and Marine Corps.
Sec. 103. Air Force.
Sec. 104. Defense-wide activities.
Sec. 106. Chemical agents and munitions destruction, defense.
Sec. 107. Defense health programs.

Sec. 107. Defense health programs.
Sec. 506. Reinstatement of authority to reduce service requirement for retirement in grades above O-4.

Title B—Reserve Component Personnel Policy

Sec. 511. Time for commencement of initial period of active duty for training upon enlistment in reserve component.

Sec. 512. Authority for limited extension of medical deferment of mandatory retirement or separation of reserve component officer.

Sec. 513. Repeal of prohibition on use of Air Force Reserve AGM personnel for Air Force base security functions.

Title C—Education and Training

Sec. 521. Increase in authorized strengths for the service academies.

Title D—Decorations, Awards, and Commendations

Sec. 531. Waiver of time limitations for award of certain decorations to certain persons.

Subtitle E—National Call to Service

Sec. 541. Enlistment incentives for pursuit of skills to facilitate national service.

Sec. 542. Military recruiter access to institutions of higher education.

Title F—Other Matters

Sec. 551. Biannual surveys on racial, ethnic, and gender issues.

Sec. 552. Leave required to be taken pending review of a recommendation for removal by a board of inquiry.

Sec. 553. Stipend for participation in funeral honors details.

Sec. 554. Wear of abayas by female members of the Armed Forces in Saudi Arabia.

Title VI—Compensation and Other Personnel Benefits

Subtitle A—Pay and Allowances

Sec. 601. Increase in basic pay for fiscal year 2003.

Sec. 602. Rate of basic allowance for subsistence for enlisted personnel occupying single government quarters without adequate availability of meals.

Sec. 603. Basic allowance for housing in cases of low-cost or no-cost moves.

Sec. 604. Temporary authority for higher rates of partial basic allowance for housing for certain members assigned to housing under alternative authority for acquisition and improvement of military housing.

Subtitle B—Bonuses and Special and Incentive Pays

Sec. 611. One-year extension of certain bonus and special pay authorities for reserve forces.

Sec. 612. One-year extension of certain bonus and special pay authorities for certain health care professionals.

Sec. 613. One-year extension of special pay and bonus authorities for nuclear officers.

Sec. 614. One-year extension of other bonus and special pay authorities.

Sec. 615. Increased maximum amount payable as multiyear retention bonus for medical officers of the Armed Forces.

Sec. 616. Increased maximum amount payable as incentive special pay for medical officers of the Armed Forces.

Sec. 617. Assignment incentive pay.

Sec. 618. Increased maximum amounts for prior service enlistment bonus.

Title C—Travel and Transportation Allowances

Sec. 631. Deferral of travel in connection with leave between consecutive overseas tours.

Sec. 632. Transportation of motor vehicles for members reported missing.

Sec. 633. Destinations authorized for Government paid transportation of enlisted personnel for rest and recuperation upon extending duty at designated overseas locations.

Sec. 634. Vehicle storage in lieu of transportation to certain areas of the United States outside continental United States.

Title D—Retirement and Survivor Benefit Matters

Sec. 641. Payment of retired pay and compensation to disabled military retirees.

Sec. 642. Increased retired pay for enlisted Reserves credited with extraordinary heroism.

Sec. 643. Expanded scope of authority to waive time limitations on claims for military personnel benefits.

Title E—Other Matters

Sec. 651. Additional authority to provide assistance for families of members of the Armed Forces.

Sec. 652. Time limitation for use of Montgomery GI Bill entitlement by members of the Selected Reserve.

Sec. 653. Status of obligation to refund educational assistance upon failure to participate satisfactorily in Selected Reserve.

Sec. 654. Prohibition on acceptance of honoraria by personnel at certain Department of Defense schools.

Sec. 655. Rate of educational assistance under Montgomery GI Bill of dependents transferred entitlement by members of the Armed Forces with critical skills.

Sec. 656. Payment of interest on student loans.

Sec. 657. Modification of amount of back pay for members of the Navy and Marine Corps selected for promotion while interned as prisoners of war during World War II to take into account changes in Consumer Price Index.

Title VII—Health Care

Sec. 701. Eligibility of surviving dependents for TRICARE dental program benefits after discontinuance of former enrollment.

Sec. 702. Advance authorization for inpatient mental health services.

Sec. 703. Continued TRICARE eligibility of dependents residing at remote locations after departure of sponsors for unaccompanied assignments.

Sec. 704. Approval of Medicare providers as TRICARE providers.

Sec. 705. Claims information.

Sec. 706. Department of Defense Medicare Eligible Retiree Health Care Fund.

Sec. 707. Technical corrections relating to transitioned health care for members separated from active duty.

Sec. 708. Extension of temporary authority for entering into personal services contracts for the performance of health care responsibilities for the Armed Forces at locations other than military medical treatment facilities.

Sec. 709. Restoration of previous policy regarding restrictions on use of Department of Defense medical facilities.

Sec. 710. Health care under TRICARE for TRICARE beneficiaries receiving medical care as veterans from the Department of Veterans Affairs.

Title VIII—Acquisition Policy, Acquisition Management, and Related Matters

Subtitle A—Major Defense Acquisition Programs

Sec. 801. Buy-to-budget acquisition of end items.

Sec. 802. Report to Congress on incremental acquisition of major systems.

Sec. 803. Pilot program for spiral development of major systems.

Sec. 804. Improvement of software acquisition processes.

Sec. 805. Independent technology readiness assessments.

Sec. 806. Timing of certification in connection with waiver of survivability and lethality testing requirements.

Subtitle B—Procurement Policy Improvements

Sec. 811. Performance goals for contracting for services.

Sec. 812. Grants of exceptions to cost or pricing data certification requirements and waivers of cost accounting standards.

Sec. 813. Extension of requirement for annual report on defense commercial pricing management improvement.

Sec. 814. Internal controls on the use of purchase cards.

Sec. 815. Assessment regarding fees paid for acquisitions under other agencies’ contracts.

Sec. 816. Pilot program for transition to low-on contracts for certain prototype projects.

Sec. 817. Waiver authority for domestic source or content requirements.

Subtitle C—Other Matters

Sec. 821. Extension of the applicability of certain personnel demonstration project exceptions to an acquisition workforce demonstration project.

Sec. 822. Moratorium on reduction of the defense acquisition and support workforce.

Sec. 823. Extension of contract goal for small disadvantaged businesses and certain institutions of higher education.

Sec. 824. Mentor-Protege Program eligibility for HUBZone small business concerns and small business concerns owned and controlled by service-disabled veterans.

Sec. 825. Repeal of requirements for certain reviews by the Comptroller General.

Sec. 826. Multiyear procurement authority for purchase of dinitrogen tetroxide, hydrazine, and hydrazine-related products.

Sec. 827. Multiyear procurement authority for environmental services for military installations.
Sec. 828. Increased maximum amount of assistance for tribal organizations or economic enterprises carrying out procurement technical assistance programs in two or more service areas.

Sec. 829. Authority for nonprofit organizations to self-certify eligibility for treatment as qualified organizations employing severely disabled under Mentor-Protege Program.

Sec. 830. Report on effects of Army Contracting Agency.

TITLE IX—DEPARTMENT OF DEFENSE ORGANIZATION AND MANAGEMENT

Sec. 901. Time for submittal of report on Quadrennial Defense Review.

Sec. 902. Increased number of Deputy Commandants authorized for the Marine Corps.

Sec. 903. Base operating support for Fisher Houses.

Sec. 904. Prevention and mitigation of corrosion.

Sec. 905. Western Hemisphere Institute for Security Cooperation.

Sec. 906. Veterinary Corps of the Army.

Sec. 907. Under Secretary of Defense for Intelligence.

TITLE X—GENERAL PROVISIONS

Subtitle A—Financial Matters

Sec. 1001. Transfer authority.

Sec. 1002. Reallocation of authorizations of appropriations for ballistic missile defense to shipbuilding.

Sec. 1003. Authorization of appropriations for continued operations for the war on terrorism.

Sec. 1004. Authorization of emergency supplemental appropriations for fiscal year 2002.

Sec. 1005. United States contribution to NATO common-funded budgets in fiscal year 2003.

Sec. 1006. Development and implementation of financial management enterprise architecture.

Sec. 1007. Departmental accountable officials in the Department of Defense.

Sec. 1008. Department-wide procedures for establishing and liquidating personal pecuniary liability.

Sec. 1009. Travel card program integrity.

Sec. 1010. Clearing of certain transactions recorded in Treasury suspense accounts and resolution of certain check issuance discrepancies.

Sec. 1011. Additional amount for ballistic missile defense or combating terrorism in accordance with national security priorities of the President.

Sec. 1012. Availability of amounts for Oregon Army National Guard Search and Rescue and Medical Evacuation missions in adverse weather conditions.

Subtitle B—Naval Vessels and Shipyards

Sec. 1021. Number of Navy surface combatants in active and reserve service.

Sec. 1022. Plan for fielding the 155-millimeter gun on a surface combatant.

Sec. 1023. Report on initiatives to increase operational days of Navy ships.

Sec. 1024. Annual integral range plan for the construction of ships for the Navy.

Subtitle C—Reporting Requirements

Sec. 1031. Repeal and modification of various reporting requirements applicable with respect to the Department of Defense.

Sec. 1032. Annual report on weapons to defeat hardened and deeply buried targets.

Sec. 1033. Revision of date of annual report on counterintelligence activities and programs.

Sec. 1034. Quadrennial quality of life review.

Sec. 1035. Reports to resolve whereabouts of status of Captain Michael Scott Speicher, United States Navy.

Sec. 1036. Report on measures to ensure adequacy of fire fighting staffs at military installations.

Sec. 1037. Report on designation of certain Louisiana highway as defense access road.

Sec. 1038. Plan for five-year program for enhancement of measurement and signatures intelligence capabilities.

Sec. 1039. Report on volunteer services of members of the reserve components in emergency response to the terrorist attacks of September 11, 2001.

Sec. 1040. Biannual reports on contributions to proliferation of weapons of mass destruction and delivery systems by countries of proliferation concern.

Subtitle D—Homeland and Defense

Sec. 1041. Homeland security activities of the National Guard.

Sec. 1042. Conditions for use of full-time Reserve to perform duties relating to defense against weapons of mass destruction.

Sec. 1043. Weapon of mass destruction defined for purposes of the authority for use of Reserves to perform duties relating to defense against weapons of mass destruction.

Sec. 1044. Report on Department of Defense homeland defense activities.

Sec. 1045. Strategy for improving preparedness of military installations for incidents involving weapons of mass destruction.

Subtitle E—Other Matters

Sec. 1061. Continued applicability of expiring Governmentwide information security requirements to the Department of Defense.

Sec. 1062. Acceptance of voluntary services of proctors in administration of Armed Services Vocational Aptitude Battery.

Sec. 1063. Extension of authority for Secretary of Defense to sell aircraft and aircraft parts for use in responding to oil spills.

Sec. 1064. Amendments to Impact Aid program.

Sec. 1065. Disclosure of information on Shipboard Hazard and Defense project to Department of Veterans Affairs.

Sec. 1066. Transfer of historic DF-9E Panther aircraft to Women Airforce Service Pilots Museum.

Sec. 1067. Rewards for assistance in combating terrorism.

Sec. 1068. Provision of space and services to military welfare societies.

Sec. 1069. Commendation of military chaplain.

Sec. 1070. Grant of Federal charter to Korean War Veterans Association, Incorporated.

TITLE XI—DEPARTMENT OF DEFENSE CIVILIAN PERSONNEL POLICY

Sec. 1101. Extension of authority to pay separation pay in a lump sum.

Sec. 1102. Extension of voluntary separation pay authority.

Sec. 1103. Extension of cost-sharing authority for continued FEHBP coverage of certain persons after separation from employment.

Sec. 1104. Eligibility of nonappropriated funds employees to participate in the Federal employees long-term care insurance program.

Sec. 1105. Increased number of appointments under the experimental personnel program for scientific and technical personnel.

Sec. 1106. Qualification requirements for employment in Department of Defense professional accounting positions.

Sec. 1107. Housing benefits for unaccompanied personnel required to live at Guantanamo Bay Naval Station, Cuba.

TITLE XII—MATTERS RELATING TO OTHER NATIONS

Subtitle A—Cooperative Threat Reduction With States of the Former Soviet Union

Sec. 1201. Specification of Cooperative Threat Reduction programs and funds.

Sec. 1202. Funding allocations.

Sec. 1203. Authorization of use of Cooperative Threat Reduction funds for projects and activities outside the former Soviet Union.

Sec. 1204. Waiver of limitations on assistance under programs to facilitate cooperative threat reduction and nonproliferation.

Sec. 1205. Russian tactical nuclear weapons.

Subtitle B—Other Matters

Sec. 1211. Administrative support and services for coalition liaison officers.

Sec. 1212. Use of Warsaw Initiative funds for travel of officials from partner countries.

Sec. 1213. Support of United Nations-sponsored efforts to inspect and monitor Iraqi weapons activities.

Sec. 1214. Arctic and Western Pacific Environmental Cooperation Program.

Sec. 1215. Department of Defense HIV/AIDS prevention assistance program.

Sec. 1216. Monitoring implementation of the 1979 United States-China Agreement on Cooperation in Science and Technology.

DIVISION B—MILITARY CONSTRUCTION AUTHORIZATIONS


TITLE XXI—ARMY

Sec. 2101. Authorized Army construction and land acquisition projects.

Sec. 2102. Family housing.

Sec. 2103. Improvements to military family housing units.

Sec. 2104. Authorization of appropriations, Army.

Sec. 2105. Modification of authority to carry out certain fiscal year 2002 projects.

Sec. 2106. Modification of authority to carry out certain fiscal year 2000 project.

Sec. 2107. Modification of authority to carry out certain fiscal year 1999 project.

Sec. 2108. Modification of authority to carry out certain fiscal year 1997 project.

Sec. 2109. Modification of authority to carry out certain fiscal year 2001 project.

Sec. 2110. Planning and design for anechoic chamber at White Sands Missile Range, New Mexico.
TITLE XXI—NAVY
Sec. 2201. Authorized Navy construction and land acquisition projects.
Sec. 2202. Family housing.
Sec. 2203. Improvements to military family housing units.
Sec. 2204. Authorization of appropriations.
Sec. 2205. Authority for use of military construction funds for construction of public road near Aviano Air Base, Italy.
Sec. 2206. Additional project authorization for air traffic control facility at Dover Air Force Base, Delaware.
Sec. 2207. Availability of funds for consolidation of materials computational research facility at Wright-Patterson Air Force Base, Ohio.

TITLE XXII—AIR FORCE
Sec. 2301. Authorized Air Force construction and land acquisition projects.
Sec. 2302. Family housing.
Sec. 2303. Improvements to military family housing units.
Sec. 2304. Authorization of appropriations.
Sec. 2305. Authority for use of military construction funds for construction of public road near Aviano Air Base, Italy, closed for force protection purposes.
Sec. 2306. Additional project authorization for air traffic control facility at Dover Air Force Base, Delaware.
Sec. 2307. Availability of funds for consolidation of materials computational research facility at Wright-Patterson Air Force Base, Ohio.

TITLE XXIII—DEFENSE AGENCIES
Sec. 2401. Authorized Defense Agencies construction and land acquisition projects.
Sec. 2402. Improvements to military family housing units.
Sec. 2403. Energy conservation projects.
Sec. 2404. Authorization of appropriations.

TITLE XXIV—NORTH ATLANTIC TREATY ORGANIZATION SECURITY INVESTMENT PROGRAM
Sec. 2501. Authorized NATO construction and land acquisition projects.
Sec. 2502. Authorization of appropriations, NATO.

TITLE XXV—GUARD AND RESERVE FORCES FACILITIES
Sec. 2601. Authorized guard and reserve construction and land acquisition projects.
Sec. 2602. Army National Guard Reserve Center, Lane County, Oregon.
Sec. 2603. Additional project authorization for Composite Support Facility for Illinois Air National Guard.

TITLE XXVI—EXPIRATION AND EXTENSION OF AUTHORIZATIONS
Sec. 2701. Expiration of authorizations and amounts required to be specified by law.
Sec. 2702. Extension of authorizations of certain fiscal year 2000 projects.
Sec. 2703. Extension of authorizations of certain fiscal year 1999 projects.
Sec. 2704. Effective date.

TITLE XXVII—GENERAL PROVISIONS
Subtitle A—Military Construction Program and Military Family Housing Changes
Sec. 2801. Lease of military family housing in Korea.
Sec. 2802. Repeal of source requirements for family housing construction overseas.
Sec. 2803. Modification of lease authorities under alternative authority for acquisition and improvement of military housing.

Subtitle B—Real Property and Facilities Acquisition
Sec. 2811. Agreements with private entities to enhance military training, testing, and operations.
Sec. 2812. Conveyance of surplus real property for natural resource conservation.
Sec. 2813. Modification of demonstration program on reduction in long term facility maintenance costs.

Subtitle C—Land Conveyances
Sec. 2821. Conveyance of certain lands in Alaska no longer required for National Guard purposes.
Sec. 2822. Land conveyance, Fort Campbell, Kentucky.
Sec. 2824. Land conveyance, Westover Air Reserve Base, Massachusetts.
Sec. 2825. Land conveyance, Naval Station Newport, Rhode Island.
Sec. 2826. Land exchange, Lackley Air Force Base, Colorado.
Sec. 2827. Land acquisition, Boundary Channel Drive Site, Arlington, Virginia.
Sec. 2828. Land conveyances, Wendover Air Force Base Auxiliary Field, Nevada.
Sec. 2829. Land conveyance, Fort Hood, Texas.
Sec. 2830. Land conveyances, Engineer Provost Ground, Fort Belvoir, Virginia.
Sec. 2832. Land conveyance, Sunflower Army Ammunition Plant, Kansas.
Sec. 2833. Land conveyance, Bluegrass Army Depot, Richmond, Kentucky.

Subtitle D—Other Matters
Sec. 2841. Transfer of property for acquisition of replacement property for National Wildlife Refuge system lands in Nevada.

DIVISION C—DEPARTMENT OF ENERGY NATIONAL SECURITY AUTHORIZATIONS AND OTHER AUTHORIZATIONS
TITLE XXXI—DEPARTMENT OF ENERGY NATIONAL SECURITY PROGRAMS
Subtitle A—National Security Programs Authorization
Sec. 3101. National Nuclear Security Administration.
Sec. 3102. Defense environmental management.
Sec. 3103. Defense contract activities.
Sec. 3104. Defense environmental management privatization.
Sec. 3105. Defense nuclear waste disposal.

Subtitle B—Recurring General Provisions
Sec. 3121. Reprogramming.
Sec. 3122. Limits on minor construction projects.
Sec. 3123. Limits on construction projects.
Sec. 3124. Buy American authority.
Sec. 3125. Authority for conceptual and construction design.
Sec. 3126. Authority for emergency planning, design, and construction activities.
Sec. 3127. Funds available for all national security programs of the Department of Energy.
Sec. 3128. Availability of funds.
Sec. 3129. Transfer of defense environmental management funds.
Sec. 3130. Transfer of weapons activities funds.

Subtitle C—Program Authorizations, Restrictions, and Limitations
Sec. 3131. Availability of funds for environmental management cleanup reform.
Sec. 3132. Robust Nuclear Earth Penetrator.
Sec. 3133. Database to track notification and resolution phases of Significant Finding Investigations.
Sec. 3134. Requirements for specific request for new or modified nuclear weapons.
Sec. 3135. Requirement for authorization by law for funds obligated or expended for Department of Energy national security activities.
Sec. 3136. Limitation on availability of funds for program to eliminate weapons grade plutonium production in Russia.

Subtitle D—Proliferation Matters
Sec. 3151. Administration of program to eliminate weapons grade plutonium production in Russia.
Sec. 3152. Repeal of requirement for reports on obligation of funds for programs on fissile materials in Russia.
Sec. 3153. Expansion of annual reports on status of nuclear materials protection, control, and accounting programs.
Sec. 3154. Testing of preparedness for emergencies involving nuclear, radiological, chemical, or biological weapons.
Sec. 3155. Program on research and technology for protection from nuclear or radiological terrorism.
Sec. 3156. Expansion of international materials protection, control, and accounting program.
Sec. 3157. Accelerated disposition of highly enriched uranium and plutonium.
Sec. 3158. Disposition of plutonium in Russia.
Sec. 3159. Strengthened international security for nuclear materials and safety and security of nuclear operations.
Sec. 3160. Export control programs.
Sec. 3161. Improvements to nuclear materials protection, control, and accounting program of the Russian Federation.
Sec. 3162. Comprehensive annual report to Congress on coordination and integration of all United States nonproliferation activities.
Sec. 3163. Utilization of Department of Energy national laboratories and sites for support of counterterrorism and homeland security activities.

Subtitle E—Other Matters
Sec. 3171. Indemnification of Department of Energy contractors.
Sec. 3172. Worker health and safety rules for Department of Energy facilities.
Sec. 3173. One-year extension of authority of Department of Energy to pay voluntary separation incentive payments.
Sec. 3174. Support for public education in the vicinity of Los Alamos National Laboratory, New Mexico.

Subtitle F—Disposition of Weapons-Usable Plutonium at Savannah River, South Carolina
Sec. 3181. Findings.
Sec. 3182. Disposition of weapons usable plutonium at Savannah River Site.
Sec. 3183. Study of facilities for storage of plutonium and plutonium materials at Savannah River Site.

TITLE XXXII—DEFENSE NUCLEAR FACILITIES SAFETY BOARD
Sec. 3201. Authorization.
Title I — Authorization of Appropriations

Subtitle B — Army Programs

SEC. 111. PILOT PROGRAM ON SALES OF MANUFACTURED ARTICLES AND SERVICES OF CERTAIN ARMY INDUSTRIAL FACILITIES REGARD TO AVAILABILITY FROM DOMESTIC SOURCES.

(a) EXTENSION OF PROGRAM.—Subsection (a) of section 1822A of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105–85; 10 U.S.C. 4543 note) is amended by striking “through 2002” in the first sentence and inserting “through 2003”.

(b) USE OF OVERHEAD FUNDS MADE SURPLUS BY SALES.—Such section is further amended—

(1) by redesignating subsection (c) as subsection (d); and

(2) by inserting after subsection (b) the following new subsection (c):

“(c) For each Army industrial facility participating in the pilot program that sells manufactured articles and services in a total amount in excess of $20,000,000 in any fiscal year, the amount equal to one-half of one percent of such total amount shall be transferred from the sums in the Army Working Capital Fund for unutilized plant capacity to appropriations available for the following fiscal year for the demilitarization of conventional ammunition by the Army.”.

(c) UPDATE OF INSPECTOR GENERAL’S REVIEW.—The Inspector General of the Department of Defense shall review the experience under the pilot program carried out under section 141 of Public Law 105–85 and, not later than July 1, 2003, submit to Congress a report on the results of the review. The report shall contain the views, information, and recommendations called for under subsection (b) of such section (as redesignated by subsection (b)(1)). In carrying out the review and preparing the report, the Inspector General shall take into consideration the report submitted to Congress under such subsection (as so redesignated).

Subtitle C — Navy Programs

SEC. 121. INTEGRATED BRIDGE SYSTEM.

(a) AMOUNT FOR PROGRAM.—Of the amount appropriated by section 102(a)(4), $5,000,000 shall be available for the procurement of the integrated bridge system in items less than $5,000,000.

(b) OFFSETTING REDUCTION.—Of the total amount authorized by section 102(a)(4), the amount available for the integrated bridge system in Aegis support equipment is hereby reduced by $5,000,000.

SEC. 122. EXTENSION OF MULTICYCLE PROCUREMENT AUTHORITY FOR DDG–51 CLASS DESTROYERS.

Section 122(b) of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 110 Stat. 2446), as amended by section 122(b) of Public Law 106–65 (113 Stat. 354) and section 122(a) of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (as enacted into law by Public Law 106–398; 114 Stat. 1654A–24), is further amended by striking “October 1, 2001” in the first sentence and inserting “October 1, 2007”.

SEC. 123. MAINTENANCE OF SCOPE OF CRUISER CONVERSION OF TICONDEROGA CLASS AIRCRAFT TO CROUISERS.

The Secretary of the Navy should maintain the scope of the cruiser conversion program for the Ticonderoga class of AEGIS cruisers in accordance with—

(1) covers all 27 Ticonderoga class AEGIS cruisers; and

(2) modernizes the class of cruisers to include a mixture of upgrades to ships’ capabilities for theater missile defense, naval fire support, and air dominance.
(d) Officials and Required Assessments for Programs Outside Spiral Development.—The officials specified in this subsection, and the assessment required of such officials, are as follows:
(1) The Director of Operational Test and Evaluation, who shall assess the test content of the acquisition plan for each pathfinder program addressed by section 114; and
(2) The Chairman of the Joint Requirements Oversight Council, who shall assess the extent to which the acquisition plan for each pathfinder program addresses validated military requirements.
(3) The Under Secretary of Defense (Comptroller), in coordination with the Under Secretary of Defense for Acquisition, Technology, and Logistics, who shall conduct an independent programmatic evaluation of the acquisition plan for each such pathfinder program, including an analysis of the total cost, schedule, and technical risk associated with development of such program.
(e) Pathfinder Programs.—The pathfinder programs listed in this subsection are the program as follows:
(1) Space Based Radar.
(2) Global Positioning System.
(3) Global Hawk.
(4) Combat Search and Rescue.
(5) B-2 Radar.
(6) Predator B.
(7) Defensive System Upgrade.
(8) Multi Mission Command and Control Constellation.
(9) Unmanned Combat Air Vehicle.
(10) Global Transportation Network.
(11) C-5 Avionics Modernization Program.
(12) Hunter/Killer.
(13) Tanker/Lease.
(14) Small Diameter Bomb.
(15) KC-767.
(16) AC-130 Gunship.

SEC. 133. Oversight of Acquisition for Defense Space Programs.
(a) In General.—The Office of the Secretary of Defense shall maintain oversight of acquisition for defense space programs.

(b) Report on Oversight.—(1) Not later than March 15, 2003, the Secretary of Defense shall submit to the congressional defense committees a detailed plan on how the Office of the Secretary of Defense shall provide oversight of acquisition for defense space programs.
(2) The plan shall set forth the following:
(A) The process in the Office of the Secretary of Defense, and the Joint Staff organizations, to be involved in oversight of acquisition for defense space programs.
(B) The review of defense space programs by the organizations specified under subparagraph (A).
(C) The process for the provision by such organizations of technical, programmatic, scheduling, and budgetary advice on defense space programs to the Deputy Secretary of Defense and the Under Secretary of the Air Force.
(3) The process for the development of independent cost estimates for defense space programs, including the organization responsible for developing such cost estimates and when such cost estimates shall be required.
(4) The process for the development of the budget for acquisition for defense space programs.
(5) The process for the resolution of issues regarding acquisition for defense space programs that are raised by the organizations specified under subparagraph (A).

(c) Defense Space Program Defined.—In this section, the term ‘‘defense space program’’ means any major defense acquisition program for any space system, as defined in section 2403 of title 10, United States Code) for the acquisition of—
(1) space-based assets, space launch assets, or user equipment for such assets; or
(2) earth-based or spaced-based assets dedicated primarily to space surveillance or space controls.

SEC. 134. Leasing of Tanker Aircraft.
The Secretary of the Air Force shall not enter into any lease for tanker aircraft until the Secretary has been authorized by section 819(e)(6) of the Department of Defense Appropriations Act, 2002 (division A of Public Law 107–117; 115 Stat. 2284) and obtains authorization for the lease of such funds necessary to enter into a lease for such aircraft consistent with his publicly stated commitments to the Congress to do so.

SEC. 135. Compass Call Program.
Of the amount authorized to be appropriated by section 105(1), $12,700,000 shall be available for the Compass Call program within classified projects and not within the Defense Airborne Reconnaissance Program.

SEC. 136. Sense of Congress Regarding assured access to space.
(a) Findings.—Congress makes the following findings:
(1) Assured access to space is a vital national security interest of the United States.
(2) The Evolved Expendable Launch Vehicle program of the Department of Defense is a critical element of the Department’s plans for assuring United States access to space.
(3) Significant contractions in the commercial launch market have eroded the overall viability of the United States space launch industrial base and could hinder the ability of the Department of Defense to provide assured access to space in the future.
(4) The continuing viability of the United States space launch industrial base is a critical element to ensuring the long-term ability of the United States to assure access to space.
(5) The Under Secretary of the Air Force, as acquisition executive for space programs in the Department of Defense, has been authorized to develop a strategy to address United States space launch and assured access to space requirements.
(b) Sense of Congress.—It is the sense of Congress that the Under Secretary of the Air Force should—
(1) evaluate all options for sustaining the United States space launch industrial base; (2) develop an integrated, long-range, and adequately funded plan for assuring United States access to space; and
(3) submit to Congress a report on the plan at the earliest opportunity practicable.

SEC. 137. Mobile Emergency Broadband System.
(a) Amount for Program.—Of the total amount authorized to be appropriated by section 103(4), $1,000,000 may be available for the procurement of communication-electronics equipment for the Mobile Emergency Broadband System.
(b) Offsetting Reduction.—Of the total amount authorized to be appropriated by section 103(4), the amount available under such section for the Navy for other procurement for gun fire control equipment, SPQ–9B solid state transmitter, is hereby reduced by $1,000,000.

TITLE II—Research, Development, Test, and Evaluation
Subtitle A—Authorization of Appropriations
(a) Amount for Projects.—Of the amount authorized to be appropriated for fiscal year 2003 for the development, Department of Defense, test, and evaluation as follows:
(1) For the Advanced SEAL Delivery System, $20,000,000.
(2) For the Navy, $12,927,135,000.
(3) For the Air Force, $16,808,684,000.
(4) For Defense-wide activities, $17,543,927,000, of which $361,554,000 is authorized for the Director of Operational Test and Evaluation.

(a) Amount for Projects.—Of the total amount authorized to be appropriated for the Science and Technology program, $10,164,350,000 shall be available for science and technology projects.
(b) Science and Technology Defined.—In this section, the term ‘‘science and technology project’’ means work funded in program elements for defense research, development, test, and evaluation under Department of Defense budget activities 1, 2, or 3.

SEC. 205. Defense Health Programs.
Funds are hereby authorized to be appropriated for fiscal year 2003 for the Department of Defense for research, development, test, and evaluation for carrying out health care programs, projects, and activities of the Department of Defense in the total amount of $67,214,000.
(1) the manner in which the amount provided in that budget would be expended for improved indirect fire capabilities for the Army; and

(ii) the extent to which the expenditures in that manner would improve indirect fire capabilities for the Army.


SEC. 215. LASER WELDING AND CUTTING DEMONSTRATION.

(a) AMOUNT FOR PROGRAM.—Of the total amount authorized to be appropriated by section 215(2) for research, development, test, and evaluation for the Navy, the amount authorized for laser welding and cutting demonstration in force projection applied research (PE 0602123N).

(b) OFFSETTING REDUCTION.—Of the total amount authorized to be appropriated by section 215(2) for research, development, test, and evaluation for the Navy, the amount available for laser welding and cutting demonstration in force projection applied research (PE 0602123N).

(c) USE OF FUNDS.—Subject to subsection (b), the Secretary of Defense may use the amount available under such subsection for any program for meeting the needs of the Army for indirect fire capabilities.

(d) REPORTING REQUIREMENT.—(1) Not later than 90 days after the date of the enactment of this Act, the Secretary of Defense shall submit to the Secretary of the Navy a report containing the recommendation of the Chief of Staff on which department or agency of the Federal Government is hereby reduced by $2,500,000, with the amount of the reduction allocated as follows:

(i) the amount authorized to be appropriated by section 219A(2) for research, development, test, and evaluation for the Army; and

(ii) the amount authorized to be appropriated by section 219B(2) for research, development, test, and evaluation for the Marine Corps.


SEC. 216. ANALYSIS OF EMERGING THREATS.

(a) INCREASE IN AUTHORIZATION OF APPROPRIATIONS.—The amount authorized to be appropriated by paragraph (1) may be distributed to support improved indirect fire capabilities for the Army; and

(b) OFFSET.—Of the amount authorized to be appropriated by paragraph (1), the amount of the increase to be allocated to improved indirect fire capabilities for the Army is hereby reduced by $2,500,000, with the amount of the reduction allocated as follows:

(i) the amount authorized to be appropriated by section 216(2) for research, development, test, and evaluation for the Army; and

(ii) the amount authorized to be appropriated by section 216(2) for research, development, test, and evaluation for the Navy.

(c) USE OF FUNDS.—Subject to subsection (b), the Secretary of Defense may use the amount available under such subsection for any program for meeting the needs of the Army for indirect fire capabilities.

(d) REPORTING REQUIREMENT.—(1) Not later than 90 days after the date of the enactment of this Act, the Secretary of Defense shall submit to the Secretary of Defense a report containing the recommendation of the Chief of Staff on which department or agency of the Federal Government is hereby reduced by $4,500,000, with the amount of the reduction allocated as follows:

(i) the amount authorized to be appropriated by section 216A(2) for research, development, test, and evaluation for the Army; and

(ii) the amount authorized to be appropriated by section 216A(2) for research, development, test, and evaluation for the Navy.


SEC. 217. PROVISIONS ON TRANSFER OF MEDICAL FREE ELECTRON LASER PROGRAM.

Notwithstanding any other provisions of law, the Medical Free Electron Laser Program (PE 0602227D8Z) may not be transferred from the Department of Defense to the National Institutes of Health, or to any other department or agency of the Federal Government.

SEC. 218. DEMONSTRATION OF RENEWABLE ENERGY USE.

Of the amount authorized to be appropriated by section 218(2), $2,500,000 shall be available for the demonstration of renewable energy use program within the program element for the Navy energy program and not within the program element for facilities improvement.

SEC. 219A. RADAR POWER TECHNOLOGY FOR THE NAVY.

(a) INCREASE IN AUTHORIZATION OF APPROPRIATIONS.—The amount authorized to be appropriated by section 219A(2) for research, development, test, and evaluation for the Navy is hereby increased by $4,500,000, with the amount of the increase to be allocated to Army missile defense systems integration (DEM/VAL) (PE 0603385A).

(b) AVAILABILITY FOR RADAR POWER TECHNOLOGY.

Of the amount authorized to be appropriated by section 219A(2) for research, development, test, and evaluation for the Army, as increased by subsection (a), $4,500,000 shall be available for radar power technology.

(2) The amount authorized under paragraph (1) for radar power technology is in addition to any other amounts available under this Act for such technology.

(c) OFFSET.—The amount authorized to be appropriated by section 219A(2) for research, development, test, and evaluation for the Navy is hereby reduced by $1,500,000, with the amount of the reduction to be allocated to Army missile defense systems integration (DEM/VAL) (PE 0603385A).

SEC. 219B. CRITICAL INFRASTRUCTURE PROTECTION.

(a) AMOUNT FOR PROGRAM.—Of the amount authorized to be appropriated in section 219B(4), $1,500,000 may be available for critical infrastructure protection (PE 05990089).

(b) OFFSET.—The amount authorized to be appropriated by section 219B(4) for research, development, test, and evaluation for the Navy is hereby reduced by $1,500,000, with the amount of the reduction to be allocated to Army critical infrastructure protection (PE 0603385A).

SEC. 219C. THEATER AEROSPACE COMMAND AND CONTROL SIMULATION FACILITY UPGRADES.

(a) AVAILABILITY OF FUNDS.—(1) The amount authorized to be appropriated by section 219C(2) for research, development, test, and evaluation for the Navy is hereby increased by $2,500,000. The total amount of the increase may be available for Theater Aerospace Command and Control Simulation Facility (TACCSF) upgrades.

(b) OFFSET.—The amount authorized to be appropriated by section 219C(2) for the Navy is hereby reduced by $2,500,000, with the amount of the reduction allocated as follows:

(i) the amount authorized to be appropriated by section 219C(2) for research, development, test, and evaluation for the Navy; and

(ii) the amount authorized to be appropriated by section 219C(2) for research, development, test, and evaluation for the Marine Corps.

(c) USE OF FUNDS.—Subject to subsection (b), the Secretary of Defense may use the amount available under such subsection for any program for meeting the needs of the Army for indirect fire capabilities.

(d) REPORTING REQUIREMENT.—(1) Not later than 90 days after the date of the enactment of this Act, the Secretary of Defense shall submit to the Secretary of Defense a report containing the recommendation of the Chief of Staff on which department or agency of the Federal Government is hereby reduced by $4,500,000, with the amount of the reduction allocated as follows:

(i) the amount authorized to be appropriated by section 219C(2) for research, development, test, and evaluation for the Army; and

(ii) the amount authorized to be appropriated by section 219C(2) for research, development, test, and evaluation for the Navy.


SEC. 219D. DDG OPTIMIZED MANNING INITIATIVE.

(a) INCREASE IN AUTHORIZATION OF APPROPRIATIONS.—The amount authorized to be appropriated by section 219D(2) for research, development, test, and evaluation for the Navy is hereby increased by $2,500,000. The total amount of the increase may be available for DDG optimized manning initiative.

(b) AVAILABILITY.—(1) Of the amount authorized to be appropriated by section 219D(2) for research, development, test, and evaluation for the Navy, the amount of the increase to be allocated to surface combatant system engineer- ing (PE 0603909N).

(c) OFFSET.—The amount authorized to be appropriated by section 219D(2) for research, development, test, and evaluation for the Navy, as increased by subsection (a), $2,500,000 may be available for the DDG optimized manning initiative.

(2) The amount authorized under paragraph (1) of the DDG optimized manning initiative referred to in that paragraph is in addition to any other amounts available under this Act for that initiative.

SEC. 219E. AGROTERROIST ATTACKS.

(a) AVAILABILITY.—(1) Of the amount authorized to be appropriated by section 219E(4) for research, development, test, and evaluation for the Department of Agriculture, the amount of the increase to be allocated to Army agroterrorist research, analysis, and assessment of efforts to counter potential agroterrorist attacks.
(2) The amount available under paragraph (1) for research, analysis, and assessment described in that paragraph is in addition to any other amounts available in this Act for such research, analysis, and assessment.

(b) O F F S E T . — Of the amount authorized to be appropriated by section 201(4) for research, development, test, and evaluation, Defense funds available for biological terrorism and agroterrorism risk assessment and prediction in the program element relating to the Chemical and Biological Defense Program (PE 0603804B) is hereby reduced by $1,000,000.

SEC. 219F. VERY HIGH SPEED SUPPORT VESSEL FOR THE ARMY.

(a) I NCREASE I N AUTHORIZATION OF APPROPRIATIONS .—The amount authorized to be appropriated by section 201(1) for research, development, test, and evaluation for the Army is hereby increased by $5,500,000, with the amount of the increase to be allocated to logistics and engineering equipment-advanced development (PE 0603804A).

(b) A VAILABILITY .—(1) Of the amount authorized to be appropriated by section 201(1) for research, development, test, and evaluation for the Army, as increased by subsection (a), $5,500,000 may be available for development of a prototype composite hull design to meet the theater support vessel requirement.

(2) The amount available under paragraph (1) for development of the hull design referred to in that paragraph is in addition to any other amounts available under this Act for development of that hull design.

(c) O F F S E T . — The amount authorized to be appropriated by section 201(2) for research, development, test, and evaluation for the Navy is hereby increased by $1,000,000, with the amount of the decrease to be allocated to ship protection of that hull design.

SEC. 219G. FULL-SCALE HIGH-SPEED PERMANENT MAGNET GENERATOR.

(a) I NCREASE I N AUTHORIZATION OF APPROPRIATIONS .—The amount authorized to be appropriated by section 201(2) for research, development, test, and evaluation for the Navy is hereby increased by $1,000,000, with the amount of the increase to be allocated to Force Protection Advanced Technology (PE 0603123N).

(b) A VAILABILITY .—(1) Of the amount authorized to be appropriated by section 201(2) for development, test, and evaluation for the Navy, as increased by subsection (a), $1,000,000 may be available for development and demonstration of a full-scale high-speed permanent magnet generator.

(2) The amount available under paragraph (1) for development and demonstration of the generator described in that paragraph is in addition to any other amounts available in this Act for development and demonstration of that generator.

(c) O F F S E T . — The amount authorized to be appropriated by section 201(2) for research, development, test, and evaluation for the Navy, as increased by subsection (a), $1,000,000 may be available for development and demonstration of a full-scale high-speed permanent magnet generator.

SEC. 219H. AVIATION-SHIPBOARD INFORMATION TECHNOLOGY INITIATIVE.

Of the amount authorized to be appropriated by section 201(2) for shipboard aviation systems, up to $6,200,000 may be used for the aviation-shipboard information technology initiative.

SEC. 219I. AEROSPACE RELAY MIRROR SYSTEM (ARMS) DEMONSTRATION.

Of the amount authorized to be appropriated by section 201(3) for the Department of Defense for research, development, test, and evaluation for the Air Force, $6,000,000 may be available for the Aerospace Relay Mirror System (ARMS) Demonstration.

SEC. 218J. LITTORAL SHIP PROGRAM.

(a) A MOUNT F OR PROGRAM .—Of the amount authorized by section 201(3) for research, development, test, and evaluation, Navy, $4,000,000 may be available for requirements development of a littoral ship in Ship Concept Advanced Design (PE 060356MN).

(b) O F F S E T T I N G . — Of the total amount authorized to be appropriated by section 201(3) for research, development, test, and evaluation, Navy, the amount available for FORCENET in Tactical Command System (PE 0604231N), is hereby reduced by an additional $5,500,000.

Subtitle C—Missile Defense Programs

SEC. 221. ANNUAL OPERATIONAL ASSESSMENTS AND REVIEWS OF BALLISTIC MISSILE DEFENSE PROGRAM.

(a) A NNUAL OPERATIONAL ASSESSMENT .—(1) During the first quarter of each fiscal year, the Director of Operational Test and Evaluation shall conduct an operational assessment of the missile defense programs listed in paragraph (2). (B) The annual assessment shall include—

(i) a detailed, quantitative evaluation of the potential operational effectiveness, reliability, and survivability of the system or systems under each program as the program exists during the fiscal year of the assessment;

(ii) an evaluation of the adequacy of testing through the end of the previous fiscal year to measure and predict the effectiveness of the systems; and

(iii) a determination of the threats, or types of threats, against which the systems would be expected to be effective and those against which the systems would not be expected to be effective.

(b) A NNUAL ASSESSMENT .—(1) The first assessment under this paragraph shall be conducted during fiscal year 2003.

(2) Not later than January 15 of each year, the Director of Operational Test and Evaluation shall submit to the Secretary of Defense and the congressional defense committees a report on the results of the annual assessment.

(c) R EQUIREMENT FOR REPORT .—The report under subsection (b) shall contain the following information:

(1) The development schedule together with the estimated annual costs of the program through the completion of development.

(2) The planned procurement schedule, together with the Secretary’s best estimates of the annual costs of, and number of units to be procured under, the program through the completion of the procurement.

(3) The current program acquisition unit cost and the history of acquisition unit costs from the date the program (including any antecedent program) was first included in a Selected Acquisition Report under section 2432 of title 10, United States Code.

(4) The current procurement unit cost, and the history of procurement unit costs from the date the program (including any antecedent program) was first included in a Selected Acquisition Report under section 2432 of title 10, United States Code.

(d) A NNUAL REQUIREMENTS REVIEWS.—(1) The Secretary, together with the Under Secretary of Defense for Acquisition, Technology, and Logistics, shall conduct an annual requirements review for the Missile Defense Agency as follows:

(2) The annual assessment shall include—

(i) a detailed, quantitative evaluation of the current program acquisition unit cost, procurement cost, or procurement unit cost of the program against the reasons for any changes in program schedule.

(3) The major programs under the program and the reasons for any changes in cost estimates, schedules, and test plans for included in a Selected Acquisition Report under such section 2432.

(4) The Test and Evaluation Master Plan developed for the program in accordance with the requirements and guidance of the Department of Defense has been approved.

(b) S ELECTION OF GROUND-BASED AND SEA-BASED EFFORTS.—(1) The report under subsection (a) shall separately display the schedules, cost estimates, cost histories, and test plans for included in a Selected Acquisition Report under such section 2432.

(c) A NNUAL REPORT ON MISSILE DEFENSE PROGRAMS.—The report under subsection (a) shall contain the following information:

(1) The National Missile Defense/ground-based Midcourse Defense program; and

(2) The Navy TheaterWide/sea-based Midcourse Defense program.

SEC. 222. REPORT ON AIR-BORED MISSILE PROGRAM.

Not later than January 15, 2003, the Secretary of Defense shall submit to the congressional defense committees a report on the Air-Boared Missile (formerly known as the Airborne Laser program). The report shall contain the following information:

(1) The development schedule together with the estimated annual costs of the program through the completion of development.

(2) The planned procurement schedule, together with the Secretary’s best estimates of the annual costs of, and number of units to be procured under, the program through the completion of the procurement.

(3) The current program acquisition unit cost, and the history of program acquisition unit costs from the date the program (including any antecedent program) was first included in a Selected Acquisition Report under section 2432 of title 10, United States Code.

(4) The current procurement unit cost, and the history of procurement unit costs from the date the program (including any antecedent program) was first included in a Selected Acquisition Report under such section 2432.

(5) The reasons for any changes in program acquisition cost, program acquisition unit cost, procurement cost, or procurement unit cost and the reasons for any changes in program schedule.

Not later than January 15, 2003, the Secretary of Defense shall submit to the congressional defense committees a report on the Midcourse Defense program of the United States missile defense agency. The report shall include the following information:

(1) The report shall be effective.

(2) Not later than January 15 of each year, the Secretary shall submit to the congressional defense committees a report on the missile defense programs under the United States missile defense agency and assess the validity of the criteria in relation to missile defense programs under the United States missile defense agency and assess the validity of the criteria in relation to missile defense programs. The report shall contain the following:

(1) The development schedule together with the estimated annual costs of the program through the completion of development.

(2) The planned procurement schedule, together with the Secretary’s best estimates of the annual costs of, and number of units to be procured under, the program through the completion of the procurement.

(3) The current program acquisition unit cost, and the history of program acquisition unit costs from the date the program (including any antecedent program) was first included in a Selected Acquisition Report under such section 2432.
(6) The major contracts under the program and the reasons for any changes in cost or schedule variances under the contracts.

(7) The Test and Evaluation Master Plan developed for the program in accordance with the requirements and guidance of Department of Defense regulation 5000.2-R.

SEC. 224. REPORT ON THEATER HIGH ALTITUDE AREA DEFENSE PROGRAM

(a) REQUIREMENT FOR REPORT.—Not later than January 15, 2003, the Secretary of Defense shall submit to the congressional defense committees a report on the Theater High Altitude Area Defense program. The report shall contain the following information:

(1) The program schedule together with the estimated annual costs of the program through the completion of development.

(2) The planned procurement schedule, together with the Secretary’s best estimates of the annual costs of, and number of units to be procured under, the program through the completion of the procurement.

(3) The current program acquisition unit cost and the history of program acquisition unit costs from the date the program (including any antecedent program) was first included in a Selected Acquisition Report under section 2342 of title 10, United States Code.

(4) The current program unit cost, and the history of procurement unit costs from the date the program (including any antecedent program) was first included in a Selected Acquisition Report under section 2342.

(5) The reasons for any changes in program acquisition unit cost, program acquisition unit cost, program acquisition unit cost, or procurement unit cost, and the reasons for any changes in program schedule.

(6) The major contracts under the program and the reasons for any changes in cost or schedule variances under the contracts.

(7) The Test and Evaluation Master Plan developed for the program in accordance with the requirements and guidance of Department of Defense regulation 5000.2-R.

(b) FUNDING LIMITATION.—Not more than 50 percent of the amount authorized to be appropriated by this Act for the United States Missile Defense Agency for the Theater High Altitude Area Defense program may be expended until the submission of the report required under subsection (a).

SEC. 225. REFERENCES TO NEW NAME FOR BALLISTIC MISSILE DEFENSE ORGANIZATION.

(a) CONFORMING AMENDMENTS.—The following provisions of law are amended by striking ‘‘Ballistic Missile Defense Organization’’ each place it appears and inserting ‘‘United States Missile Defense Agency’’.

(1) Sections 223 and 224 of title 10, United States Code.


(b) OTHER REFERENCES.—Any reference to the Ballistic Missile Defense Organization in any other provision of law or in any regulation, directive, or other document of the United States shall be considered to be a reference to the United States Missile Defense Agency.

SEC. 226. LIMITATION ON USE OF FUNDS FOR NUCLEAR ARMED INTERCEPTORS.

None of the funds authorized to be appropriated by this Act for research, development, test, evaluation, procurement, or deployment of nuclear armed interceptors of a missile defense system shall be available for the development of a system that is not a part of the United States’ Theater High Altitude Area Defense program.

SEC. 227. REPORTS ON FLIGHT TESTING OF GROUND-BASED MIDCOURSE NAVAL DEFENSE SYSTEM.

(a) REQUIREMENT.—The Director of the United States Missile Defense Agency shall submit to the congressional defense committees a report on each flight test of the Ground-based Midcourse National missile defense system. The report shall be submitted not later than 120 days after the date of the test.

(b) CONTENT.—A report on a flight test under subsection (a) shall include the following matters:

(1) A thorough discussion of the content and objectives of the test.

(2) For each test objective, a statement regarding whether the objective was achieved.

(3) For any test objective not achieved—

(A) a thorough discussion describing the reasons for not achieving the objective; and

(B) a discussion of plans for future tests to achieve the objective.

(c) FORMAT.—The reports required under subsection (a) shall be submitted in classified and unclassified form.

Subtitle D—Improved Management of Department of Defense Test and Evaluation Facilities

SEC. 231. DEPARTMENT OF DEFENSE TEST AND EVALUATION RESOURCE ENTERPRISE

(a) ESTABLISHMENT.—Section 139 of title 10, United States Code, is amended by adding at the end the following:

‘‘(k)(1) There is a Test and Evaluation Resource Enterprise within the Department of Defense. The head of the Test and Evaluation Resource Enterprise is a principal advisor to the Secretary of Defense and reports directly to the Secretary.

‘‘(k)(2) The Test and Evaluation Resource Enterprise shall manage all funds available to the Department of Defense for the support of investment in, operation and maintenance of, development of, and management of the test and evaluation facilities and resources of the Major Range and Test Facility Base. All such funds shall be transferred to and placed under the control of the head of the Test and Evaluation Resource Enterprise.

‘‘(k)(3) The Test and Evaluation Resource Enterprise shall—

‘‘(A) ensure that the planning for and execution of the testing of a system within the Major Range and Test Facility Base is performed by the activity of a military department that is responsible for the testing;

‘‘(B) ensure that the military department operating a facility or resource within the Major Range and Test Facility Base charges an organization using the facility or resource for testing only the incremental cost of the operation of the facility or resource that is attributable to the testing;

‘‘(C) ensure that the military department operating a facility or resource within the Major Range and Test Facility Base comprehensively and consistently applies sound enterprise management practices in the management of the facility or resource;

‘‘(D) make available to the Secretary of Defense test and evaluation investment information that is prudent for ensuring that Department of Defense test and evaluation facilities and resources are adequate to meet the current and future testing requirements of Department of Defense programs;

‘‘(E) ensure that there is in place a simplified financial management and accounting system for test and evaluation facilities and resources that are designated by the Director of Operational Test and Evaluation as facilities and resources that are not in the Major Range and Test Facility Base.’’.

(b) EFFECTIVE DATE AND TRANSITION REQUIREMENTS.—(1) The amendment made by paragraph (a) shall take effect not later than the date of the enactment of this Act.

(2)(A) The Secretary of Defense shall develop a transition plan to ensure that the head of the Test and Evaluation Resource Enterprise is prepared to assume the responsibilities under subsection (k) of section 139(k) of title 10, United States Code, as added by subsection (a), on the effective date provided in paragraph (1).

(3) The Test and Evaluation Resource Enterprise has been established, all investments of $500,000 or more in the Major Range and Test Facility Base of the Department of Defense shall be submitted to the Secretary of Defense for approval and the Secretary shall approve or disapprove the submission.

(4) In this section, the term ‘‘Major Range and Test Facility Base’’ means the test and evaluation facilities and resources that are designated by the Director of Operational Test and Evaluation as facilities and resources that are not in the Major Range and Test Facility Base.

SEC. 232. TRANSFER OF TESTING FUNDS FROM PROGRAM ACCOUNTS TO INFRASTRUCTURE ACCOUNTS.

(a) TRANSFER OF FUNDS.—Notwithstanding any other provision of this Act, amounts authorized to be appropriated by this title for the Test and Evaluation Investment Program of the Air Force, the Navy, the Army, and the Air National Guard shall be transferred to the Test and Evaluation Investment Program of the Department of Defense.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect not later than the date of the enactment of this Act.

(1) the Secretary of Defense shall prepare a report on each flight test of the Ground-based Midcourse National missile defense system. The report shall be submitted not later than 120 days after the date of the test.

SEC. 233. TRANSFER OF TESTING FUNDS FROM PROGRAM ACCOUNTS TO INFRASTRUCTURE ACCOUNTS.

(a) TRANSFER OF FUNDS.—Notwithstanding any other provision of this Act, amounts authorized to be appropriated by this title for the Test and Evaluation Investment Program of the Air Force, the Navy, the Army, and the Air National Guard shall be transferred to the Test and Evaluation Investment Program of the Department of Defense.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect not later than the date of the enactment of this Act.

(1) the Secretary of Defense shall prepare a report on each flight test of the Ground-based Midcourse National missile defense system. The report shall be submitted not later than 120 days after the date of the test.

SEC. 234. TRANSFER OF TESTING FUNDS FROM PROGRAM ACCOUNTS TO INFRASTRUCTURE ACCOUNTS.

(a) TRANSFER OF FUNDS.—Notwithstanding any other provision of this Act, amounts authorized to be appropriated by this title for the Test and Evaluation Investment Program of the Air Force, the Navy, the Army, and the Air National Guard shall be transferred to the Test and Evaluation Investment Program of the Department of Defense.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect not later than the date of the enactment of this Act.

(1) the Secretary of Defense shall prepare a report on each flight test of the Ground-based Midcourse National missile defense system. The report shall be submitted not later than 120 days after the date of the test.

SEC. 235. TRANSFER OF TESTING FUNDS FROM PROGRAM ACCOUNTS TO INFRASTRUCTURE ACCOUNTS.

(a) TRANSFER OF FUNDS.—Notwithstanding any other provision of this Act, amounts authorized to be appropriated by this title for the Test and Evaluation Investment Program of the Air Force, the Navy, the Army, and the Air National Guard shall be transferred to the Test and Evaluation Investment Program of the Department of Defense.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect not later than the date of the enactment of this Act.

(1) the Secretary of Defense shall prepare a report on each flight test of the Ground-based Midcourse National missile defense system. The report shall be submitted not later than 120 days after the date of the test.

SEC. 236. TRANSFER OF TESTING FUNDS FROM PROGRAM ACCOUNTS TO INFRASTRUCTURE ACCOUNTS.

(a) TRANSFER OF FUNDS.—Notwithstanding any other provision of this Act, amounts authorized to be appropriated by this title for the Test and Evaluation Investment Program of the Air Force, the Navy, the Army, and the Air National Guard shall be transferred to the Test and Evaluation Investment Program of the Department of Defense.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect not later than the date of the enactment of this Act.

(1) the Secretary of Defense shall prepare a report on each flight test of the Ground-based Midcourse National missile defense system. The report shall be submitted not later than 120 days after the date of the test.

SEC. 237. TRANSFER OF TESTING FUNDS FROM PROGRAM ACCOUNTS TO INFRASTRUCTURE ACCOUNTS.

(a) TRANSFER OF FUNDS.—Notwithstanding any other provision of this Act, amounts authorized to be appropriated by this title for the Test and Evaluation Investment Program of the Air Force, the Navy, the Army, and the Air National Guard shall be transferred to the Test and Evaluation Investment Program of the Department of Defense.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect not later than the date of the enactment of this Act.
State that may not exceed the incremental cost to the Army of the use of the facility or resource by that user for the testing.

(b) INSTITUTIONAL AND OVERHEAD COSTS.—
The institutional and overhead costs of a facility or resource of the Army that is within the Major Range and Test Facility Base shall be paid out of the major test and evaluation investment accounts of the Army, the Central Test and Evaluation Investment Program of the Department of Defense, and other appropriate appropriations made directly to the Army.

(c) MAJOR RANGE AND TEST FACILITY BASE DEFINED.—In this section:

(1) The term ‘Major Range and Test Facility Base’ has the meaning given the term in section 139(k)(4) of this title.

(2) The term ‘institutional and overhead costs’, with respect to a facility or resource within the Major Range and Test Facility Base—

(A) means the costs of maintaining, operating, upgrading, and modernizing the facility or resource; and

(B) does not include an incremental cost of operating the facility or resource that is attributable to the use of the facility or resource for testing under a particular program:

(3) The term ‘institutional and overhead costs’, with respect to a facility or resource within the Major Range and Test Facility Base—

(A) means the costs of maintaining, operating, upgrading, and modernizing the facility or resource; and

(B) does not include an incremental cost of operating the facility or resource that is attributable to the use of the facility or resource for testing under a particular program:

(4) Not later than 30 days after the date of the enactment of this Act, the Under Secretary of Defense (Comptroller) shall review the funding policies of each military department to ensure that the Secretary of the military department has in place the policies necessary to comply with the Secretary’s responsibilities under section 4531, 7531, or 9531 of title 10, United States Code (as added by this subsection), as the case may be. The Under Secretary of Defense shall consult with the Director of Operational Test and Evaluation in carrying out the review.

SEC. 233. INCREASED INVESTMENT IN TEST AND EVALUATION WORKFORCE.

(a) AMOUNT.—Of the amount authorized to be appropriated under section 201(4), $251,276,000 shall be available for the Central Test and Evaluation Investment Program of the Department of Defense.

(b) ADDITIONAL AVAILABLE FUNDING.—In addition to the amounts made available under subsection (a), amounts transferred pursuant to section 232(a)(4) shall be available for the Central Test and Evaluation Investment Program of the Department of Defense.

SEC. 234. UNIFORM FINANCIAL MANAGEMENT SYSTEM FOR DEPARTMENT OF DEFENSE TEST AND EVALUATION ACTIVITIES.

(a) REQUIREMENT FOR SYSTEM.—Not later than two years after the date of the enactment of this Act, the Secretary of Defense shall implement a single financial management and accounting system for all test and evaluation facilities of the Department of Defense.

(b) SYSTEM FEATURES.—The financial management and accounting system shall be designed to achieve, at a minimum, the following fundamental features:

(1) Enable managers within the Department of Defense to compare the costs of conducting test and evaluation activities in the various facilities of the military departments.

(2) Enable the Secretary of Defense—

(A) to make prudent investment decisions; and

(B) to reduce the extent to which unnecessary costs of owning and operating Department of Defense test and evaluation facilities are incurred.

(3) Enable the Department of Defense to track the total cost of test and evaluation activities.

(4) Comply with the financial management enterprise architecture developed by the Secretary of Defense under section 1006.

SEC. 235. TEST AND EVALUATION WORKFORCE IMPROVEMENTS.

(a) REPORT ON CAPABILITIES.—Not later than March 15, 2003, the Under Secretary of Defense for Acquisition, Technology, and Logistics shall submit to Congress a report on the capabilities of the test and evaluation workforce of the Department of Defense. The Under Secretary shall consult with the Under Secretary of Defense for Personnel and Readiness and the Director of Operational Test and Evaluation in preparing the report.

(b) REQUIREMENT FOR PLAN.—In this section:

(1) The report shall contain a plan for taking the actions necessary to ensure that the test and evaluation workforce of the Department of Defense is of sufficient size and has the expertise necessary to timely and accurately identify issues of military suitability and effectiveness of Department of Defense systems through testing of the systems.

(2) The plan shall set forth objectives for the size, composition, and qualifications of the workforce, and shall include milestones (including recruitment, retention, and training) and benchmarks for achieving the objectives.

(3) ADDITIONAL MATTERS.—The report shall also include the following matters:

(1) An assessment of the changing size and demographics of the test and evaluation workforce, including the impact of anticipated retirements among the most experienced personnel over the five-year period beginning with 2003, together with a discussion of the actions necessary to address the changes.

(2) An assessment of the anticipated workloads and responsibilities of the test and evaluation workforce for the period beginning with 2003, together with the number and qualifications of military and civilian personnel necessary to carry out such workloads and responsibilities.

(3) The Secretary’s specific plans for using the demonstration authority provided in section 4308 of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104–106; 10 U.S.C. 1701 note) and other special personnel management authorities of the Secretary to attract and retain qualified personnel in the test and evaluation workforce.

(4) Any recommended legislation or additional special authority that the Secretary considers appropriate for facilitating the recruitment and retention of qualified personnel for the test and evaluation workforce.

(5) Any other matters that are relevant to the capabilities of the test and evaluation workforce.

SEC. 236. COMPLIANCE WITH TESTING REQUIREMENTS.

(a) ANNUAL OMB REPORT.—Subsection (g) of section 139 of title 10, United States Code, is amended by inserting after the fourth sentence the following: ‘‘The report for a fiscal year shall also include an assessment of the compliance with test requirements in test and evaluation master plans and other testing requirements that occurred
SEC. 236. TECHNOLOGY TRANSITION INITIATIVE.

(a) REQUIREMENT FOR PROGRAM.—The Secretary of Defense shall carry out a Technology Transition Initiative to facilitate the rapid transition of new technologies from science and technology programs of the Department of Defense into acquisition programs. In this section, the term “fiscal years 1999 and 2000 revitalization pilot programs” means the pilot programs authorized by—

Sec. 246 of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Public Law 105-261; 112 Stat. 1955; 10 U.S.C. 2358 note); and


(b) OBJECTIVES.—The objectives of the Initiative are as follows:

(1) To accelerate the introduction of new technologies into Department of Defense acquisition programs appropriate for the technologies.

(2) To successfully demonstrate new technologies in relevant environments.
"(3) To ensure that new technologies are sufficiently mature for production.

(4) The Technology Transition Council shall report advice and assistance to the Initiative Manager under this section.

(5) The term 'Initiative' means the Transition Initiative established under subsection (e).

(6) The table of sections at the beginning of this Act shall include the following:

SEC. 233. ENCOURAGEMENT OF SMALL BUSINESSES AND NONTRADITIONAL DEFENSE CONTRACTORS TO SUBMIT PROPOSALS POTENTIALLY BENEFICIAL FOR COMBATING TERRORISM.

(a) ESTABLISHMENT OF OUTREACH PROGRAM.—During the 3-year period beginning on the date of the enactment of this Act, the Secretary of Defense shall carry out a program of outreach to small businesses and nontraditional defense contractors for the purpose set forth in subsection (b).

(b) The outreach program is to provide a process for reviewing and evaluating research activities of, and new technologies being developed by, small businesses and nontraditional defense contractors that have the potential for meeting a defense requirement or technology development goal of the Department of Defense that relates to a military department.

(c) GOALS.—The goals of the outreach program are as follows:

(1) To increase efforts within the Department of Defense to survey and identify technologies being developed by small businesses and nontraditional defense contractors that have the potential for meeting a defense requirement or technology development goal of the Department of Defense that relates to a military department.

(2) To provide the Under Secretary of Defense for Acquisition, Technology, and Logistics with a source of expert advice on new technologies for combating terrorism.

(d) TO ENCOURAGE NONTRADITIONAL DEFENSE CONTRACTORS.—On Department of Defense acquisition processes, including regulations, procurement policies, and opportunities that shall be used in carrying out the program if the acquisition activity determines that there is a unique and valuable approach to meeting the defense requirement or technology development goal of the Department of Defense that relates to a military department.

(e) AUTHORIZATION OF APPROPRIATIONS.—Of the amount authorized to be appropriated under section 2359a, $50,000,000 shall be available for the Technology Transition Initiative established under subsection (e) for the project description.

(f) Jointly Funded Projects.

(1) The Secretary of Defense shall designate a senior official in the Department of Defense to survey and identify promising technologies described in subsection (e), and to Congress.

(2) The Secretary of Defense shall designate a senior official in the Department of Defense to undertake the transition of such technologies into production; and (3) To increase efforts for the transition of such technologies into production.

(4) SEC. 244. VEHICLE FUEL CELL PROGRAM.

(a) PROGRAM.—The Secretary of Defense shall carry out a vehicle fuel cell technology development program in cooperation with the National Science Foundation, the Department of Energy, the National Science Foundation, the Department of Transportation, and the National Science Foundation.

(b) GOALS AND OBJECTIVES.—The goals and objectives of the program are as follows:

(1) To identify and support technological advances that are necessary for the development of fuel cell technology for use in vehicles to be used by the Department of Defense.

(2) To ensure that critical technology advances are shared among the various fuel cell technology programs within the Federal Government.

(3) To ensure maximum leverage of Federal Government funding for fuel cell technology development.

(c) CONTENT OF PROGRAM.—The program shall include—
(1) development of vehicle propulsion technologies and fuel cell auxiliary power units, together with pilot demonstrations of such technologies, as appropriate; and
(2) development of technologies necessary to address critical issues such as hydrogen storage and the need for a hydrogen fuel infrastructure.

(d) Cooperation With Industry.—(1) The Secretary shall include the automobile and truck manufacturing industry and its systems suppliers in the cooperative involvement of industry in the program.
(2) The Secretary of Defense shall consider whether, in order to facilitate the cooperation of industry in the program, the Secretary and one or more companies in industry shall enter into a cooperative agreement that establishes an entity to carry out activities required under subsection (c). An entity established by any such agreement shall be known as a defense industry fuel cell partnership.
(3) The Secretary of Defense shall provide for industry to bear, in cash or in kind, at least one-half of the total cost of carrying out the program.

(4) The Secretary of Defense may enter into any cooperative arrangement that the Secretary determines to be in the interest of the Department of Defense.

(b) Purposes.—The purposes of the program are as follows:
(1) To ensure United States global superiority in nanotechnology necessary for meeting national security requirements.
(2) To coordinate all nanoscale research and development within the Department of Defense, and to provide for interagency cooperation and collaboration on nanoscale research and development between the Department of Defense and other departments and agencies of the United States that are involved in nanoscale research and development.
(3) To develop and manage a portfolio of fundamental and applied nanoscience and engineering initiatives that is stable, consistent, and balanced across scientific disciplines.
(4) To accelerate the transition and deployment of nanotechnology and concepts derived from nanoscience and nanotechnology into the Armed Forces, and to establish policies, procedures, and standards for measuring the success of such efforts.
(5) To collect, synthesize, and disseminate critical information on nanoscale research and development.

(c) Administration.—In carrying out the program, the Secretary shall act through the Director of Defense Research and Engineering, who shall supervise the planning, management, and execution of the nanotechnology research and development program. The Director, in consultation with the Secretary of Defense, shall periodically review the performance of the Director, including the Director’s management of the program.

SEC. 426. ACTIVITIES AND ASSESSMENT OF THE DEFENSE EXPERIMENTAL PROGRAM TO STIMULATE COMPETITIVE RESEARCH.

(a) AUTHORIZED ACTIVITIES.—Subsection (c) of section 237 of the National Defense Authorization Act for Fiscal Year 1995 (Public Law 103-337; 10 U.S.C. 2358 note), as amended—

(1) in paragraph (1), by striking "research grants" and inserting "grants for research and instrumentation to support such research"; and
(2) by adding at the end the following new paragraph:

"(3) Any other activities that are determined necessary to achieve the objectives of the program."

(b) COORDINATION.—Subsection (e) of such section is amended by inserting at the end the following:

"(1) such activities shall be carried out in coordination with the appropriate Federal agencies in order to ensure the effective technology transition paths have been identified as a result of activities under the program.

(5) Recommendations for additional program activities to meet emerging national security requirements.
(b) ADJUSTMENT.—The total amount authorized to be appropriated pursuant to subsection (a) is reduced by—
(1) $150,790,000, which represents savings resulting from closures and realignments; and
(2) $615,200,000, which represents savings resulting from foreign currency fluctuations.

SEC. 302. WORKING CAPITAL FUNDS. 
Funds authorized to be appropriated for fiscal year 2003 for the use of the Armed Forces and other activities and agencies of the Department of Defense for providing working capital and revolving funds in amounts as follows:
(1) For the Defense Working Capital Funds, $387,156,000.
(2) For the National Defense Sealift Fund, $304,629,000.
(3) For the Defense Commissary Agency Working Capital Fund, $692,200,000.
(4) For the Pentagon Reservation Maintenance Revolving Fund, $328,000,000.

SEC. 303. ARMED FORCES RETIREMENT HOME. 
There is hereby authorized to be appropriated for fiscal year 2003 from the Armed Forces Retirement Home Trust Fund the sum of $69,921,000 for the operation of the Armed Forces Retirement Home, including the Administration Building, White House, Armed Forces Retirement Home—Gulfport.

SEC. 304. RANGE ENHANCEMENT INITIATIVE FUND. 
(a) AVAILABILITY OF FUNDS.—Of the amount authorized to be appropriated by section 305 for operation and maintenance for defense-wide activities, $20,000,000 shall be available for the Range Enhancement Initiative Fund for the purpose specified in subsection (b).
(b) PURPOSE.—Subject to subsection (c), amounts authorized to be appropriated for the Range Enhancement Initiative Fund shall be used by the Secretaries of Defense and the Secretaries of the military departments to purchase restrictive easements, including easements that implement agreements entered into under section 2697 of title 10, United States Code, as added by section 2811 of this Act.

SEC. 305. NAVY PILOT HUMAN RESOURCES CALL CENTER, CUTLER, MAINE. 
Of the amount authorized to be appropriated by section 301(a)(2) for operation and maintenance for the Navy, $1,500,000 may be available for the Navy Pilot Human Resources Call Center, Cutler, Maine.

SEC. 306. NATIONAL ARMY MUSEUM, FORT BELVOIR, VIRGINIA. 
(a) ACTIVATION EFFORTS.—The Secretary of the Army may carry out efforts to facilitate the commencement of development for the National Army Museum at Fort Belvoir, Virginia.
(b) FUNDING.—(1) The amount authorized to be appropriated by section 301(a)(1) for operation and maintenance for the Army is hereby increased by $100,000.
(2) Of the amount authorized to be appropriated by section 301(a)(1) for operation and maintenance for the Army, as increased by paragraph (1), $100,000 shall be available to carry out the efforts authorized by subsection (a).

(c) OFFSET.—The amount authorized to be appropriated by section 201(b)(1) for research, development, test, and evaluation for the Army is hereby reduced by $100,000.

SEC. 307. DEFENSE SEALFLEET AND VESSELS OF THE NATIONAL DEFENSE RESERVE FLEET. 
Of the amount authorized to be appropriated by subsection (a)(2) for operation and maintenance for the Navy, $20,000,000 may be available, without fiscal year limitation if so provided in appropriations Acts, for expenses related to the disposal of obsolete vessels in the Maritime Administration National Defense Reserve Fleet.

Subtitle B—Environmental Provisions 

SEC. 311. ENHANCEMENT OF AUTHORITY ON CO-OPERATIVE AGREEMENTS FOR ENVIRONMENTAL PURPOSES. 
Section 2701(d)(1) of title 10, United States Code, is amended—
(1) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively; and
(2) by inserting after paragraph (1) the following new paragraph (2):
"(2) CROSS-FISCAL YEAR AGREEMENTS.—An agreement with an agency under paragraph (1) may be for a period that begins in one fiscal year and ends in another fiscal year if (without regard to any option to extend the period of the agreement) the period of the agreement does not exceed two years."

SEC. 312. MODIFICATION OF AUTHORITY TO CONSTRUCT CONSTRUCTION PROJECTS FOR ENVIRONMENTAL RESTORATION. 
(a) RESTATEMENT AND MODIFICATION OF AUTHORITY.—(1) Chapter 160 of title 10, United States Code, is amended by adding at the end of such chapter the following new section:
"§ 2711. Environmental restoration projects for environmental responses
"(a) The Secretary of Defense or the Secretary of a military department may carry out an environmental restoration project if the Secretary determines that the project is necessary to carry out a response under this chapter or CERCLA.
"(b) Any construction, development, conversion, or extension of a structure or installation of equipment that is included in an environmental restoration project may not be considered military construction (as that term is defined in section 2801(a) of this title).
"(c) Funds authorized for deposit in an account established under section 2702(a) of this title shall be the only source of funds to conduct an environmental restoration project under this section.
"(d) In this section, the term ‘environmental restoration project’ includes construction, development, conversion, or extension of a structure or installation of equipment in direct support of a response.
"(e) Funds authorized for deposit in an account established under section 2702(a) of this title shall be the only source of funds to conduct an environmental restoration project under this section.
"(f) Funds authorized for deposit in an account established under section 2702(a) of this title shall be the only source of funds to conduct an environmental restoration project under this section."
(b) FUNDING.—(1) The Secretary of Defense shall establish goals for the procurement of items that are environmentally preferable or are made with recovered materials.
(b) FUNDING.—(2) The Secretary of Defense shall ensure that the funds available for deposit in an account established under section 2702(a) of this title shall be the only source of funds to conduct an environmental restoration project under this section.

SEC. 313. INCREASED PROCUREMENT OF ENVIRONMENTALLY PREFERABLE PRODUCTS. 
(a) PROCUREMENT GOALS.—(1) The Secretary shall establish goals for the increased procurement by the Department of Defense of procurement items that are environmentally preferable or are made with recovered materials.
(2) The goals established under paragraph (1) shall be consistent with the requirements of section 6002 of the Solid Waste Disposal Act (42 U.S.C. 6962).
(3) In establishing goals under paragraph (1), the Secretary shall review the Comprehensive Procurement Guidelines and Guidance on Acquisition of Environmentally Preferable Products and Services developed pursuant to Executive Order 13101 and products identified in the Federal Logistics Information System.
(4) The goals established under paragraph (1) shall apply to Department purchases in each category of procurement items described by the Secretary, as determined by paragraph (4), but shall not apply to—
(A) products or services purchased by Department contractors and subcontractors, even if such products or services are incorporated into procurement items purchased by the Department; or
(B) credit card purchases or other local purchases that are made outside the requisitioning process of the Department.
(b) ASSESSMENT OF TRAINING AND EDUCATION.—The Secretary shall assess the need to establish a training and education program for acquisition programs, for training and educating Department of Defense procurement officials and contractors to ensure that they are aware of Department requirements, preferences, and goals for the procurement of items that are environmentally preferable or are made with recovered materials.
(c) TRACKING SYSTEM.—The Secretary shall develop a tracking system to identify the extent to which the Department of Defense is procuring items that are environmentally preferable or are made with recovered materials. The tracking system shall separately track procurement of each category of procurement items for which a goal has been established under subsection (a)(4).
(d) INITIAL REPORT.—Not later than 120 days after the date of the enactment of this Act, the Secretary shall submit to the congressional defense committees a report that sets forth—
(1) the initial goals the Secretary plans to establish under subsection (a)(4);
(2) the findings of the Secretary as a result of the assessment under subsection (b), together with any recommendations of the Secretary as a result of the assessment under subsection (b); and
(3) implement the tracking system required by subsection (c).
(e) ANNUAL REPORT.—Not later than March 1 of each year from 2004 through 2007, the Secretary shall submit to Congress a report on the progress made in the implementation of this section. Each report shall—
(1) identify each category of procurement items for which a goal has been established under subsection (a) as of the end of such year; and
(2) provide information from the tracking system required by subsection (b) that indicates to what extent the Department has met the goal for the category of procurement items as of the end of such year.

(g) DEFINITIONS.—In this section—
(1) "ENVIRONMENTALLY PREFERABLE."—The term ‘environmentally preferable’, in the case of a procurement item, means that the—
item has a lesser or reduced effect on human health and the environment when compared with competing procurement items that serve the same purpose. The comparison may be based on cost, environmental impact, acquisition, production, manufacturing, packaging, distribution, reuse, operation, maintenance, or disposal of the procurement item.

(2) PROCUREMENT ITEM.—The term “procurement item” has the meaning given that term in section 1006(16) of the Solid Waste Disposal Act (40 U.S.C. 6906(16)).

(3) RECOVERED MATERIALS.—The term “recovered materials” means waste materials and by-products that have been recovered or diverted from solid waste, but does not include materials and by-products generated from, and commonly used within, an original manufacturing process.

SEC. 314. CLEANUP OF UNEXPLODED ORDNANCE ON KAHO'O LAKE, HAWAII.

(a) LEVEL OF CLEANUP REQUIRED.—The Secretary of the Navy shall continue activities for the clearance and removal of unexploded ordnance on the Island of Kaho'olawe, Hawaii, and related remediation activities, until the later of the following dates: (1) the land access control period expires. (2) the date on which the Kaho'olawe Island access control period expires.

(b) The date on which the Secretary achieves each of the following objectives: (A) The inspection and assessment of all of Kaho’olawe Island in accordance with current procedures.

(b) The clearance of 75 percent of Kaho’olawe Island to the degree specified in the Tier One standards in the memorandum of understanding.

(c) The clearance of 25 percent of Kaho’olawe Island to the degree specified in the Tier Two standards in the memorandum of understanding.

(b) DEFINITIONS.—In this section:

(1) The term “Kaho'olawe Island access control period” means the period for which the Secretary of the Navy is authorized to retain the control of access to the Island of Kaho'olawe, Hawaii, under title X of the Defense Authorizations Act for Fiscal Year 2002 (Public Law 107–107; 115 Stat. 1064).

(2) The term “memorandum of understanding” means the memorandum of understanding between the United States Department of the Navy and the State of Hawaii concerning the Island of Kaho’olawe, Hawaii.

Subtitle D—Defense Dependents’ Education

SEC. 331. ASSISTANCE TO LOCAL EDUCATIONAL AGENCIES THAT BENEFIT DEPENDENTS OF MEMBERS OF THE ARMED FORCES AND DEPARTMENT OF DEFENSE CIVILIAN EMPLOYEES.

(a) CONTINUATION OF DEPARTMENT OF DEFENSE PROGRAM FOR FISCAL YEAR 2003.—Of the amount authorized to be appropriated pursuant to section 301(a)(5) for operation and maintenance for Defense-wide activities, $39,000,000 shall be available only for the purpose of providing educational agencies assistance to local educational agencies.

(b) NOTIFICATION.—Not later than 60 days after the appropriation is made available, each local educational agency that is eligible for assistance or a payment under subsection (a) may request assistance or a payment under subsection (a) for fiscal year 2003 of (1) that agency’s eligibility for the assistance or payment; and (2) the amount of the assistance or payment for which that agency is eligible.

(c) ADMINISTRATION.—The Secretary of Defense shall disburse funds made available under subsection (a) not later than 30 days after the date on which notification to the eligible local educational agencies is provided pursuant to subsection (b).

(d) DEFINITIONS.—In this section:

(1) The term “educational agencies assistance” means assistance authorized under section 368(b) of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102–486).

(2) The term “local educational agency” has the meaning given that term in section 8013(b) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7713(b)).

SEC. 332. IMPACT AID FOR CHILDREN WITH SEVERE DISABILITIES.

Of the amount authorized to be appropriated pursuant to section 301(a)(5) for operation and maintenance for Defense-wide activities, $5,000,000 shall be available for payments under section 365 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (as enacted into law by Public Law 106–398; 114 Stat. 1654A–77; 20 U.S.C. 7703a).

SEC. 333. OPTIONS FOR FUNDING DEFENSE-DEPENDENT SUMMER SCHOOL PROGRAMS.

Section 1402(d)(5) of the National Defense Authorization Act for Fiscal Year 1978 (20 U.S.C. 7702d(d)(2)) is amended to read as follows: “(2) The Secretary shall provide any summer school program under this subsection on the same financial basis as programs offered during the regular school year, except that the Secretary may charge reasonable fees for all or portions of such summer school programs to the extent that the Secretary determines appropriate.”

SEC. 334. CTRPOLLTER GENERAL STUDY OF ADEQUACY OF COMPENSATION PROVIDED TO MEMBERS IN THE DEPARTMENT OF DEFENSE OVERSEAS DEPENDENTS’ SCHOOLS.

(a) ADDITIONAL PERIOD FOR STUDY.—Subsection (b) of section 354 of title 10, United States Code, is amended by adding at the end the following new paragraph: “(2) The Secretary determines appropriate.

(b) EXTENSION OF TIME FOR REPORTING.—Subsection (c) of such section is amended by striking “May 1, 2002” and inserting “December 12, 2002.”

Subtitle D—Other Matters

SEC. 341. USE OF HUMANITARIAN AND CIVILIAN ASSISTANCE FUNDS FOR RESERVE COMPONENT PERSONNEL TRAINING AND DEPARTMENT OF DEFENSE OVERSEAS DEPENDENTS’ SCHOOLS.

(a) ADOPTION OF PLAN FOR TRAINING.—(1) The Secretary of Defense may not exceed three years after the date on which the Under Secretary of Defense for Acquisition, Technology, and Logistics and the Chief Information Officer of the Department of Defense approved the ordering of additional workstations under such contract in accordance with section (b) of such section and the regulations prescribed under such section.

(b) EXTENSION OF PERIOD.—Subsection (e) of such section is amended by striking “five years” and inserting “seven years”.

(b) DEFINITIONS.—In this section:

(1) The term “educational agencies assistance” means assistance authorized under section 368(b) of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102–486).

(2) The term “local educational agency” has the meaning given that term in section 8013(b) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7713(b)).

SEC. 342. CALCULATION OF FIVE-YEAR PERIOD FOR LIMITATION FOR NAVY-MARINE CORPS INTRANET CONTRACT.

(a) COMMENCEMENT PERIOD.—The five-year period of limitation that is applicable to the multiyear Navy-Marine Corps Intranet contract under section 2306 of title 10, United States Code, shall be deemed to have begun on the date on which the Under Secretary of Defense for Acquisition, Technology, and Logistics and the Chief Information Officer of the Department of Defense approved the ordering of additional workstations under such contract in accordance with subsection (b) of such section and the regulations prescribed under such section.

SEC. 343. REIMBURSEMENT FOR RESERVE COMPONENT INTELLIGENCE SUPPORT.

(a) SOURCE OF FUNDS.—(1) The term “source of funds” means appropriations or otherwise made available to a military department, Defense Agency, or combatant command for operation and maintenance that shall be available for the pay, allowances, and other costs that would be charged to appropriations for a reserve component for the performance of duties by members of that reserve component in providing intelligence or counterintelligence support to—

(b) DETERMINATION.—(1) The term “defense department” means any department of the United States, including any of the defense departments of the armed forces of the United States, and includes any of the defense departments of any other country, or any department, division, or agency of any other country, including any such activity for which funds are authorized to be appropriated within the National Foreign Intelligence Program, the Marine Corps Intel Support Program, or the United States Army Intelligence and Related Activities which are allocated or transferred to the reserve force.

(2) The term “combatant commander” means any commander of Joint Forces Command, United States Pacific Command, United States Southern Command, United States Central Command, or United States European Command, or any commander of a theater command, a joint functional command, or any other commander of a joint force, joint command, force component, or joint functional area, or any other commander or military service that performs intelligence support.

(b) PRECEDING TERMS.—The term “May 1, 2002” means the date on which the provisions of subsection (a) of this section take effect.

SEC. 344. REBATE AGREEMENTS UNDER THE SPECIAL SUPPLEMENTAL FOOD PROGRAM.

(a) APPLICABILITY TO NAVY EXCHANGE MARKETS.—Paragraph (1)(A) of section 1060(a) of title 10, United States Code, is amended by inserting “or Navy Exchange Markets” after “commissary stores”.

(b) DETERMINATION.—(1) The term “MAXIMUM PERIOD OF AGREEMENT.”—Paragraph (3) of such section 1060(a) is amended by striking “five years” and inserting “three years”.

SEC. 345. LOGISTICS SUPPORT AND SERVICES FOR WEAPON SYSTEMS CONTRACTORS.

(a) AUTHORITY.—The Secretary of Defense may make available, in accordance with this section and the regulations prescribed under subsection (e), logistics support and logistics services to a contractor in support of the performance of duties by the contractor for the construction, modification, or maintenance of a weapon system that is entered into by an official of the Department of Defense.

(b) SUPPORT CONTRACT.—Any logistics support and logistics services that is to be provided under this section may be provided under a contract for the construction, modification, or maintenance of a weapon system that is entered into by an official of the Department of Defense.

(c) SCOPE OF SUPPORT AND SERVICES.—(1) The logistics support and logistics services that is to be provided under a contract for the performance of the contract described in subsection (a) are the distribution,
disposal, and cataloging of material and re- 
pair parts necessary for the performance of that 
contract.

(d) LIMITATIONS.—(1) The number of con- 
tracts described in subsection (a) for which 
the Secretary makes logistics support and 
logistics services available under the author- 
ity of this section shall not exceed five con- 
tacts. The total amount of the estimated 
costs of all such contracts for which logistics 
support and logistics services are made 
available under this section may not exceed 
$100,000,000.

(2) No contract entered into by the Direc- 
tor of the Defense Logistics Agency under 
subsection (a) shall extend for a period in excess 
of five years, including periods for which the 
contract is extended under options to extend the 
contract.

(e) REGULATIONS.—Before exercising the 
authority under this section, the Secretary of 
Defense shall prescribe in regulations such 
requirements, conditions, and restrictions as the 
Secretary determines appropriate to en- 
sure that logistics support and logistics ser- 
vices are provided under this section only 
when it is in the best interests of the United 
States to do so. The regulations shall in- 
clude, at a minimum, the following:

(1) A requirement for the authority under this 
section only when the logistics sup- 
port and logistics services are to be 
available under the authority of this section 
to any contractor awarded the contract, but 
only on a basis that does not require accept- 
ance of the support and services; and

(b) A description of the range of the logis- 
tics support and logistics services that are to be 
made available to the contractor.

(3) A requirement for the rates charged a 
contractor for logistics support and logistics 
services provided to a contractor under this 
section to reflect the full cost to the United 
States of the resources used in providing the 
support and services, including the costs of 
resources used, but not paid for, by the De- 
partment of Defense.

(4) A requirement to credit to the General 
Fund of the Treasury amounts received by the 
Department of Defense from a contractor 
for the cost of logistics support and logistics 
services provided to the contractor by the 
Department of Defense under this section 
but not paid for out of funds available to the 
Department of Defense.

(5) With respect to a contract described in 
subsection (a) that is being performed for 
a department or agency outside the Depart- 
ment of Defense, a prohibition, in accord- 
cence with existing policies, on the imposition of any charge on that de- 
partment or agency for any effort of Depart- 
ment of Defense personnel or the contractor 
to correct deficiencies in the performance of 
such contract.

(6) A prohibition on the imposition of any 
charge on a contractor for any effort of the 
contractor to correct a deficiency in the per- 
formance of logistics support and logistics 
services provided to the contractor under 
this section.

(7) RELATIONSHIP TO TREATY OBLIGATIONS.— 
The Secretary shall ensure that the exercise of 
authority under this section does not con- 
travene or constitute a violation of the Authoriza- 
tion of the United States under any treaty or other inter- 
national agreement.

(g) TERMINATION OF AUTHORITY.—(1) The 
authority provided in this section shall ex- 
pire on September 30, 2007, subject to para- 
graph (2).

(2) The expiration of the authority under 
this section does not terminate:

(A) any contract that was entered into by the 
Director of the Defense Logistics Agency 
under subsection (a) or any provision of 
the authority or any obligation to provide 
logistics support and logistics services under 
that contract; or

(B) any authority—

(i) to enter into a contract described in 
subsection (a) for which a solicitation of 
ofers was issued in accordance with the regu-
lations prescribed pursuant to subsection (a) 
before the date of the expiration of the 
authority; or

(ii) to provide logistics support and logis- 
tics services to the contractor with respect 
to that contract in accordance with this sec- 

SEC. 346. CONTINUATION OF ARSENAL SUPPORT 
OF THE SECRETARY OF DEFENSE TO ENGAGE IN COMMERCIAL ACTIVITIES AS SECURITY FOR INTELLIGENCE COLLECTION ACTIVITIES ABROAD.

(a) EXTENSION THROUGH FISCAL YEAR 2004.—Subsection (a) of section 343 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (as enacted into law by Pub. L. 106–46) is amended by striking “2002” and inserting “2004”.

(b) REPORTING REQUIREMENTS.—Subsection (d) of such section is amended—

(1) in paragraph (1), by striking “2002” and inserting “2004”; and

(2) in paragraph (2), by striking the first 

Section 331(a) of title 10, United States 
Codified, is amended by striking “December 31, 
2002” in the second sentence and inserting “December 31, 2004”.

SEC. 348. INSTALLATION AND CONNECTION POL- 
ICY AND PROCEDURES REGARDING DEFENSE SWITCH NETWORK.

(a) ESTABLISHMENT OF POLICY AND PROCEDURES.—Not later than 180 days after the date of enactment of this Act, the Secretary of Defense shall establish clear and uniform policies and procedures, applicable to the military departments and Defense Agenc- ies, regarding the installation and connec- tion of telecom switches to the Defense Switch Network.

(b) ELEMENTS OF POLICY AND PROCEDURE- 
DUES.—The policy and procedures shall ad- dress at a minimum the following:

(1) Clear interoperability and compat- 

ability requirements for procuring, certi- 
fying, installing, and connecting telecom 
switches to the Defense Switch Network.

(2) Current, complete, and enforceable test- 
ing, validation, and certification procedures 
needed to ensure the interoperability and com- 
patibility of telecom switches to be satisfied.

(3) EXCEPTIONS.—(i) The Secretary of De- 

fense may specify certain circumstances in which—

(A) the requirements for testing, valida- 
tion, and certification of telecom switches 
may be waived; or
SEC. 401. END STRENGTHS FOR ACTIVE FORCES.

The total authorized strengths for active duty personnel as of September 30, 2002, as follows:
(1) The Army, 465,000.
(2) The Navy, 379,200.
(3) The Marine Corps, 175,000.

SEC. 402. AUTHORITY TO INCREASE STRENGTHS OF RECRUITS AND GRADE LIMITATIONS TO ACCOUNT FOR RESERVE COMPONENT MEMBERS ON ACTIVE DUTY IN SUPPORT OF A CONTINGENCY OPERATIONAL ACTIVITY.

(a) ACTIVE DUTY STRENGTH.—Section 115(c)(1) of title 10, United States Code, is amended to read as follows:
(1) the total authorized strength of units organized to serve as units of the Selected Reserve of such component who are on active duty (other than for training or for unsatisfactory participation in training) without their consent at the end of the fiscal year.

Whenever such units or such individual members are released from active duty during any fiscal year, the end strength prescribed for such fiscal year for the Selected Reserve of such reserve component shall be proportionately increased by the total authorized strengths of such units and by the total number of such individual members.

SEC. 412. END STRENGTHS FOR RESERVES ON ACTIVE DUTY IN SUPPORT OF THE RESERVES.

Within the end strengths prescribed in section 411(a), the reserve components of the Armed Forces are authorized, as of September 30, 2003, the following number of Reserves to be serving on full-time active duty or full-time duty, in the case of members of the National Guard, for the purpose of organizing, administering, recruiting, instructing, or training the reserve components:
(1) The Army National Guard of the United States, 24,492.
(2) The Army Reserve, 13,888.
(3) The Naval Reserve, 14,572.
(4) The Marine Corps Reserve, 2,261.
(6) The Air Force Reserve, 1,498.

SEC. 413. END STRENGTHS FOR MILITARY TECHNICIANS (DUAL STATUS).

The minimum number of military technicians (dual status) as of the last day of fiscal year 2003 for the reserve components of the Army and the Air Force (notwithstanding section 129 of title 10, United States Code) shall be the following:
(1) For the Army Reserve, 6,599.
(2) For the Army National Guard of the United States, 24,102.
(3) For the Air Force Reserve, 9,911.
(4) For the Air National Guard of the United States, 22,495.

SEC. 414. FISCAL YEAR 2003 LIMITATIONS ON NON-DUAL STATUS TECHNICIANS.

(a) LIMITATIONS.—(1) Within the limitation provided in section 10217(c)(2) of title 10, United States Code, the number of non-dual status technicians employed by the National Guard as of September 30, 2003, may not exceed the following:
(1) The Army National Guard of the United States, 1,500.
(2) The Air Force National Guard of the United States, 350.

(3) The Air Force Reserve may not employ any person as a non-dual status technician during fiscal year 2003.

(b) NON-DUAL STATUS TECHNICIANS DEFINED.—In this section, the term ‘‘non-dual status technician’’ has the meaning given the term in section 10217(a) of title 10, United States Code.

Subtitle C—Authorization of Appropriations

SEC. 421. AUTHORIZATION OF APPROPRIATIONS FOR MILITARY PERSONNEL.

There is hereby authorized to be appropriated to the Department of Defense for military personnel for fiscal year 2003 a total of $94,552,208,000. The authorization in the preceding sentence supersedes any other authorization of appropriations (definite or indefinite) for such purpose for fiscal year 2003.
TITLE V—MILITARY PERSONNEL POLICY

Subtitle A—Officer Personnel Policy

SEC. 501. EXTENSION OF CERTAIN REQUIREMENTS AND EXCLUSIONS APPLICABLE TO SERVICE OF GENERAL AND FLAG OFFICERS ON ACTIVE DUTY IN CERTAIN JOINT DUTY ASSIGNMENTS.

(a) RECOMMENDATIONS FOR ASSIGNMENT TO SENIOR JOINT OFFICER POSITIONS.—Section 601(c) of title 10, United States Code, is amended by striking “September 30, 2003” and inserting “December 31, 2003”.

(b) INAPPLICABILITY OF GRADE DISTRIBUTION REQUIREMENTS.—Section 525(b)(5)(C) of such title is amended by striking “September 30, 2003” and inserting “December 31, 2003”.

(c) EXTENSION OF SERVICE LIMITATION.—Section 526(b)(3) of such title is amended by striking “October 1, 2002” and inserting “December 31, 2003”.

SEC. 502. EXTENSION OF AUTHORITY TO WAIVE REQUIREMENT FOR SIGNIFICANT JOINT DUTY EXPERIENCE FOR APPOINTMENT AS A CHIEF OF A RESERVE COMPONENT OR A NATIONAL GUARD DIRECTOR.

(a) CHIEF OF ARMY RESERVE.—Section 3003(b)(4) of title 10, United States Code, is amended by striking “October 1, 2003” and inserting “December 31, 2003”.

(b) CHIEF OF NAVAL RESERVE.—Section 5143(b)(4) of such title is amended by striking “October 1, 2003” and inserting “December 31, 2003”.

(c) COMMANDER, MARINE FORCES RESERVE.—Section 5144(b)(4) of such title is amended by striking “October 1, 2003” and inserting “December 31, 2003”.

(d) CHIEF OF AIR FORCE RESERVE.—Section 8033(b)(4) of such title 10, United States Code, is amended by striking “October 1, 2003” and inserting “December 31, 2003”.

(e) DIRECTORS OF THE NATIONAL GUARD.—Section 10506(a)(3)(D) of such title is amended by striking “October 1, 2003” and inserting “December 31, 2003”.

SEC. 503. REPEAL OF LIMITATION ON AUTHORITY TO GRANT CERTAIN OFFICERS A WAIVER OF REQUIRED SEQUENCE FOR JOINT PROFESSIONAL MILITARY EDUCATION AND JOINT DUTY ASSIGNMENT.

Section 561(c)(3)(D) of title 10, United States Code, is amended by striking “in the case of officers in grades below brigadier general” and all that follows through “selected for the joint specialty during that fiscal year.”.

SEC. 504. EXTENSION OF TEMPORARY AUTHORITY FOR RECALL OF RETIRED AVIATORS.


SEC. 505. INCREASED GRADE FOR HEADS OF NURSE CORPS.

(a) ARMY.—Section 306(b) of title 10, United States Code, is amended by striking “brigadier general (upper half) in the case of an officer in the Nurse Corps” or “for promotion to the grade of” and adding “major general”.

(b) NAVY.—The first sentence of section 5150(c) of such title is amended—

(1) by deleting the words “brigadier general (upper half)” in the case of an officer in the Nurse Corps or “for promotion to the grade of” and adding “major general”;

(2) by inserting “in the case of an officer in the Medical Service Corps” after “rear admiral (lower half)”.

(c) AIR FORCE.—Section 8060(b) of such title is amended by striking “brigadier general” in the second sentence and inserting “major general”.

SEC. 506. REINSTATEMENT OF AUTHORITY TO REDUCE SERVICE REQUIREMENT FOR RETIREMENT IN GRADES ABOVE 0-4.

(a) OFFICERS ON ACTIVE DUTY.—Subsection (a)(2)(A) of section 1370 of title 10, United States Code, is amended—

(1) by striking “may authorize” and all that follows and inserting “may authorize, in the case of retirements effective during the period beginning on September 1, 2002, and ending on December 31, 2003”;

(2) by adding at the end the following:

“(1) the Deputy Under Secretary of Defense for Personnel and Readiness to reduce such 3-year period to a period not less than two years for retirements in grades above colonel or, in the case of the Navy, captain; and

“(2) the Secretary of a military department or the Assistant Secretary of a military department having responsibility for manpower and reserve affairs to reduce such 3-year period to a period not less than two years for retirements in grades of lieutenant colonel and colonel or, in the case of the Navy, commander and captain.”;

(b) RESERVE OFFICERS.—Subsection (d)(5) of such section is amended—

(1) in the first sentence and inserting “so redesignated 2 ems from the left margin; and

(3) in paragraph (6), as so redesignated, by striking “this paragraph” and inserting “paragraph (5)”;

(c) ADVANCE NOTICE TO THE PRESIDENT AND CONGRESS.—Such section is further amended by adding at the end the following new subsection:

“(e) ADVANCE NOTICE TO CONGRESS.—(1) The Secretary of Defense shall notify the Committees on Armed Services of the Senate and House of Representatives of—

“(A) an exercise of authority under paragraph (2)(A) of subsection (a) to reduce the 3-year minimum period of required service on active duty in a grade in the case of an officer to whom such paragraph applies before the officer is graded in such grade unless such subsection without having satisfied that 3-year service requirement; and

“(B) an exercise of authority under paragraph (5) of subsection (d) to reduce the 3-year minimum period of service in grade required under paragraph (3)(A) of such subsection in the case of an officer to whom such paragraph applies before the officer is credited with satisfactory service in such grade under subsection (d) without having satisfied that 3-year service requirement.

“(2) The requirement under paragraph (1) is satisfied in the case of an officer to whom subsection (c) applies if the certification submitted with respect to such officer under paragraph (1) of such subsection.

“(3) The notification requirement under paragraph (1) does not apply to an officer being retired in the grade of lieutenant colonel or colonel or, in the case of the Navy, commander or captain.”.

Subtitle B—Reserve Component Personnel Policy

SEC. 511. TIME FOR COMMENCEMENT OF INITIAL PERIOD OF ACTIVE DUTY FOR TRAINING UPON ENLISTMENT IN RESERVE COMPONENT.

Section 12103(d)(1) of title 10, United States Code, is amended by striking “270 days” in the second sentence and inserting “one year”.

SEC. 512. AUTHORITY FOR LIMITED EXTENSION OF MEDICAL SERVICE, MANDATORY RETIREMENT OR SEPARATION OF RESERVE COMPONENT OFFICER.

(a) AUTHORITY.—Chapter 1407 of title 10, United States Code, is amended by adding at the end the following new section:

“§14518. Deferral of retirement or separation for medical reasons.

“(a) AUTHORITY.—If, in the case of an officer required to be retired or separated under this chapter or chapter 1469 of this title, the Secretary concerned determines that the evaluation of the physical condition of the officer and determination of the officer’s entitlement to retirement or separation for physical disability requires medical observation and that such hospitalization or medical observation cannot be completed with confidence in a manner consistent with the officer’s well being before the date on which the officer would otherwise be required to retire or be separated, the Secretary may defer the retirement or separation of the officer.

“(b) PERIOD OF DEFERMENT.—A deferral of retirement or separation under subsection (a) may not extend for more than 30 days after the completion of the evaluation requiring hospitalization or medical observation.

“(c) CLERICAL AMENDMENT.—The table of sections at the beginning of this chapter is amended by adding at the end the following new item:

“14519. Deferral of retirement or separation for medical reasons.”.

SEC. 513. REPEAL OF PROHIBITION ON USE OF AIR FORCE RESERVE AGR PERSONNEL FOR AIR FORCE BASE SECURITY FUNCTION.

(a) REPEAL.—Section 12551 of title 10, United States Code, is repealed.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 1215 of such title is amended by striking the item relating to section 12551.

Subtitle C—Education and Training

SEC. 521. INCREASE IN AUTHORIZED STRENGTHS FOR THE SERVICE ACADEMIES.

(a) UNITED STATES MILITARY ACADEMY.—Section 3432 of title 10, United States Code, is amended—

(1) in subsection (a), by striking “4,000” in the first sentence and inserting “4,400”; and

(2) in subsection (b), by striking “variance in that limitation” and inserting “variance above that limitation”.

(b) UNITED STATES NAVAL ACADEMY.—Section 8054 of title 10, United States Code, is amended—

(1) in subsection (a), by striking “4,000” in the first sentence and inserting “4,400”; and

(2) in subsection (b), by striking “4,000” in the second sentence and inserting “4,400”; and
SEC. 531. WAIVER OF TIME LIMITATIONS FOR AWARD OF CERTAIN DECORATIONS TO CERTAIN PERSONS.

(a) WAIVER. —The Secretary of Defense, in accordance with the provisions of subsection (c), for a period of 15 months; and

(b) Distinguished-Service Cross of the Army.—Subsection (a) applies to the award of the Distinguished-Service Cross of the Army as follows:

(1) To Henry Johnson of Albany, New York, for extraordinary heroism in France during the period of May 13 to 15, 1918, while serving as a member of the Army.

(2) To Hilliard Carter of Jackson, Mississippi, for extraordinary heroism in actions near Makin Island, Republic of the Philippines, on October 23, 1944, while serving as a member of the Army.

(3) To Albert C. Welch of Highland Ranch, Colorado, for extraordinary heroism in actions in Ong Thanh, Binh Long Province, Republic of Vietnam, on October 17, 1967, while serving as a member of the Army.

(4) To Eduguardo Coppola of Falls Church, Virginia, for extraordinary achievement while participating in aerial flight during World War II, while serving as a member of the Navy.

(5) To James Hoisington, Jr., of Stillman Valley, Illinois, for extraordinary achievement while participating in aerial flight during World War II, while serving as a member of the Navy.

(6) To William M. Melvin of Lawrenceburg, Tennessee, for extraordinary achievement while participating in aerial flight during World War II, while serving as a member of the Navy.

(7) To Vincent Urban of Tom River, New Jersey, for extraordinary achievement while participating in aerial flight during World War II, while serving as a member of the Navy.

(8) To Albert C. Welch of Highland Ranch, Colorado, for extraordinary heroism in actions in Ong Thanh, Binh Long Province, Republic of Vietnam, on October 17, 1967, while serving as a member of the Army.

(9) To Albert C. Welch of Highland Ranch, Colorado, for extraordinary heroism in actions in Ong Thanh, Binh Long Province, Republic of Vietnam, on October 17, 1967, while serving as a member of the Army.

(10) To Albert C. Welch of Highland Ranch, Colorado, for extraordinary heroism in actions in Ong Thanh, Binh Long Province, Republic of Vietnam, on October 17, 1967, while serving as a member of the Army.

SEC. 532. KOREA DEFENSE SERVICE MEDAL

(a) FINDINGS.—Congress makes the following findings:

(1) More than 40,000 members of the United States Armed Forces have served on the Korean Peninsula each year since the signing of the cease-fire agreement in July 1953 ending the Korean War.

(2) An estimated 1,200 members of the United States Armed Forces died as a direct result of their service in Korea since the cease-fire agreement in July 1953 ending the Korean War.

(b) ARMY.—(1) Chapter 357 of title 10, United States Code, is amended by adding at the end the following new section:

"§ 3755. Korea Defense Service Medal

(a) The Secretary of the Army shall issue a campaign medal, to be known as the Korea Defense Service Medal, to each person who while a member of the Army served in the Republic of Korea or the waters adjacent thereto during the KDSM eligibility period and met the service requirements for award of that medal prescribed under subsection (c)."

(b) In this section, the term ‘KDSM eligibility period’ means the period beginning on July 28, 1954, and ending on such date after the date of the enactment of this section as may be determined by the Secretary of Defense to be appropriate for terminating eligibility for the Korea Defense Service Medal. Those requirements shall not be more stringent than the service requirements for award of the Armed Forces Expeditionary Medal for instances in which the award of that medal is authorized.

(c) The Secretary of the Army shall prescribe service requirements for eligibility for the Korea Defense Service Medal. Those requirements shall not be more stringent than the service requirements for award of the Armed Forces Expeditionary Medal for instances in which the award of that medal is authorized.

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:


(a) The Secretary of the Army shall issue a campaign medal, to be known as the Korea Defense Service Medal, to each person who while a member of the Army served in the Republic of Korea or the waters adjacent thereto during the KDSM eligibility period and met the service requirements for award of that medal prescribed under subsection (c)."

(b) In this section, the term ‘KDSM eligibility period’ means the period beginning on July 28, 1954, and ending on such date after the date of the enactment of this section as may be determined by the Secretary of Defense to be appropriate for terminating eligibility for the Korea Defense Service Medal. Those requirements shall not be more stringent than the service requirements for award of the Armed Forces Expeditionary Medal for instances in which the award of that medal is authorized.

(c) The Secretary of the Army shall prescribe service requirements for eligibility for the Korea Defense Service Medal. Those requirements shall not be more stringent than the service requirements for award of the Armed Forces Expeditionary Medal for instances in which the award of that medal is authorized.

SEC. 541. ENLISTMENT INCENTIVES FOR PUR-SUIT OF SKILLS TO FACILITATE NA-TIONAL SERVICE.

(a) AUTHORITY.—(1) Chapter 6 of title 10, United States Code, is amended by adding at the end the following new section:

"§ 836. Enlistment incentives for pursuits of skills to facilitate national service

(a) The Secretary of Defense may carry out a program in accordance with the provisions of this section under which program a National Call to Service participant described in subsection (b) shall be entitled to an incentive specified in subsection (d).

(b) NATIONAL CALL TO SERVICE PARTICIPANT.—In this section, the term ‘National Call to Service participant’ means a person who first enlists in the armed forces pursuant to a written agreement (prescribed by the Secretary of the military department concerned) under which agreement the person shall—

(1) upon completion of initial entry training (as prescribed by the Secretary of Defense), serve on active duty in the armed forces in a military occupational specialty designated by the Secretary of the military department concerned (as prescribed by the Secretary of the military department concerned) under which agreement the person shall—

(2) upon completion of such service on active duty, and without a break in service, serve the minimum period of obligated service specified in the agreement under this section;

(3) receive an allowance for education (as prescribed by the Secretary of Defense), participate in a program designated by the Secretary of the military department concerned pursuant to regulations prescribed by the Secretary of Defense.

(b) The Secretary of Defense shall designate military occupational specialties for purposes of subsection (a). In making such designations, the Secretary shall ensure that military occupational specialties designated for purposes of subsection (a) are ones that will facilitate, as determined by the Secretary, pursuit of skills necessary for a National Call to Service participant described in subsection (a) to become a National Call to Service participant during and after their completion of active duty or active duty service under an agreement under subsection (a).

(c) INCENTIVES.—The incentives specified in this subsection are as follows:

(1) Payment of a bonus in the amount of $5,000.

(2) Payment of outstanding principal and interest on qualifying student loans of the National Call to Service participant in an amount not to exceed $18,000.

(3) Entitlement to an allowance for educational assistance at the monthly rate equal to the monthly rate payable for basic educational assistance allowances under section 3015(a)(1) of title 38 for a total of 12 months.

(4) Entitlement to an allowance for educational assistance at the monthly rate equal to 5 percent of the monthly rate payable for basic educational assistance allowances under section 3015(b)(1) of title 38 for a total of 12 months.

(e) ELIGIBILITY OF INCENTIVES.—A National Call to Service participant shall elect in the
agreement under subsection (b) which incentive under subsection (d) to receive. An election under this subsection is irrevocable. 

“(f) PAYMENT OF BONUS AMOUNTS.—(1) PAYMENT TO SERVICE PERSONNEL.—(A) In general.—The Secretary of the military department concerned shall make payment of incentive amounts under subsection (d) to service personnel who enters into an agreement under subsection (b) in the same manner as the Secretary shall make payment of interest under subsection (a) to fiduciary service personnel under the Military Retirement Fund Act of 1947 (5 U.S.C. 6901 et seq.).

“(2) Payment of incentive amounts on death, disability, or discharge.—The Secretary of the military department concerned shall pay incentive amounts under subsection (d) to the estate or surviving family member of a service personnel who enters into an agreement under subsection (b) and subsequently dies, becomes disabled, or is otherwise discharged from the Armed Forces.

“(g) PAYMENT OF OFFICIALS.—(1) By the Secretary.—The Secretary of a military department shall prescribe regulations for purposes of this section.

“(2) By the Secretary of Defense.—The Secretary of Defense shall prescribe regulations for purposes of this section.

“(h) TERMINATION OF AGREEMENT.—(1) In general.—If a service personnel fails to enter into an agreement under subsection (b) within the time period specified under subsection (d), the incentive amount, if any, shall be returned to the United States.

“(2) Penalty.—If a service personnel agrees to enter into an agreement under subsection (b) and fails to perform under such agreement, the service personnel shall be considered to have committed an act of misconduct that results in an adverse action against such service personnel.

“(i) FUNDING.—Amounts for payment of incentives under subsection (d), including payment of allowances for educational assistance under that subsection, shall be derived from amounts available to the Secretary of the military department concerned for payment of pay, allowances, and other expenses of the members of the armed force concerned.

“(j) REGULATIONS.—The Secretary of Defense shall prescribe regulations for purposes of this section.

“(k) DEFINITIONS.—In this section:

“(1) The term ‘Américos means the Américos program carried out under subchapter C of title I of the National and Community Service Act of 1990 (42 U.S.C. 12571 et seq.).

“(2) The term ‘qualified student loan’ means a loan, the proceeds of which were used to pay the cost of attendance (as defined in section 8528 of the Higher Education Act of 1965 (20 U.S.C. 1087ll) at an institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001)).

“(3) The term ‘Secretary of a military department’ means the Secretary of the department concerned.

“(4) The term ‘Secretary of Defense’ means the Secretary of Defense.

“§481. Racial, ethnic, and gender issues: biennial surveys.

“(a) IN GENERAL.—The Secretary of Defense shall carry out biennial surveys in accordance with this section to identify and assess racial, ethnic, and gender issues in the armed forces service by and the extent (if any) of activity among such members that may be seen as so-called ‘hate group’ activity.

“(b) BIENNIAL SURVEY ON RACIAL AND ETHNIC ISSUES.—One of the surveys conducted every two years under this section shall solicit information on racial and ethnic issues and activities that may constitute the forming professional relationships among members of the armed forces of the various racial and ethnic groups. The information solicited shall include the following:

“(1) Indicators of positive and negative trends for professional and personal relationships among members of all racial and ethnic groups.

“(2) The effectiveness of Department of Defense policies designed to improve relationships among all racial and ethnic groups.

“(3) The effectiveness of current processes for complaints on and investigations into racial and ethnic discrimination.

“(c) BIENNIAL SURVEY ON RACIAL ISSUES.—One of the surveys conducted every two years under this section shall solicit information on gender issues, including issues relating to gender-based harassment and discrimination, and the climate in the armed forces for forming professional relationships between male and female members of the armed forces. The information solicited shall include the following:

“(1) Indicators of positive and negative trends for professional and personal relationships between male and female members of the armed forces.

“(2) The effectiveness of Department of Defense policies designed to improve professional relationships between male and female members of the armed forces.

“(3) The effectiveness of current processes for complaints on and investigations into gender-based discrimination.

“(d) SURVEYS TO ALTERNATE YEAR.—The biennial survey under subsection (b) shall be conducted in odd-numbered years. The biennial survey under subsection (c) shall be conducted in even-numbered years.

“(e) IMPLEMENTING ENTITY.—The Secretary shall carry out the biennial surveys through entities in the Department of Defense as follows:
“(1) The biennial review under subsection (b), through the Armed Forces Survey on Racial and Ethnic Issues.

“(2) The biennial review under subsection (c), through the Armed Forces Survey on Gender Issues.

“(f) REPORTS TO CONGRESS.—Upon the completion of a biennial survey under this section, the Secretary shall submit to Congress a report containing the results of the survey.

“(g) INAPPLICABILITY TO COAST GUARD.—The requirements for surveys under this section do not apply to the Coast Guard.”.

(b) CLERICAL AMENDMENT.—The item relating to such section in the table of sections at the beginning of chapter 23 of title 46, as amended, is amended to read as follows:

“461. Racial, ethnic, and gender issues: biennial surveys.”.

SEC. 552. LEAVE REQUIRED TO BE TAKEN PENDING REVIEW OF A RECOMMENDATION FOR REMOVAL BY A BOARD OF INQUIRY.

(a) REQUIREMENT.—Section 1182(c) of title 10, United States Code, is amended—

(1) by inserting “(1)” after “(c)”; and

(2) by adding at the end the following new paragraph:

“(2) Under regulations prescribed by the Secretary concerned, an officer referred to in paragraph (1) may be required to take leave pending the completion of the action under this chapter in the case of that officer. The officer may be required to begin such leave at any time following the officer’s receipt of the report of the board of inquiry, including the board’s recommendation for removal from active duty, and the expiration of any period allowed for submission by the officer of a rebuttal to that report. The leave may be continued until the date on which action by the Secretary concerned under this chapter is completed in the case of the officer or may be terminated at any earlier time.”.

(b) PAYMENT FOR MANDATORY EXCESS LEAVE UPON DISAPPROVAL OF CERTAIN INVESTIGATIVE RECOMMENDATIONS.—Chapter 49 of such title is amended by inserting after section 707 the following new section:

“§707a. Payment upon disapproval of certain board of inquiry recommendations for excess leave required to be taken.

“(a) Officer.—

“(1) who is required to take leave under section 1182(c)(2) of this title, any period of which is charged as excess leave under section 706(a) of this title, and

“(2) whose recommendation for removal from active duty in a report of a board of inquiry is not approved by the Secretary concerned under section 1184 of this title, shall be paid, as provided in subsection (b), for the period of leave charged as excess leave.

“(b) Payment.—

“(1) An officer entitled to be paid under this section shall be paid at a rate of wages, salaries, tips, other personal service income, unemployment compensation, and public assistance benefits from any Government agency during the period the officer is required to take leave pending the completion of the action under this chapter in the case of that officer. The Secretary concerned under section 1184 of this title, including the board’s recommendation for removal from active duty, may be required to begin such leave at any time following the officer’s receipt of the report of the board of inquiry, including the board’s recommendation for removal from active duty, and the expiration of any period allowed for submission by the officer of a rebuttal to that report. The leave may be continued until the date on which action by the Secretary concerned under this chapter is completed in the case of the officer or may be terminated at any earlier time.

“(2) The heading for such section is amended to read as follows:

“§706. Administration of required leave.

(c) CLERICAL AMENDMENTS.—The table of sections at the beginning of chapter 49 of title 10, United States Code, is amended—

(1) by striking the item relating to section 706 and inserting the following:

“706. Administration of required leave.”; and

(2) by adding at the end the following new section:

“707a. Payment upon disapproval of certain board of inquiry recommendations for excess leave required to be taken.”.

SEC. 553. STIPEND FOR PARTICIPATION IN FUNERAL HONORS.

Section 1491(d) of title 10, United States Code, is amended—

(1) by striking paragraph (1) and inserting the following:

“(A) For a participant in the funeral honors detail who is a member or former member of the armed forces in a retired status or is not a member of the armed forces (other than a former member in a retired status) and not an employee of the United States, either—

“(i) transportation; or

“(ii) a daily stipend prescribed annually by the Secretary of Defense at a single rate that is designed to defray the costs for transportation and other expenses incurred by the participant in connection with participation in the funeral honors detail.”;

(2) by inserting “(1)” after “(d) SUPPORT.”;

(3) by redesignating paragraph (2) as subparagraph (B);

(4) by redesignating paragraph (B), as so redesignated, by inserting “members of the armed forces in a retired status” and after “training for”;

and

(5) by adding at the end the following:

“(C) a stipend paid under paragraph (1)(A) to a member or former member of the armed forces in a retired status shall be in addition to any other compensation to which the retired member may be entitled.”.

SEC. 554. WEAR OF ABAYAS BY FEMALE MEMBERS OF THE ARMED FORCES IN SAUDI ARABIA.

(a) PROHIBITIONS RELATING TO WEAR OF ABAYAS.—No member of the Armed Forces having authority over a member of the Armed Forces and no officer or employee of the United States having authority over a member of the Armed Forces may—

(1) require or encourage that member to wear the abaya garment or any part of the abaya garment while the member is in the Kingdom of Saudi Arabia pursuant to a permanent change of station or orders for temporary duty; or

(2) take any adverse action, whether formal or informal, against the member for choosing not to wear the abaya garment or any part of the abaya garment while the member is in the Kingdom of Saudi Arabia.

(b) INSTRUCTION.—(1) The Secretary of Defense shall provide each female member of the Armed Forces ordered to a permanent change of station or temporary duty in the Kingdom of Saudi Arabia with instructions regarding the prohibitions in subsection (a)(1) and the prohibitions in subsection (a)(2) upon the arrival of the member at a United States military installation within the Kingdom of Saudi Arabia. The instructions shall be provided orally and in writing. The written instruction shall include the full text of this section.

(2) In carrying out paragraph (1), the Secretary shall act through the Commander in Chief, United States Central Command and Joint Task Force Southwest Asia, and the commanders of the Army, Navy, Air Force, and Marine Corps components of the United States Central Command and Joint Task Force Southwest Asia.

(c) PROHIBITION ON USE OF FUNDS FOR PROCUREMENT OF ABAYAS.—Funds appropriated or otherwise made available to the Department of Defense may not be used to procure abayas for regular or routine issuance to members of the Armed Forces serving in the Kingdom of Saudi Arabia or for any permanent or temporary change of station or temporary duty in the Kingdom of Saudi Arabia with instructions regarding the prohibitions in subsection (a) upon the arrival of the member at a United States military installation within the Kingdom of Saudi Arabia. The instructions shall be provided orally and in writing. The written instruction shall include the full text of this section.

TITLE VI—COMPENSATION AND OTHER PERSONNEL BENEFITS

Subtitle A—Pay and Allowances

SEC. 601. INCREASE IN BASIC PAY FOR FISCAL YEAR 2003.

(a) WAIVER OF SECTION 1009 ADJUSTMENT.—

The adjustment to become effective during fiscal year 2003 required by section 1009 of title 37, United States Code, in the rates of monthly basic pay authorized members of the uniformed services shall not be made.

(b) INCREASE IN BASIC PAY.—Effective on January 1, 2003, the rates of monthly basic pay for members of the uniformed services within each pay grade are as follows:

<table>
<thead>
<tr>
<th>Pay Grade</th>
<th>Over 0</th>
<th>0-2</th>
<th>2 or less</th>
<th>3 or more</th>
<th>Over 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-10</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>0-9</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>0-8</td>
<td>7,474.50</td>
<td>7,719.30</td>
<td>7,881.60</td>
<td>7,927.20</td>
<td>7,927.20</td>
</tr>
</tbody>
</table>
### COMMISSIONED OFFICERS 1—Continued

#### Years of service computed under section 205 of title 37, United States Code

<table>
<thead>
<tr>
<th>Pay Grade</th>
<th>2 or less</th>
<th>Over 3</th>
<th>Over 4</th>
<th>Over 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>O-7</td>
<td>6,210.90</td>
<td>6,499.20</td>
<td>6,633.00</td>
<td>6,739.20</td>
</tr>
<tr>
<td>O-6</td>
<td>4,603.20</td>
<td>5,057.10</td>
<td>5,388.90</td>
<td>5,388.90</td>
</tr>
<tr>
<td>O-5</td>
<td>3,837.60</td>
<td>4,323.00</td>
<td>4,622.40</td>
<td>4,678.50</td>
</tr>
<tr>
<td>O-4</td>
<td>3,311.10</td>
<td>3,852.80</td>
<td>4,088.00</td>
<td>4,145.70</td>
</tr>
<tr>
<td>O-3 1/2</td>
<td>2,911.20</td>
<td>3,300.30</td>
<td>3,562.20</td>
<td>3,883.50</td>
</tr>
<tr>
<td>O-2 3/4</td>
<td>2,515.20</td>
<td>2,864.70</td>
<td>3,299.40</td>
<td>3,410.70</td>
</tr>
<tr>
<td>O-1 1/2</td>
<td>2,183.70</td>
<td>2,272.50</td>
<td>2,746.80</td>
<td>2,746.80</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Over 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over 10</td>
</tr>
<tr>
<td>0-10 1/2</td>
</tr>
<tr>
<td>0-9</td>
</tr>
<tr>
<td>0-8</td>
</tr>
<tr>
<td>0-7</td>
</tr>
<tr>
<td>0-6</td>
</tr>
<tr>
<td>0-5</td>
</tr>
<tr>
<td>0-4</td>
</tr>
<tr>
<td>0-3 1/2</td>
</tr>
<tr>
<td>0-2 3/4</td>
</tr>
<tr>
<td>0-1 1/2</td>
</tr>
</tbody>
</table>

#### COMMISSIONED OFFICERS WITH OVER 4 YEARS OF ACTIVE DUTY SERVICE AS AN ENLISTED MEMBER OR WARRANT OFFICER

<table>
<thead>
<tr>
<th>Pay Grade</th>
<th>2 or less</th>
<th>Over 3</th>
<th>Over 4</th>
<th>Over 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>O-3E</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>3,883.50</td>
</tr>
<tr>
<td>O-2E</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>3,410.70</td>
</tr>
<tr>
<td>O-1E</td>
<td>0.00</td>
<td>0.00</td>
<td>2,746.80</td>
<td>2,933.70</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Over 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over 8</td>
</tr>
<tr>
<td>Over 10</td>
</tr>
<tr>
<td>0-3E</td>
</tr>
<tr>
<td>0-2E</td>
</tr>
<tr>
<td>0-1E</td>
</tr>
</tbody>
</table>

| Over 18 |
| Over 20 | Over 22 | Over 24 | Over 26 |
| 0-3E    | $5,054.40 | $5,054.40 | $5,054.40 | $5,054.40 |
| 0-2E    | 4,031.10  | 4,031.10 | 4,031.10 | 4,031.10 |
| 0-1E    | 3,410.70  | 3,410.70 | 3,410.70 | 3,410.70 |

#### WARRANT OFFICERS 1

<table>
<thead>
<tr>
<th>Pay Grade</th>
<th>2 or less</th>
<th>Over 3</th>
<th>Over 4</th>
<th>Over 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>W-5</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>W-4</td>
<td>3,008.10</td>
<td>3,236.10</td>
<td>3,529.10</td>
<td>3,420.60</td>
</tr>
<tr>
<td>W-3</td>
<td>2,741.10</td>
<td>2,862.00</td>
<td>3,079.30</td>
<td>3,017.10</td>
</tr>
<tr>
<td>W-2</td>
<td>2,416.50</td>
<td>2,554.50</td>
<td>2,675.10</td>
<td>2,763.00</td>
</tr>
<tr>
<td>W-1</td>
<td>2,133.90</td>
<td>2,308.50</td>
<td>2,425.50</td>
<td>2,501.10</td>
</tr>
</tbody>
</table>

| Over 8 |
| Over 10 | Over 12 | Over 14 | Over 16 |
| W-5     | 0.00    | 0.00   | 0.00   | 0.00   |
| W-4     | 3,733.50 | 3,891.00 | 4,044.60 | 4,203.60 | 4,356.00 |
| W-3     | 3,281.70 | 3,467.40 | 3,580.50 | 3,771.90 | 3,915.60 |
| W-2     | 2,993.10 | 3,148.50 | 3,264.00 | 3,376.50 | 3,453.90 |
| W-1     | 2,782.20 | 2,888.40 | 3,066.90 | 3,085.20 | 3,203.40 |

| Over 18 |
| Over 20 | Over 22 | Over 24 | Over 26 |
| W-5     | 0.00    | 5,169.30 | $5,346.60 | $5,524.50 | $5,703.30 |
| W-4     | 4,512.00 | 4,664.40 | 4,822.50 | 4,978.20 | 5,137.50 |
SEC. 602. RATE OF BASIC ALLOWANCE FOR SUBSISTENCE FOR ENLISTED PERSONNEL OCCUPYING SINGLE GOVERNMENT QUARTERS WITHOUT ADEQUATE AVAILABILITY OF MEALS.

(a) Authority to Pay Increased Rate.—Section 602(a)(4) of title 37, United States Code, is amended to read as follows:

"(4) the member is assigned to single Government quarters which have no adequate food storage or preparation facility in the quarters; and"

(b) Effective Date.—Subsection (a) and the amendment made by such subsection shall take effect on October 1, 2002.

SEC. 604. TEMPORARY AUTHORITY FOR HIGHER RATES OF PARTIAL BASIC ALLOWANCE FOR HOUSING FOR CERTAIN MEMBERS ASSIGNED TO HOUSING UNDER ALTERNATIVE AUTHORITY FOR ACQUISITION AND IMPROVEMENT OF MILITARY HOUSING.

(a) Authority.—The Secretary of Defense may prescribe and, under section 403(n) of title 37, United States Code, a member of the Armed Forces (without dependents) in privatized housing shall be treated as residing in quarters of the United States or a housing facility under the jurisdiction of the Secretary of a military department while a higher rate of partial allowance for housing is paid for the member under this section.

(b) Payment to Private Source.—The partial basic allowance for housing paid for a member at a higher rate under this section may be paid directly to the private sector source of the housing to whom the member is obligated to pay rent or other charge for residing in such housing if the private sector source credits the amount so paid against the amount owed by the member for the rent or other charge.

(c) Treatment of Housing as Government Quarters.—For purposes of section 403 of title 37, United States Code, a member of the Armed Forces (without dependents) in privatized housing shall be treated as residing in quarters of the United States or a housing facility under the jurisdiction of the Secretary of a military department while a higher rate of partial allowance for housing is paid for the member under this section.

(d) Termination of Authority.—Rates prescribed under subsection (a) may not be paid under the authority of this section in connection with contracts that are entered into after December 31, 2007, for the construction or acquisition of housing under the authority of subchapter IV of chapter 169 of title 10, United States Code.
SEC. 611. ONE-YEAR EXTENSION OF CERTAIN BONUSES AND SPECIAL PAY AUTHORITY.

(a) SELECTED RESERVE REENLISTMENT BONUS.—Section 308b(f) of title 37, United States Code, is amended by striking “December 31, 2002” and inserting “December 31, 2003”.

(b) SELECTED RESERVE ENLISTMENT BONUSES.—Section 308c(e) of such title is amended by striking “December 31, 2002” and inserting “December 31, 2003”.

(c) SPECIAL PAY FOR ENLISTED MEMBERS ASSIGNED TO CERTAIN HIGH PRIORITY UNITS.—Section 308d(b) of such title is amended by striking “December 31, 2002” and inserting “December 31, 2003”.

(d) SELECTED RESERVE AFFILIATION BONUSES.—Section 308e(c) of such title is amended by striking “December 31, 2002” and inserting “December 31, 2003”.

(e) READY RESERVE ENLISTMENT AND REENLISTMENT BONUS.—Section 308f(g) of such title is amended by striking “December 31, 2002” and inserting “December 31, 2003”.

SEC. 612. ONE-YEAR EXTENSION OF CERTAIN BONUSES AND SPECIAL PAY AUTHORITY FOR CERTAIN HEALTH CARE PROFESSIONALS.

(a) NURSE OFFICER CANDIDATE ACCESSION PROGRAM.—Section 2110(a)(1) of title 10, United States Code, is amended by striking “December 31, 2002” and inserting “December 31, 2003”.

(b) REPAYMENT OF EDUCATION LOANS FOR CERTAIN HEALTH PROFESSIONALS WHO SERVE IN THE SELECTED RESERVE.—Section 309b(d) of such title is amended by striking “January 1, 2003” and inserting “January 1, 2004”.

(c) ACCESSION BONUS FOR REGISTERED NURSES.—Section 309a(a)(1) of title 37, United States Code, is amended by striking “December 31, 2002” and inserting “December 31, 2003”.

(d) ENLISTMENT BONUS FOR NURSE ANESTHETISTS.—Section 309c(a)(1) of such title is amended by striking “December 31, 2002” and inserting “December 31, 2003”.

SEC. 613. ONE-YEAR EXTENSION OF SPECIAL PAY AND BONUS AUTHORITY FOR NURSING OFFICERS.

(a) SPECIAL PAY FOR NUCLEAR-CERTIFIED OFFICERS EXTENDING PERIOD OF ACTIVE SERVICE.—Section 312(e) of title 37, United States Code, is amended by striking “December 31, 2002” and inserting “December 31, 2003”.

(b) NUCLEAR CAREER ACCESSION BONUS.—Section 312b(c) of such title is amended by striking “December 31, 2002” and inserting “December 31, 2003”.

(c) NUCLEAR CAREER ANNUAL INCENTIVE BONUS.—Section 312(c) of such title is amended by striking “December 31, 2002” and inserting “December 31, 2003”.

SEC. 614. ONE-YEAR EXTENSION OF OTHER BONUS AND SPECIAL PAY AUTHORITY FOR RESERVE FORCES.

(a) AVIATION OFFICER RETENTION BONUS.—Section 310b(a) of title 37, United States Code, is amended by striking “December 31, 2002” and inserting “December 31, 2003”.

(b) REENLISTMENT BONUS FOR ACTIVE MEMBERS.—Section 308g of such title is amended by striking “December 31, 2002” and inserting “December 31, 2003”.

SEC. 615. INCREASED MAXIMUM AMOUNT PAYABLE AS INCENTIVE SPECIAL PAY FOR MEDICAL OFFICERS OF THE ARMED FORCES.

Section 302b(i) of title 37, United States Code, is amended by striking “$14,000” and inserting “$25,000”.

SEC. 616. INCREASED MAXIMUM AMOUNT PAYABLE AS INCENTIVE SPECIAL PAY FOR MEDICAL OFFICERS OF THE ARMED FORCES.

Section 302b(k) of title 37, United States Code, is amended—

(1) by striking “fiscal year 2002” and inserting “fiscal year 2003”;

(2) by inserting before the period at the end of such sentence the following: “and before fiscal year 2003, and $50,000 for any twelve-month period beginning after fiscal year 2002.”

SEC. 617. ASSIGNMENT INCENTIVE PAY.

(a) AUTHORITY.—(1) Chapter 5 of title 37, United States Code, is amended by inserting after section 356a the following new section:—

**353b. Special pay: assignment incentive pay**

(1) AUTHORITY.—The Secretary concerned, with the concurrence of the Secretary of Defense, may pay monthly incentive pay under this section to a member of a uniformed service for a period that the member performs service, while entitled to basic pay, in an assignment that is designated by the Secretary concerned.

(2) MAXIMUM RATE.—The maximum monthly rate of incentive pay payable to a member under this section is $1,500.

(3) RELATIONSHIP TO OTHER PAY AND ALLOWANCES.—Incentive pay paid to a member under this section is in addition to any other pay and allowances to which the member is entitled.

(4) STATUS NOT AFFECTED BY TEMPORARY DUTY OR LEAVE.—The service of a member in an assignment referred to in subsection (a) shall not be considered discontinued during any period that the member is not performing service in such assignment by reason of temporary duty performed by the member pursuant to orders or absence of the member for any authorized reason.

(5) TERMINATION OF AUTHORITY.—No assignment incentive pay may be paid under this section for months beginning more than three years after the enactment of the National Defense Authorization Act for Fiscal Year 2003.

(6) PAYMENT.—(A) The table of rates at the beginning of such chapter is amended by inserting after the item relating to section 350a the following new item:

505b. Special pay: assignment incentive pay.

(b) ANNUAL REPORT.—Not later than February 28 of each of 2004 and 2005, the Secretary of Defense shall submit to the Committee on Armed Services of the Senate and the House of Representatives a report on the administration of the authority under section 350b of title 37, United States Code, as added by this section. The report shall include an assessment of the utility of that authority.

SEC. 618. INCREASED MAXIMUM AMOUNTS FOR PRIOR SERVICE ENLISTMENT BONUS.

Section 308(b)(1) of title 37, United States Code, is amended—

(1) in subparagraph (A), by striking “$5,000” and inserting “$8,000”;

(2) in subparagraph (B), by striking “$2,500” and inserting “$4,000”;

(3) in subparagraph (C), by striking “$2,000” and inserting “$3,500”.

Subtitle C—Travel and Transportation Assistance

SEC. 631. DEFERRAL OF TRAVEL IN CONNECTION WITH LEAVE BETWEEN CONSECUTIVE OVERSEAS TOURS.

(a) DATE TO WHICH TRAVEL MAY BE DEFERRED.—Section 411b(a)(2) of title 37, United States Code, is amended by striking “not more than one year” in the first sentence and all that follows through “operation ends,” in the second sentence and inserting the following: “the date on which the member departs the duty station in termination of the consecutive tour of duty at that duty station or reports to another duty station under the order involved, as the case may be.”

(b) EFFECTIVE DATE AND SAVINGS PROVISION.—(1) The amendment made by subsection (a) shall take effect on October 1, 2002.

(2) Section 411b(a) of title 37, United States Code, as in effect on September 30, 2002, shall continue to apply with respect to travel described in subsection (a)(2) of such title (as in effect on such date) that commences before October 1, 2002.

SEC. 632. TRANSPORTATION OF MOTOR VEHICLES FOR MEMBERS REPORTED MISSING.

(a) AUTHORITY TO SHIP TWO MOTOR VEHICLES.—Subsection (a) of section 554 of title 37, United States Code, is amended by striking “non privately owned motor vehicle” both places it appears and inserting “‘private owned motor vehicles’.”

(b) PAYMENTS FOR LATE DELIVERY.—Subsection (d) of section 554 is amended by striking “mine field” and inserting “mine field or an area of conflict.”

(c) APPLICABILITY.—The amendments made by subsection (a) shall apply to members whose eligibility for benefits under section 554 of title 37, United States Code, commences on or after the date of the enactment of this Act.

SEC. 633. DESTINATIONS AUTHORIZED FOR GOVERNMENT PAID TRANSPORTATION OF ENLISTED PERSONNEL, REST AND RECOVERY UPON EXTEND-DUTY AT DESIGNATED OVERSEAS AREAS OF THE UNITED STATES OUTSIDE CONTINENTAL UNITED STATES.

(a) Definition of Term.—Section 706(b)(2) of title 10, United States Code, is amended by inserting before the period at the end of the following: “, or to an alternative destination at a cost not to exceed the cost of the round-trip transportation from the location of the extended tour of duty to such nearest port and return.”

SEC. 634. VEHICLE STORAGE IN LIEU OF TRANSPORTATION OVERSEAS AREAS OF THE UNITED STATES OUTSIDE CONTINENTAL UNITED STATES.

(a) Authorization.—Section 263(b)(1) of title 10, United States Code, is amended by redesigning paragraphs (2), (3), and (4) as paragraphs (3), (4), and (5), respectively.

(b) By inserting after paragraph (1) the following new paragraph (2):
SEC. 652. TIME LIMITATION FOR USE OF MONTGOMERY GI BILL ENTITLEMENT BY MEMBERS OF THE SELECTED RESERVE.

(a) EXTENSION OF LIMITATION PERIOD.—Section 16133(a)(1) of title 10, United States Code, is amended by striking "10-year" and inserting "14-year.

(b) EFFECTIVE DATE AND APPLICABILITY.—The amendment made by subsection (a) shall take effect on October 1, 2002, and shall apply with respect to periods of entitlement to educational assistance under chapter 1606 of title 10, United States Code, that begin on or after October 1, 1992.

SEC. 653. STATUS OF OBLIGATION TO REFUND EDUCATIONAL ASSISTANCE UPON FAILURE TO PARTICIPATE SATISFACTORILY.

Section 16135 of title 10, United States Code, is amended by adding at the end the following new subsection:


(b) EFFECTIVE DATE AND APPLICABILITY.—The amendment made by subsection (a) takes effect on October 1, 2002, and shall apply with respect to appearances made, speeches presented, and articles published on or after that date.

SEC. 654. PROHIBITION ON ACCEPTANCE OF HONORARIA BY PERSONNEL AT CERTAIN DEPARTMENT OF DEFENSE SCHOOLS.

(a) REPEAL.—Section 302(b) of title 38, United States Code, is amended—

(1) in paragraph (2)—

(A) by striking paragraphs (4) and (5) and inserting "(4) and (5)"; and

(B) by striking "and at the same rate";

(2) by redesigning paragraphs (3) through (6) as paragraphs (4) through (7), respectively; and

(3) by inserting after paragraph (2) the following new paragraph:

"(B) The monthly rate of educational assistance payable to a dependent to whom entitlement is transferred under this section shall be the monthly amount payments 3015 and 3022 of this title to the individual making the transfer.

"(C) The monthly rate of assistance payable to a dependent under paragraph (B) shall be subject to the provisions of section 3032 of this title, except that the provisions of subsection (a)(1) of that section shall not apply even if the individual making the transfer to the dependent under this section is on active duty during all or any part of enrollment period of the dependent in which such entitlement is held.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect as if included in the enactment of the National Defense Authorization Act for Fiscal Year 2002 (Public Law 107-107), to which such amendments relate.
SEC. 655. PAYMENT OF INTEREST ON STUDENT LOANS.

(a) AUTHORITY.—-(1) Chapter 109 of title 10, United States Code, is amended by adding at the end the following new section:

§2174. Interest payment program: members on active duty

(1) The Secretary concerned may pay, in accordance with this section, any special allowance on a loan made to or for a member of the armed forces that accrue on one or more student loans of an eligible member of the armed forces.

(2) A member of a military department may exercise the authority under paragraph (1) only if approved by the Secretary of Defense and subject to such requirements, conditions, and restrictions as the Secretary of Defense may prescribe.

(b) ELIGIBLE PERSONNEL.—A member of the armed forces is eligible for the benefit under subsection (a) while the member—

(1) is serving on active duty in fulfillment of the member’s first enlistment in the armed forces or, in the case of an officer, is serving on active duty and has not completed more than three years of service on active duty;

(2) is the debtor on one or more unpaid loans described in subparagraph (c); and

(3) is not in default on any such loan.

(c) STUDENT LOANS.—The authority to make payments under subsection (a) may be exercised with respect to the following loans:

(1) A loan made, insured, or guaranteed under part B of title IV of the Higher Education Act of 1965 (20 U.S.C. 1071 et seq.).

(2) A loan made under part D of such title (20 U.S.C. 1087a et seq.).

(3) A loan made under part E of such title (20 U.S.C. 1087aa et seq.).

(d) MODIFICATION.—Section 428 of the Higher Education Act of 1965 (20 U.S.C. 1087a et seq.) is amended by adding at the end the following new paragraph:

(3) The authority to grant forbearance to a member of the armed forces who is on active duty (as defined in title 10, United States Code (as added by section (a)) that is on, or after such date to members of the Armed Forces who are on active duty (as defined in section 101(d) of title 10, United States Code) on student loans described in subparagraph (c) of that section is extended.

SEC. 657. MODIFICATION OF AMOUNT OF BACK PAY FOR MEMBERS OF NAVY AND MARINE CORPS PROMOTION WHILE INTERNED AS PRISONERS OF WAR DURING WORLD WAR II TO ACCOUNT FOR INCREASE IN CONSUMER PRICE INDEX.

(a) MODIFICATION.—Section 607(c) of the Ford D. Spence National Defense Authorization Act for Fiscal Year 2001 (as enacted into law by Public Law 106-352; 114 Stat. 1654A-178) is amended by striking at the end the following new paragraph:

(3) The amount determined for a person under paragraph (1) shall be increased to reflect increases in cost of living since the basic pay referred to in paragraph (1) was paid to or for that person, calculated on the basis of the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics.

(b) RECALCULATION OF PRIOR PAYMENTS.—In the case of back pay made to or for a person under section 607 of the Ford D. Spence National Defense Authorization Act for Fiscal Year 2001 before the enactment of the amendment made by this section, the Secretary of the Navy shall—

(1) recalculate the amount of back pay to which the person is entitled by reason of the amendment made by subsection (a); and

(2) if the amount of back pay, as so recalculated, exceeds the amount of back pay so paid, pay the person, or the surviving spouse of the person, an amount equal to the excess.

TITLE VII—HEALTH CARE

SEC. 701. ELIGIBILITY OF SURVIVING DEPENDENTS FOR TRICARE DENTAL PROGRAM BEGINNING ON DISCONTINUANCE OF FORMER ENROLLMENT.

(a) In general.—Section 1072 of title 10, United States Code, is amended by striking "if the dependent is enrolled on the date of the death of the member in a dental benefits plan established under section 1071 of title 10, United States Code, is amended—

(iii) by striking "or" at the end of subclause (II);

(iv) by inserting "or" at the end of subclause (III); and

(v) by adding at the end the following new subclause:

(iv) is eligible for interest payments to be made on such loan for service in the Armed Forces or, in the case of an officer, is eligible for the benefit under subsection (a) while the member

(b) Incl. benefit to armed forces members.—The Secretary of Defense may prescribe.

(c) Eligibility of deceased member.—The term "eligible member of the armed forces" as used in section 2174 of title 10, United States Code, is amended by inserting "or (i)(IV)" after "clause (i)(II)"; and

(d) Eligibility of deceased member.—(1) A person is eligible for interest payments to be made on such loan for service in the Armed Forces or, in the case of an officer, is eligible for the benefit under subsection (a) while the member

(e) Funds for payments.—(1) Funds for payments under section 428 of the Higher Education Act of 1965 (20 U.S.C. 1087a et seq.) shall be the temporary cessation of all payments on the loan other than payments of interest on such a loan out of any funds that have been so transferred.

(f) Effective date.—The amendments made by this section shall apply with respect to interest, and any special allowance under section 438 of the Higher Education Act of 1965, that accrue for months beginning on or after October 1, 2003, on student loans described in subsection (c) of section 2174 of title 10, United States Code (as defined in section 101(d) of title 10, United States Code) on student loans described in paragraph (1) of that section.

SEC. 702. ADVANCE AUTHORIZATION FOR INPATIENT MENTAL HEALTH SERVICES.

(a) In general.—Section 170 of the Public Health Service Act (42 U.S.C. 200a-6) is amended by striking "(i) Armed Forces student loan interest payment program.——(i) Authority.—Using funds received by transfer to the Secretary under section 2174 of title 10, United States Code, the Secretary may pay interest on a loan made under this part to a member of the Armed Forces, the Secretary shall pay the interest on the loan as due from the member in a single or in two consecutive months. The Secretary may not pay interest on such a loan out of any funds other than funds that have been so transferred.

(b) Effective date.—The amendments made by this section shall apply with respect to interest, and any special allowance under section 438 of the Higher Education Act of 1965, that accrue for months beginning on or after October 1, 2003, on student loans described in subsection (c) of section 2174 of title 10, United States Code (as defined in section 101(d) of title 10, United States Code) on student loans described in paragraph (1) of that section.

SEC. 703. MODIFICATION OF AMOUNT OF BACK PAY FOR MEMBERS OF NAVY AND MARINE CORPS PROMOTION WHILE INTERNED AS PRISONERS OF WAR DURING WORLD WAR II TO ACCOUNT FOR INCREASE IN CONSUMER PRICE INDEX.

(a) MODIFICATION.—Section 607(c) of the Ford D. Spence National Defense Authorization Act for Fiscal Year 2001 (as enacted into law by Public Law 106-352; 114 Stat. 1654A-178) is amended by striking at the end the following new paragraph:

(3) The amount determined for a person under paragraph (1) shall be increased to reflect increases in cost of living since the basic pay referred to in paragraph (1) was paid to or for that person, calculated on the basis of the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics.——(b) RECALCULATION OF PRIOR PAYMENTS.—In the case of back pay made to or for a person under section 607 of the Ford D. Spence National Defense Authorization Act for Fiscal Year 2001 before the enactment of the amendment made by this section, the Secretary of the Navy shall—

(1) recalculate the amount of back pay to which the person is entitled by reason of the amendment made by subsection (a); and

(2) if the amount of back pay, as so recalculated, exceeds the amount of back pay so paid, pay the person, or the surviving spouse of the person, an amount equal to the excess.
SEC. 703. CONTINUED TRICARE ELIGIBILITY OF DEPENDENTS RESIDING AT REMOTE LOCATIONS AFTER DEPARTURE OF SPONSORS FOR UNACCOMPANIED ASSIGNMENTS.

Section 1079(p) of title 10, United States Code, is amended—

(1) in paragraph (1), by striking “dependents referred to in subsection (a) of a member of the uniformed services referred to in section 1074(c)(3) of this title who are residing with the member” and inserting “dependents described in paragraph (3)”;

(2) by redesignating paragraph (3) as paragraph (4); and

(3) by inserting after paragraph (2), the following new paragraph (3):

“(B) Preadmission authorization for inpatient health care services provided under the TRICARE program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.), as added by subsection (a)) with respect to contracts entered into under the TRICARE program on or after December 1, 2002.

SEC. 706. DEFINITIONS FOR USE WITH TRICARE ELIGIBLE RETIREE HEALTH CARE FUND.

(a) SOURCES OF FUNDS FOR MONTHLY ACCIDENTAL PAYMENTS INTO THE FUND.—Section 1116(c) of title 10, United States Code, is amended by striking “health care programs” and inserting “care programs”.

(b) MANDATORY PARTICIPATION OF OTHER UNIFORMED SERVICES.—Section 1111(c) of such title is amended—

(1) in the first sentence, by striking “may enter into an agreement with any other administering Secretary” and inserting “shall enter into an agreement with each other administering Secretary”;

(2) in the second sentence, by striking “Any such” and inserting “The”.


(a) CONTINUATION OF ELIGIBILITY TO DEPENDENTS.—Subsection (a)(1) of section 736 of the National Defense Authorization Act for Fiscal Year 2002 (Public Law 107–107; 115 Stat. 1172) is amended to read as follows:

“(1) in paragraph (1), by striking ‘paragraph (2), a member’ and all that follows through ‘of the member’, and inserting ‘paragraph (3), a member of armed forces is placed on inactive duty as a dependent as described in paragraph (2) and the dependents of the member’;”;

(b) CLARIFICATION REGARDING THE COAST GUARD.—Subsection (b)(2) of such section is amended to read as follows:

“(2) in subsection (e),

“A: by striking the first sentence; and

“B: by striking the Coast Guard in the second sentence and inserting the members of the Coast Guard and their dependents’;

“(c) AMENDMENTS.—The amendments made by this section shall take effect as of December 28, 2001, and as if included in the National Defense Authorization Act for Fiscal Year 2002.

SEC. 708. EXTENSION OF TEMPORARY AUTHORITY FOR ENTERING INTO PERSONAL CONTRACTS FOR THE PERFORMANCE OF HEALTH CARE RESPONSIBILITIES FOR THE ARMED FORCES:

A covered beneficiary who is enrolled in and seeks care under the TRICARE program may not be denied such care on the ground that the covered beneficiary is required by the Secretary of Defense, in consultation with the other Secretary of Veterans Affairs on an ongoing basis if the Department of Veterans Affairs cannot provide the covered beneficiary with the care sought by the covered beneficiary within the maximum period provided in the access to care standards that are applicable to that particular care under TRICARE program.

TITLE VIII—ACQUISITION POLICY, ACQUISITION MANAGEMENT, AND RELATED MATTERS

Subtitle A—Major Defense Acquisition Programs

SEC. 801. BUY-TO-BUDGET ACQUISITION OF END ITEMS.

(a) AUTHORITY.—(1) Chapter 131 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 2288. Buy-to-budget acquisition: end items

“(a) AUTHORITY To ACQUIRE ADDITIONAL END ITEMS.—Using funds available to the Department of Defense for the defense of an end item, the head of agency making the acquisition may acquire additional end items for an end item than the quantity specified for the end item in a law providing for the funding of that acquisition if that head of agency makes each of the following findings:

“(1) The agency has an established requirement for the end item that is expected to remain substantially unchanged throughout the period of the acquisition.

“(2) It is possible to acquire the higher quantity of the end item without additional funding because of production efficiencies or other cost reductions.

“(3) The amount of the funds used for the acquisition of the higher quantity of the end item will not exceed the amount provided under that law for the acquisition of the end item;

“(4) The amount so provided is sufficient to ensure that each unit of the end item acquired within the higher quantity is fully funded as a complete end item.

“(b) REGULATIONS.—The Secretary of Defense shall prescribe regulations for the administration of this section.

“(1) The level of approval within the Department of Defense is required for a decision to acquire a higher quantity of an end item under subsection (a).

“(2) Authority to exceed by up to 10 percent the quantity of an end item approved in a justification and approval of the use of procedures other than competitive procedures for the acquisition of the end item under section 2304 of this title, but only to the extent necessary to acquire a quantity of the end item permitted in the exercise of authority under subsection (a).

“(3) Certification of Congress.—The head of an agency is not required to notify Congress in advance regarding a decision under the authority of this section to acquire a higher quantity of an end item if the head of agency determines that the acquisition is not required by the head of the other two committees of the decision not later than 30 days after the date of the decision.

“(4) Waiver by Other Law.—A provision of law may not be construed as prohibiting the acquisition of a higher quantity of an end item under this section unless that provision of law—

“(1) specifically refers to this section; and

“(2) specifically states that the acquisition of a higher quantity is prohibited notwithstanding the authority provided in this section.
The term "incremental acquisition program" means an acquisition program that is to be conducted in discrete phases or blocks, with each phase or block consisting of the planned production and acquisition of one or more units of a major system.

The term "increment" refers to one of the discrete phases or blocks of an incremental acquisition program.

The term "major system" has the meaning given such term in section 2302(5) of title 10, United States Code.

The term "spiral development program" is a spiraling approach for the implementation of the spiral development program for a major system of a military department or a Defense Agency to participate in the pilot program.

The term "spiral development plans"—A spiral development plan for a participating program shall, at a minimum, include the following matters:

1. A statement for dividing the program into separate spirals, together with a preliminary identification of the spirals to be included.

2. A program strategy, including overall cost, schedule, and performance goals for the total program.

3. Specific cost, schedule, and performance parameters, including measurable exit criteria, for the first spiral to be conducted.

4. A testing plan to ensure that performance goals, parameters, and exit criteria are met.

5. An appropriate limitation on the number of prototype units that may be produced under the program.

6. Specific performance parameters, including measurable exit criteria, that must be met before the program proceeds into production of units in excess of the limitations on the number of units.

7. Guidance—Not later than 120 days after the date of the enactment of this Act, the Secretary of Defense shall issue guidance for the implementation of the spiral development pilot program approved by this section. The guidance shall at a minimum, include the following matters:

   (1) A process for the development, review, and approval of each spiral development plan submitted by the Secretary of a military department or head of a Defense Agency.

   (2) A process for establishing and approving specific cost, schedule, and performance parameters, including measurable exit criteria, for spirals to be conducted after the first spiral.

   (3) Appropriate planning, testing, reporting, oversight, and other requirements to ensure that the spiral development program—

      (A) achieves interoperability within and among United States forces and United States coalition partners; and

      (B) to optimize total system performance and minimize total ownership costs by giving appropriate consideration to—

      (i) logistics planning;

      (ii) manpower, personnel, and training;

      (iii) human, environmental, safety, occupational health, accessibility, survivability, operational continuity, and security factors; and

      (iv) protection of critical program information;

      (v) spectrum management.

   (c) DEFINITIONS.—In this section:

      (1) the term "incremental acquisition program" means an acquisition program that is to be conducted in discrete phases or blocks, with each phase or block consisting of the planned production and acquisition of one or more units of a major system.

      (2) The term "increment" refers to one of the discrete phases or blocks of an incremental acquisition program.

      (3) The term "major system" has the meaning given such term in section 2302(5) of title 10, United States Code.

      (C) optimize total system performance and minimize total ownership costs by giving appropriate consideration to—

       (i) logistics planning;

       (ii) manpower, personnel, and training;

       (iii) human, environmental, safety, occupational health, accessibility, survivability, operational continuity, and security factors; and

       (iv) protection of critical program information;

       (v) spectrum management.

      (A) to achieve interoperability within and among United States forces and United States coalition partners; and

      (B) to optimize total system performance and minimize total ownership costs by giving appropriate consideration to—

       (i) logistics planning;

       (ii) manpower, personnel, and training;

       (iii) human, environmental, safety, occupational health, accessibility, survivability, operational continuity, and security factors; and

       (iv) protection of critical program information;

       (v) spectrum management.

      (e) REPORTING REQUIREMENT.—The Secretary shall submit to Congress at the end of each quarter of a fiscal year a status report on each research and development program that is a participant in the pilot program. The report shall contain information on unit costs that is similar to the information on unit costs under major defense acquisition programs that is required to be provided under chapter 144 of title 10, United States Code, except that the information on unit costs shall address projected prototype costs instead of production costs.

      (f) APPLICABILITY OF EXISTING LAW.—Nothing in this section shall be construed to exempt any program of the Department of Defense from the application of chapter 144 of title 10, United States Code, section 139, 181, 2366, 2399, or 2400 of such title, or any requirement under Department of Defense Directive 5000.1, Department of Defense Instruction 5000.2, or Chairman of the Joint Chiefs of Staff Instruction 3170.01B or any other provision of law and regulations applicable to incremental acquisition programs.

      (g) TERMINATION OF PROGRAM PARTICIPATION.—The conduct of a participating program as a spiral development program under the pilot program shall terminate when the decision is made for the participating program to proceed into the production of units. In the event that the number of prototype units permitted under the limitation provided in the spiral development plan for the program pursuant to subsection (c)(5).

      (h) TERMINATION OF PILOT PROGRAM.—(1) The authority to conduct a pilot program under this section shall terminate three years after the date of the enactment of this Act.

      (2) The termination of the pilot program shall not terminate the authority of the Secretary of a military department or head of a Defense Agency to continue to conduct, as a spiral development program, any research and development program that was designated to participate in the pilot program before the date on which the pilot program terminates. In the continued conduct of such a research and development program as a spiral development program on and after such date, the spiral development plan approved for the program, the guidance issued under subsection (d), and the actions taken under this section, shall continue to apply.

      (i) DEFINITIONS.—In this section:

       (1) the term "spiral development program" means a research and development program that—

          (A) is conducted in discrete phases or blocks, each of which result in the development of fieldable prototypes; and

          (B) will not proceed into acquisition until specific performance parameters, including measurable exit criteria, are met.

       (2) The term "spiral" means one of the discrete phases or blocks of a spiral development program.

       (C) optimize total system performance and minimize total ownership costs by giving appropriate consideration to—

          (i) logistics planning;

          (ii) manpower, personnel, and training;

          (iii) human, environmental, safety, occupational health, accessibility, survivability, operational continuity, and security factors; and

          (iv) protection of critical program information; and

          (v) spectrum management.
(4) The term “participating program” means a research and development program that is designated to participate in the pilot program under subsection (b).

SEC. 804. IMPROVEMENT OF SOFTWARE ACQUISITION PROCESSES.

(a) Establishment of Programs.—(1) The Secretary of each military department shall establish a major defense acquisition program with a substantial software component that shall improve the software acquisition processes of that military department.

(2) The head of each Defense Agency that manages a major defense acquisition program with a substantial software component shall establish a program to improve the software acquisition processes of that Defense Agency.

(3) The programs required by this subsection shall be established not later than 120 days after the date of the enactment of this Act.

(b) Program Requirements.—A program to improve software acquisition processes under this section shall, at a minimum, include the following:

(1) A documented process for software acquisition planning, requirements development, project management and oversight, and risk management.

(2) Efforts to develop systems for performance measurement and continual process improvement.

(3) A system for ensuring that each program office with substantial software responsibilities implements and adheres to established processes and requirements.

(c) Department of Defense Guidance.—The Assistant Secretary of Defense for Command, Control, Communications, and Intelligence, in consultation with the Under Secretary of Defense for Acquisition, Technology, and Logistics, shall—

(1) prescribe uniformly applicable guidance for the administration of all of the programs established under subsection (a) and take such actions as are necessary to ensure that the military departments and Defense Agencies comply with the guidance; and

(2) assist the Secretaries of the military departments and the heads of the Defense Agencies to carry out such programs effectively by identifying, and serving as a clearinghouse for information regarding, best practices in software acquisition processes in both the public and private sectors.

(d) Definitions.—In this section:

(1) the term “Defense Agency” has the meaning given the term in section 101(a)(11) of title 10, United States Code.

(2) the term “major defense acquisition program” has the meaning given the term in section 2303 of title 10, United States Code.

SEC. 805. INDEPENDENT TECHNOLOGY READINESS ASSESSMENTS.

Section 804(b) of the National Defense Authorization Act for Fiscal Year 2002 (Public Law 107–107; 115 Stat. 1180) is amended by adding at the end the following new paragraphs:

(3) by adding at the end the following new paragraphs:

(4) by striking the period at the end of any program and explaining the reasons for the decision.

SEC. 806. TIMING OF CERTIFICATION IN CONNECTION WITH THE PERFORMANCE OF WORK ON CONTRACTS.

(a) Certification for Expedited Programs.—Subsection (c) of section 2366 of title 10, United States Code, is amended to read as follows:

"(1) The Secretary of Defense may waive the application of the survivability and lethality tests of this section to a covered system, munitions program, missile program, or defense intelligence program if the Secretary determines that live-fire testing of such system or program would be unreasonably expensive and impractical and that live-fire testing is not required.

"(2) The Secretary of Defense may waive the application of this section to a covered system if the Secretary determines that the system is not survivable and lethal and that such waiver is in the interest of national security.

(b) Extension and Revision of Reporting Requirement.—Subsection (b) of such section is amended—

(1) by striking “March 1, 2006,” and inserting “March 1, 2011;” and

(2) by adding at the end the following new paragraphs:

"(1) Regarding the individual purchases of services that were made by or for the Department of Defense under multiple award contracts in the fiscal year preceding the fiscal year in which the report is required to be submitted, information (determined using the methodology specified in subsection (a) of section 2306a of title 10, United States Code) as follows:

"(A) The percentage (calculated on the basis of dollar value) of such purchases that are performance-based purchases specifying fixed prices for the specific tasks to be performed.

"(B) The percentage (calculated on the basis of dollar value) of such purchases that are performance-based purchases specifying fixed prices for the specific tasks to be performed.

"(c) Definitions.—In this section:

"(1) the term ‘individual purchase’ means—

"(A) a multiple award contract order that is entered into under the authority of sections 2304(a) through 2304(d) of title 10, United States Code; or

"(B) a multiple award task order contract that is entered into under the authority of sections 2304(a) through 2304(d) of title 10, United States Code.

SEC. 811. PERFORMANCE GOALS FOR CONTRACTING FOR SERVICES.

(a) Individual Purchases of Services.—Subsection (a) of section 802 of the National Defense Authorization Act for Fiscal Year 2002 (Public Law 107–107; 115 Stat. 1190 note) is amended by—

(1) redesignating the section as subsection (a)(1), and

(2) by adding at the end the following new paragraphs:

"(B) to increase, as a percentage of all of the individual purchases of services made by or for the Department of Defense under multiple award contracts for a fiscal year (calculated on the basis of dollar value), the use of performance-based purchases specifying fixed prices for the specific tasks to be performed.

"(C) to increase, as a percentage of all of the individual purchases of services made by or for the Department of Defense under multiple award contracts for a fiscal year (calculated on the basis of dollar value), the use of performance-based purchases specifying fixed prices for the specific tasks to be performed.

"(d) Definitions.—In this section:

"(1) the term ‘individual purchase’ means—

"(A) the percentage (calculated on the basis of dollar value) of such purchases that are performance-based purchases specifying fixed prices for the specific tasks to be performed.

SEC. 812. GRANTS OF EXCEPTIONS TO COST OR PRICING DATA CERTIFICATION REQUIREMENTS AND WAIVERS OF COST ACCOUNTING STANDARDS.

(a) Guidance for Exceptions in Exceptional Circumstances.—(1) Not later than 60 days after the date of the enactment of this Act, the Secretary of Defense shall issue guidance on the circumstances under which it is appropriate to grant—

"(A) an exception pursuant to section 2306a(b)(1)(C) of title 10, United States Code, relating to submittal of certified cost and pricing data; or


"(2) The guidance shall, at a minimum, include a limitation that a grant of an exception or waiver referred to in paragraph (1) is appropriate with respect to a contract or subcontract, or in the case of submittal of certified cost and pricing data a modification only upon a determination that the property or services cannot be obtained under the contract, subcontract, or modification, as the case may be, without the grant of the exception or waiver.

(b) Semiannual Report.—(1) The Secretary of Defense shall transmit to the congressional defense committees promptly after the end of each half of a fiscal year a report on the exceptions to cost or pricing data certification requirements and the grants of applicable cost accounting standards that, in cases described in paragraph (2), were granted during that half of the fiscal year.

"(2) The report for a half of a fiscal year shall include an explanation of—

"(A) each decision by the head of a contracting activity within the Department of Defense to exercise the authority under subsection (b) of section 2306a of title 10, United States Code.
section 230a of title 10, United States Code, to grant an exception to the requirements of such section in the case of a contract, subcontract, or contract or subcontract modification that is expected to have a price of $15,000,000 or more; and

(B) each decision by the Secretary of Defense or the head of an agency within the Department of Defense to exercise the authority under subsection (f)(5)(B) of section 26 of the Office of Federal Procurement Policy Act to waive the applicability of the cost accounting standards under such section in the case of a contract or subcontract that is expected to have a value of $15,000,000 or more.

(c) ADVANCE NOTIFICATION OF CONGRESS.—

(1) The notification under paragraph (1) regarding a decision to grant an exception or waiver, notification pursuant to subsection (c) shall include, for each grant of an exception or waiver, the following matters:

(A) any decision by the head of a procuring activity within the Department of Defense to exercise the authority under subsection (b)(1)(C) of section 230a of title 10, United States Code, to grant an exception to the requirements of such section in the case of a contract, subcontract, or contract or subcontract modification that is expected to have a price of $75,000,000 or more; or

(B) any decision by the Secretary of Defense or the head of an agency within the Department of Defense to exercise the authority under subsection (f)(5)(B) of section 26 of the Office of Federal Procurement Policy Act to waive the applicability of the cost accounting standards under such section to a contract or subcontract that is expected to have a value of $75,000,000 or more.

(2) The notification under paragraph (1) regarding a decision to grant an exception or waiver shall be transmitted not later than 10 days before the exception or waiver is granted.

(d) CONTENTS OF REPORTS AND NOTIFICATIONS.—A report pursuant to subsection (b) and a notification pursuant to subsection (c) shall include, for each grant of an exception or waiver, the following:

(1) A discussion of the justification for the grant of the exception or waiver, including at a minimum—

(A) in the case of an exception granted pursuant to section 230a(b)(1)(B) of title 10, United States Code, the results of the assessment to Congress of the need to grant the exception or waiver, including, at a minimum—

(i) the reasons why the procurement of the item or service is not competitive, a description of the basis for the determination that the item or service cannot be purchased at fair and reasonable prices.

(2) in the case of an exception granted pursuant to section 230a(b)(1)(C) of such title, a waiver granted pursuant to section 28(b)(5)(B) of the Office of Federal Procurement Policy Act, a description of the basis for the determination that it would not have been possible to obtain the products or services from the offeror without the grant of the exception or waiver.

(2) A description of the specific steps taken or to be taken within the Department of Defense to ensure that the price of each contract or subcontract or modification covered by the report or notification, as the case may be, is fair and reasonable.

(e) EFFECTIVE DATE.—The requirements of this section shall apply to each exception or waiver that is granted under a provision of law referred to in subsection (a) on or after the date on which the guidance required by that subsection (a) is issued.

SEC. 913. EXTENSION OF REQUIREMENT FOR ANNUAL REPORT ON DEFENSE COMMERCIAL PRICING MANAGEMENT PROGRAM.


SEC. 914. INTERNAL CONTROLS ON THE USE OF PURCHASE CARDS.

(a) REQUIREMENT FOR ENHANCED INTERNAL CONTROLS.—Not later than 120 days after the enactment of this Act, the Secretary of Defense shall take action to ensure that appropriate internal controls for the use of purchase cards issued by the Federal Government to Department of Defense personnel are in place throughout the Department of Defense. At a minimum, the internal controls shall include the following:

(1) A requirement that receipt and acceptance, and the documentation of the receipt and acceptance, of the property or services purchased on a purchase card be verified by a Department of Defense official who is independent of the purchaser.

(2) A requirement that the monthly purchase card statements of purchases on a purchase card be reviewed and certified for accuracy by an official of the Department of Defense who is independent of the purchaser.

(3) Specific policies limiting the number of purchase cards issued, with the objective of significantly reducing the number of cardholders.

(4) Specific policies on credit limits authorized for cardholders, with the objective of minimizing financial risk to the Federal Government.

(5) Specific criteria for identifying employees eligible to be issued purchase cards, with the objective of ensuring the integrity of cardholders.

(b) Accounting procedures that ensure that purchase card transactions are properly recorded in Department of Defense accounting records.

(c) Requirements for regular internal review of purchase card statements to identify—

(1) potentially fraudulent, improper, and abusive purchases;

(2) any patterns of improper cardholder transactions, such as purchases of prohibited items; and

(d) categories of purchases that should be made through other mechanisms to better aggregate purchases and negotiate lower prices.

SEC. 915. ASSESSMENT REGARDING FEES PAID FOR ACQUISITIONS UNDER OTHER AGENCIES' CONTRACTS.

(a) REQUIREMENT FOR ASSESSMENT AND REPORT.—Not later than 1 January 2003, the Secretary of Defense shall conduct an assessment to determine the total amount paid by the Department of Defense as fees for the acquisition of property and services by the Department of Defense under contracts or subcontracts between other departments and agencies of the Federal Government and the sources of the fees and shall submit a report on the results of the assessment to Congress.

(b) CONTENT OF REPORT.—The report shall include—

(1) a description of all fees, and a notification pursuant to subsection (c) shall include, for each grant of an exception or waiver, the following:

(1) The Secretary of Defense shall transmit a notification to the congressional defense committees.

SEC. 814. INTERNAL CONTROLS ON THE USE OF PURCHASE CARDS.

(a) REQUIREMENT FOR ENHANCED INTERNAL CONTROLS.—Not later than 120 days after the enactment of this Act, the Secretary of Defense shall take action to ensure that appropriate internal controls for the use of purchase cards issued by the Federal Government to Department of Defense personnel are in place throughout the Department of Defense. At a minimum, the internal controls shall include the following:

(1) A requirement that receipt and acceptance, and the documentation of the receipt and acceptance, of the property or services purchased on a purchase card be verified by a Department of Defense official who is independent of the purchaser.

(2) A requirement that the monthly purchase card statements of purchases on a purchase card be reviewed and certified for accuracy by an official of the Department of Defense who is independent of the purchaser.

(3) Specific policies limiting the number of purchase cards issued, with the objective of significantly reducing the number of cardholders.

(4) Specific policies on credit limits authorized for cardholders, with the objective of minimizing financial risk to the Federal Government.

(5) Specific criteria for identifying employees eligible to be issued purchase cards, with the objective of ensuring the integrity of cardholders.

(b) Accounting procedures that ensure that purchase card transactions are properly recorded in Department of Defense accounting records.

(c) Requirements for regular internal review of purchase card statements to identify—

(1) potentially fraudulent, improper, and abusive purchases;

(2) any patterns of improper cardholder transactions, such as purchases of prohibited items; and

(d) categories of purchases that should be made through other mechanisms to better aggregate purchases and negotiate lower prices.

SEC. 816. PILOT PROGRAM FOR TRANSITION TO FOLLOW-ON CONTRACTS FOR CERTAIN PROTOTYPE PROJECTS.

Section 945 of the National Defense Authorization Act for Fiscal Year 1994 (10 U.S.C. 2371 note) is amended by—

(1) redesignating subsections (e), (f), and (g) of subsections (f), (g), and (h), respectively; and

(2) inserting after subsection (d) the following new subsection (e):

Provision for Follow-on Contracts for Certain Prototype Projects.—(1) The Secretary of Defense shall take action to carry out a pilot program for follow-on contracting for the procurement of items or processes that are developed by nontraditional defense contractors under prototype projects carried out under this section.

(2) Under the pilot program—

(a) a firm, fixed-price contract or subcontract; or

(b) a fixed-price contract or subcontract with economic price adjustment.

(4) The authority to conduct a pilot program under this subsection shall terminate on September 30, 2005. The termination of the authority shall not affect the validity of contracts or subcontracts that are awarded or modified during the period of the pilot program, without regard to whether the contracts or subcontracts are performed during the period.

SEC. 817. WAIVER AUTHORITY FOR DOMESTIC SOURCE OR CONTENT REQUIREMENTS.

(a) AUTHORITY.—Subchapter V of chapter 186 of title 10, United States Code, is amended by adding at the end the following new section:

"§ 2539c. Waiver of domestic source or content requirements

"(a) AUTHORITY.—Except as provided in subsection (f), the Secretary of Defense may waive the application of any domestic source requirement or domestic content requirement referred to in subsection (b) and thereby authorize the procurement of items that are grown, reprocessed, reused, produced, or manufactured—

(1) in a foreign country that has a reciprocal defense procurement memorandum of understanding or agreement with the United States; or

(2) in a foreign country that has a reciprocal defense procurement memorandum of understanding or agreement with the United States substantially from components and materials grown, reprocessed, reused, produced, or manufactured in the United States.
in the United States or any foreign country that has a reciprocal defense procurement memorandum of understanding or agreement with the United States.

(b) COVERED REQUIREMENTS.—For purposes of this section:

(1) A domestic source requirement is any requirement under law that the Department of Defense satisfies its requirements for an item by producing an item that is grown, reprocessed, reused, produced, or manufactured in the United States or by a manufacturer that is a part of the national technology and industrial base (as defined in section 2506(1) of this title).

(2) A domestic content requirement is any requirement under law that the Department of Defense satisfies its requirements for an item by procuring an item produced or manufactured partly or wholly from components and materials grown, reprocessed, reused, produced, or manufactured in the United States.

(c) APPLICABILITY.—The authority of the Secretary to waive the application of a domestic source or content requirement under subsection (a) applies to the procurement of items for which the Secretary of Defense determines that—

(1) application of the requirement would impede the reciprocal procurement of defense items under a memorandum of understanding providing for reciprocal procurement of defense items between a foreign country and the United States in accordance with section 2531 of this title; and

(2) such country does not discriminate against defense items produced in the United States to a greater degree than the United States discriminates against defense items produced in that country.

(d) LIMITATION ON DELEGATION.—The authority of the Secretary to waive the application of domestic source or content requirements under subsection (a) may not be delegated to any officer or employee other than the Under Secretary of Defense for Acquisition, Technology and Logistics.

(e) CONSULTATIONS.—The Secretary may grant a waiver of the application of a domestic source or content requirement under subsection (a) only after consultation with the United States Trade Representative, the Secretary of Commerce, and the Secretary of State.

(f) LAWS NOT WAIVABLE.—The Secretary of Defense may not exercise the authority under subsection (a) to waive any domestic source or content requirement contained in any of the following laws:


(2) The Jarvis-Wagner-O’Day Act (41 U.S.C. 67 et seq.).

(3) Sections 7309 and 7310 of this title.

(4) Section 2533a of this title.

(g) RELATIONSHIP TO OTHER WAIVER AUTHORITY.—The authority under subsection (a) to waive a domestic source requirement or domestic content requirement is in addition to any other authority to waive such requirement.

(h) CONSTRUCTION WITH RESPECT TO LATER ENACTED LAWS.—This section may not be construed as being inapplicable to a domestic source requirement or domestic content requirement that is set forth in a law enacted after the enactment of this section.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting after the heading relating to section 2539b the following new item:

"2539c. Waiver of domestic source or content requirements."
EMPLOYING THE SEVERELY DISABLED.—(1) The Secretary of Defense may, in accordance with such requirements as the Secretary may establish, permit a business entity operating a program to self-certify its eligibility for treatment as a qualified organization employing the severely disabled under subsection (m)(2)(D).

(2) The Secretary shall treat any entity described in paragraph (1) that submits a self-certification under that paragraph as a qualified organization employing the severely disabled if the Secretary receives evidence, if any, that such entity is not described by paragraph (1) or does not merit treatment as a qualified organization employing the severely disabled in accordance with applicable provisions of subsection (m).

(3) Paragraphs (1) and (2) shall cease to be effective on the date that is six months after the date of the enactment of this Act.

SEC. 830. REPORT ON EFFECTS OF ARMY CONTRACTING AGENCY.

(a) IN GENERAL.—The Secretary of the Army shall submit a report on the effects of the establishment of an Army Contracting Agency on small business participation in Army procurement of products and services for eligible organizations employing the severely disabled until the Secretary receives the report described in paragraph (b).

The report made by subsection (a) shall take effect on October 1, 2002.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 2002.

SEC. 904. PREVENTION AND MITIGATION OF CORROSION.

(a) ESTABLISHMENT.—Not later than 120 days after the date of the enactment of this Act, the Secretary of Defense shall establish a program to ensure that, to the extent determined appropriate by the Secretary, appropriate in each acquisition program, such technologies and treatments are provided for pursuant to paragraph (3) of Section 2903 of title 10, United States Code, that the acquisition process.

(b) DUTIES.—The official designated under subsection (m)(2)(D) shall take effect on October 1, 2002.

(c) TIME FOR SUBMISSION.—The report under this section shall be due 15 months after the date of the establishment of the Army Contracting Agency.

TITLE IX—DEPARTMENT OF DEFENSE ORGANIZATION AND MANAGEMENT

SEC. 901. TIME FOR SUBMITTAL OF REPORT ON ARMY DEFENSE REVIEW.

Section 118(d) of title 10, United States Code, is amended by striking "not later than September 30 of the year in which the review is conducted" and inserting "in the year following the year in which the review is conducted, but not later than the date on which the President submits the budget for the next fiscal year to Congress under section 1105(a) of title 31".

SEC. 902. INCREASED NUMBER OF DEPUTY COMMISSARS AUTHORIZED FOR THE MARINE CORPS.

Section 5045 of title 10, United States Code, is amended by striking "five" and inserting "six".

SEC. 903. BASE OPERATING SUPPORT FOR FISHER HOUSES.

(a) EXPANSION OF REQUIREMENT TO INCLUDE ARMY AND AIR FORCE.—Section 2484(b) of title 10, United States Code, is amended to read as follows:

"(1) BASE OPERATING SUPPORT.—The Secretary of Defense shall authorize and fund the operating costs of Fisher Houses associated with health care facilities of that military department.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 2002.

SEC. 904. PREVENTION AND MITIGATION OF CORROSION.

(a) ESTABLISHMENT.—Not later than 120 days after the date of the enactment of this Act, the Secretary of Defense shall designate an officer or employee of the Department of Defense responsible (after the Secretary of Defense and the Under Secretary of Defense for Acquisition, Technology and Logistics) for the prevention and mitigation of corrosion of the military equipment and infrastructure of the Department. The designated official shall report directly to the Under Secretary of Defense for Acquisition, Technology, and Logistics.

(b) DUTIES.—The official designated under subsection (m)(2)(D) shall take effect on October 1, 2002.

(c) TIME FOR SUBMISSION.—The report under this section shall be due 15 months after the date of the establishment of the Army Contracting Agency.

(d) DUTIES.—The official designated under subsection (m)(2)(D) shall—

(1) development and recommendation of policy guidance on the prevention and mitigation of corrosion which the Secretary of Defense shall issue; and

(2) review of the annual budget proposed by the Secretary of Defense for the prevention and mitigation of corrosion as part of the budget for the Department of Defense; and

(3) direction and coordination of the efforts within the Department of Defense to prevent or mitigate corrosion during—

(A) the design, construction, and maintenance of military equipment and infrastructure; and

(B) the design, construction, and maintenance of military equipment; and

(c) Designation of corrosion prevention treatments—

(1) to ensure that the use of corrosion prevention technologies and the application of corrosion prevention treatments are fully considered during design and development in the acquisition process; and

(B) to ensure that, to the extent determined appropriate in each acquisition program, such technologies and treatments are incorporated into the program, particularly during the engineering and design phases of the acquisition process.

(d) DIRECTIONS.—When the President submits the budget for fiscal year 2004 to Congress pursuant to section 1105(a) of title 31, United States Code, the Secretary of Defense shall submit to Congress a report regarding the actions taken under this section. The report shall include the following matters:

(1) The organizational structure for the personnel carrying out the responsibilities of the official designated under subsection (a) with respect to the prevention and mitigation of corrosion.

(2) An outline and milestones for developing a long-term corrosion prevention and mitigation strategy.

(3) The strategy shall include, for the actions provided for pursuant to paragraph (2), the following:

(A) Policy guidance.

(B) Performance measures and milestones.

(C) An assessment of the necessary program management resources and necessary fiscal support resources.

(e) GAO REVIEWS.—The Comptroller General shall monitor the implementation of the long-term strategy required under subsection (a) and, not later than 18 months after the date of the enactment of this Act, submit to Congress an assessment of the extent to which the strategy has been implemented.

(f) DEFINITIONS.—In this section:

(1) The term "corrosion" means the deterioration of a substance or its properties due to reaction with its environment.

(2) The term "military equipment" includes all air, land, and sea weapon systems, weapon platforms, vehicles, and munitions of the Department of Defense, and the components of such items.

(3) The term "infrastructure" includes all buildings, structures, airfields, port facilities, surface and subsurface utility systems, heating and cooling systems, fuel tanks, pavements, and bridges.

(g) TERMINATION.—This section shall cease to be effective on the date that is five years after the date of the enactment of this Act.

SEC. 905. WESTERN HEMISPHERE INSTITUTE FOR SECURITY COOPERATION.

(a) AUTHORITY.—The Secretary of Defense shall take effect on October 1, 2002.
(1) by redesignating subsections (f), (g), and (h), as subsections (g), (h), and (i), respectively; and
(2) by inserting after subsection (e) the following:
"(f) AUTHORITY TO ACCEPT FOREIGN GIFTS AND DONATIONS.—(1) The Secretary of Defense may, on behalf of the institution, accept foreign gifts or donations in order to defray the costs of, or enhance the operation of, the Institute.
(2) Funds received by the Secretary under paragraph (1) shall be credited to appropriations available for the Department of Defense for the Institute. Funds so credited shall be merged with the appropriations to which credited and shall be available for the Institute for the same purposes and same periods as the appropriations with which merged.
(3) The Secretary of Defense shall notify Congress if the total amount of money accepted under paragraph (1) exceeds $1,000,000 in any fiscal year. Any such notice shall list each of the contributors of such money and the amount of each contribution in such fiscal year.
(4) For the purposes of this subsection, a foreign gift or donation is a gift or donation of funds, goods, services (including research materials), property, or services (including lecture services and faculty services) from a foreign government, a foundation or other charity chartered in a foreign country, or an individual in a foreign country.
(a) COMPOSITION AND ADMINISTRATION.—(1) Chapter 307 of title 10, United States Code, is amended by inserting after section 3070 the following new section 3071:
"3071. Veterinary Corps: composition; Chief and assistant chief; appointment; grade
"(a) COMPOSITION.—The Veterinary Corps consists of the Chief and assistant chief of that corps and other officers in grades prescribed by the Secretary of the Army.
(b) OFFICER NOMINATION.—The Secretary of the Army shall appoint the Chief from the officers of the Regular Army in that corps whose regular grade is above lieutenant colonel and who is designated by the Surgeon General. An appointee who holds a lower regular grade may be appointed in the regular grade of brigadier general. The Chief serves during the pleasure of the Secretary, but not for more than four years, and may not be reappointed to the same position.
(c) ASSISTANT CHIEF.—The Surgeon General shall appoint the assistant chief from the officers of the Regular Army in that corps whose regular grade is above lieutenant colonel. The assistant chief serves during the pleasure of the Surgeon General, but not for more than four years and may not be reappointed to the same position.
(d) EFFECTIVE DATE.—Section 3071 of this title takes effect on October 1, 2002.
(b) EFFECTIVE DATE.—Section 3071 of title 10, United States Code, as added by this section, shall take effect on October 1, 2002.
SEC. 907. UNDER SECRETARY OF DEFENSE FOR INTELLIGENCE AND NATIONAL SECURITY AFFAIRS.
SEC. 1003. LIMITATION ON FOREIGN MILITARY SALES.
SEC. 1004. AUTHORIZATION OF EMERGENCY SUPPLEMENTS FOR FISCAL YEAR 2003.
SEC. 1005. AUTHORIZATION OF APPROPRIATIONS FOR THE WAR ON TERRORISM.
SEC. 1006. REALLOCATION OF AUTHORIZATIONS OF APPROPRIATIONS FROM BALLISTIC MISSILE DEFENSE TO SHIPBUILDING.
SEC. 1007. AUTHORIZATION OF APPROPRIATIONS FOR CONTINUED OPERATIONS FOR FISCAL YEAR 2002.

TITLE X—GENERAL PROVISIONS
Subtitle A—Financial Matters
SEC. 1001. TRANSFER AUTHORITY.
SEC. 1002. AUTHORITY TO REALIGN OR TRANSFER AUTHORIZATIONS.—(1) Upon determination by the Secretary of Defense that such action is necessary in the national interest, the Secretary may transfer amounts of authorizations made under this Act to the Department of Defense in this division for fiscal year 2003 between any such authorizations for that fiscal year (or any subdivisions thereof). Amounts of authorizations so transferred shall be merged with and be available for the same purposes as the authorization in which transferred.
(2) The total amount of authorizations that the Secretary may transfer under the authority of this section may not exceed $2,500,000.
(b) LIMITATIONS.—The authority provided by this section to transfer authorizations—
(1) may only be used to provide authority for items that are not of higher priority than the items from which authority is transferred; and
(2) may not be used to provide authority for an item that has been denied authorization by Congress.
(c) EFFECT ON AUTHORIZATION AMOUNTS.—A transfer made by the Secretary of Defense from one account to another under the authority of this section shall be deemed to increase the amount authorized for such account by an amount equal to the amount transferred.
SEC. 1008. AUTHORIZATION OF EMERGENCY SUPPLEMENTAL APPROPRIATIONS FOR FISCAL YEAR 2003.

Amounts authorized to be appropriated to the Department of Defense for fiscal year 2003—

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2002 in the National Defense Authorization Act for Fiscal Year 2002 (Public Law 107–107) are hereby adjusted, with respect to any such authorized amount, by the amount by which the obligation pursuant to such authorization were increased (by a supplemental appropriation) or decreased (by a rescission), or both, in any law making supplemental appropriation for fiscal year 2002 that is enacted during the 107th Congress, second session.

SEC. 1005. UNITED STATES CONTRIBUTION TO NATO COMMON-FUNDED BUDGETS IN FISCAL YEAR 2003.

(a) FISCAL YEAR 2003 LIMITATION.—The total amount appropriated by the Secretary of Defense in fiscal year 2003 for the common-funded budgets of NATO may be any amount up to, but not in excess of, the amount specified in subsection (b) (rather than the maximum amount that would otherwise be applicable to those contributions under the fiscal year 1998 baseline limitation.

(b) TOTAL AMOUNT.—The amount of the limitation applicable under subsection (a) is the sum of the following:

(1) The amount expended, balances, as of the end of fiscal year 2002, of funds appropriated for fiscal years before fiscal year 2003 for payments for those budgets.

(2) The amount specified in subsection (c)(1).

(3) The amount specified in subsection (c)(2).

(4) The total amount of the contributions authorized to be made under section 2501.

(c) AUTHORIZED AMOUNTS.—Amounts authorized to be appropriated by titles II and III of this Act are available for contributions for the common-funded budgets of NATO as follows:

(1) Of the amount provided in section 201(a), $750,000 for the Civil Budget.

(2) Of the amount provided in section 301(a)(1), $205,623,000 for the Military Budget.

(d) DEFINITIONS.—For purposes of this section:

(1) COMMON-FUNDED BUDGETS OF NATO.—The term ‘‘common-funded budgets of NATO’’ means the Military Budget, the Security Investment Program, and the Civil Budget of the North Atlantic Treaty Organization (and any successor or additional account or program established pursuant to subsection (c) of section 185 of title 10, United States Code).

(2) FISCAL YEAR 1998 BASELINE LIMITATION.—The term ‘‘fiscal year 1998 baseline limitation’’ means the maximum annual amount of Department of Defense obligations for common-funded budgets of NATO that is set forth as the annual limitation in section 3(2)(C)(ii) of the resolution of the Senate giving the advice and consent of the Senate to the ratification of the Protocols to the North Atlantic Treaty of 1949 on the Accession of Poland, Hungary, and the Czech Republic (as defined in section 47 of that resolution), approved by the Senate on April 30, 1998.

SEC. 1006. DEVELOPMENT AND IMPLEMENTATION OF FINANCIAL MANAGEMENT ENTERPRISE ARCHITECTURE.

(a) REQUIREMENT FOR ENTERPRISE ARCHITECTURE AND TRANSITION PLAN.—Not later than March 15, 2003, the Secretary of Defense shall develop a proposed financial management enterprise architecture for all budgeting, accounting, finance, and data feeder systems of the Department of Defense, together with a transition plan for implementing the proposed enterprise architecture.

(b) COMPOSITION OF ARCHITECTURE.—The proposed financial management enterprise architecture developed under subsection (a) shall describe a system that, at a minimum:

(1) includes data standards and system interface requirements that are to apply uni-

formly throughout the Department of Defense;

(2) enables the Department of Defense—

(A) to comply with Federal accounting, financial management, and reporting require-

ments;

(B) to routinely produce timely, accurate, and useful financial information for manage-

ment purposes;

(C) to integrate budget, accounting, and program information and systems; and

(D) to provide for the systematic measurement of performance allowing the ability to produce timely, relevant, and reliable cost information.

(c) COMPOSITION OF TRANSITION PLAN.—The transition plan developed under subsection (a) shall contain specific time-phased milestones for modifying or eliminating existing systems and for acquiring new systems necessary to implement the proposed enterprise architecture.

(d) EXPENDITURES FOR IMPLEMENTATION.—The Secretary of Defense may not obligate more than $1,000,000 for a defense financial system improvement on or after the enterprise architecture approval date.

(e) EXPENDITURES PENDING AUTHORIZATION.—The Secretary of Defense may not obligate more than $1,000,000 for a defense financial system improvement during the enterprise architecture pre-approval period unless the Financial Management Modernization Executive Committee determines that the defense financial system improvement is consistent with the proposed enterprise architecture and transition plan.

(f) COMPTROLLER GENERAL REVIEW.—Not later than March 1 of each of fiscal years 2003, 2004, and 2005, the Comptroller General shall submit to the congressional defense committees a report on defense financial system improvements that have been undertaken during the previous year. The report shall include the Comptroller General’s assessment of whether the improvements comply with the requirements of this section.

(g) DEFINITIONS.—In this section:

(1) The term ‘‘defense financial system improvement’’—

(A) means the acquisition of a new budgeting, accounting, or data feeder system for the Department of Defense, or a modification of an existing budgeting, accounting, finance, or data feeder system of the Department of Defense; and

(B) does not include routine maintenance and operation of any such system.

(2) The term ‘‘enterprise architecture approval date’’ means the date on which the Secretary of Defense approves a proposed financial management enterprise architecture and a transition plan that satisfy the requirements of this section.

(3) The term ‘‘enterprise architecture pre-approval period’’ means the period beginning on the date of the enactment of this Act and ending on the date before the enterprise architecture approval date.

(4) The term ‘‘feeder system’’ means a data feeder system within the meaning of section 2222a(v) of title 31, United States Code.

(5) The term ‘‘Financial Management Modernization Executive Committee’’ means the Financial Management Modernization Executive Committee established pursuant to section 185 of title 10, United States Code.

SEC. 1007. DEPARTMENTAL ACCOUNTABLE OFFICIALS IN THE DEPARTMENT OF DEFENSE.

(a) DESIGNATION AND ACCOUNTABILITY.—Chapter 166 of title 10, United States Code, is amended by inserting after section 2773 the following new section:

"§ 2773a. Departmental accountable officials

(a) DESIGNATION.—The Secretary of Defense may designate, in writing, as a departmental accountable official any employee of the Department of Defense or any member of the armed forces who—

(1) has a duty to provide a certifying official with the Department of Defense information, data, or services directly relied upon by the certifying official in the certification of vouchers for payment; and

(2) is not otherwise accountable under subtitle III of title 31 or any other provision of law for payments made on the basis of the vouchers.

(b) PECUNIARY LIABILITY.—(1) The Secretary of Defense may, in a designation of a departmental accountable official under subsection (a), subject that official to pecuniary liability, in the same extent as an official accountable under subtitle III of title 31, for an illegal, improper, or incorrect payment made pursuant to such a certification.

(2) Any pecuniary liability imposed on a departmental accountable official under this subsection for a loss to the United States resulting from an illegal, improper, or incorrect payment shall be joint and several with that of any other employee or employees of the United States or member or members of the uniformed services who are pecuniarily liable for the loss.

(c) RELIEF FROM PECUNIARY LIABILITY.—The Secretary of Defense shall relieve a designated accountable official of pecuniary liability imposed under subsection (b) in the case of a payment if the Secretary determines that the payment is not a result of fault or negligence on the part of the departmental accountable official.

(d) CERTIFYING OFFICIAL DEFINED.—In this section the term ‘‘certifying official’’ means an employee who has the responsibilities specified in section 3528(a) of title 31.

(2) Clerical Amendment.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 2773 the following new item:

"§ 2773a. Departmental accountable officials."

SEC. 1008. DEPARTMENT-WIDE PROCEDURES FOR ESTABLISHING AND LIQUIDATING PERSONAL PECUNIARY LIABILITY.

(a) REPORT OF SURVEY PROCEDURES.—(1) Chapter 166 of title 10, United States Code, is amended by inserting after section 2786 the following new section:

"§ 2787. Reports of survey

(a) REGULATIONS.—Under regulations prescribed pursuant to subsection (c), any officer or member of the armed forces of the United States or member of the uniformed services of the Department of Defense designated in accordance with the regulations may act upon reports of survey and vouchers relating to the loss of, spoilage, unserviceability, unsuitability, or destruction of, or damage to, property of the United

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States under the control of the Department of Defense.

(‘‘b’’ F I N A L I T Y O F A C T I O N.— (1) Action taken under subsection (a) is final except as provided in this subsection.

(2) An action holding a person pecuniarily liable for loss, spoilage, destruction, or damage is not final until approved by a person designated by the Secretary of a military department, commander of a combatant command, or Director of a Defense Agency, as the case may be, who has jurisdiction of the case held pecuniarily liable. The person designated to provide final approval shall be an officer of an armed force, or a civilian employee, under the jurisdiction of the Secretary of a military department, commander of a combatant command, or Director of a Defense Agency, as the case may be, who has jurisdiction of the case. The person designated to provide final approval shall be an officer of an armed force, or a civilian employee, under the jurisdiction of the Secretary of a military department, commander of a combatant command, or Director of a Defense Agency, as the case may be, who has jurisdiction of the case.

(c) REGULATIONS.—The Secretary of Defense shall prescribe regulations to carry out this section.

(l) The tables of sections at the beginning of chapter 165 of such title are amended by inserting after the item relating to section 2766 the following new item:

(2777) Reports of survey:

(b) DAMAGE OR REPAIR OF ARMS AND EQUIPMENT.—Section 1007(e) of title 37, United States Code, is amended by striking ‘‘Army or the Air Force’’ and inserting ‘‘Army, Navy, Air Force, or Marine Corps’’.

(c) REPEAL OF SUPERSEDED PROVISIONS.—(1) Sections 4835 and 9835 of title 10, United States Code, are repealed.

(2) The tables of sections at the beginning of chapters 453 and 953 of such title are amended by striking the items relating to sections 4835 and 9835, respectively.

SEC. 1009. TRAVEL CARD PROGRAM INTEGRITY.

(a) AUTHORITY.—Section 2784 of title 10, United States Code, is amended by adding at the end the following new subsection:

‘‘(e) REQUIRED DEDUCTION FROM PAY.—(1) The Secretary of Defense may require that there be deducted and withheld from prescribed deductions of disposable pay of the employee or member with respect to a pay period under this subsection. The procedures shall be substantially equivalent to the procedures under section 3716 of title 31.

(2) The term ‘‘Defense travel card’’ means a charge or credit card that—

(A) is issued to an employee of the Department of Defense or a member of the armed forces under a contract entered into by the Department of Defense and the issuer of the card;

(B) is to be used for charging expenses incurred by the employee or member in connection with official travel.

(3) The term ‘‘disposable pay’’, with respect to a pay period, means the amount equal to the excess of the amount of basic pay payable for the pay period over the total of the amounts deducted and withheld from such pay.’’.

(b) CONFORMING AMENDMENT.—Section 2784 of title 10, United States Code, is amended by striking the following through ‘‘Secretary of Defense (Comptroller)’’:.

SEC. 1010. CLEARANCE OF CERTAIN TRANSACTIONS RECORDED IN TREASURY SUSPENSE ACCOUNTS AND RESOLUTION OF CERTAIN CHECK ISSUANCE DISCREPANCIES.

(a) CLEARING OF SUSPENSE ACCOUNTS.—(1) In the case of any transaction that was entered into by or on behalf of the Department of Defense before March 1, 2001, that is recorded in the Account of Treasury Bureaus and divisions (Suspended) designated as account F3973, the Unavailable Check Cancellations and Overpayments (Suspended) designated as account F3980, or an Undistributed Intergovernmental Payments account designated as account F3985, and for which no appropriation for the Department of Defense has been identified—

(A) any undisputed collection credited to such account in such case shall be deposited to the miscellaneous receipts of the Treasury; and

(B) subject to paragraph (2), any undisputed disbursement recorded in such account in such case shall be canceled.

(2) An undisputed disbursement may not be canceled under paragraph (1) until the Secretary of Defense has made a written determination that the appropriate official or officials of the Department of Defense have attempted without success to locate the documentation necessary to demonstrate which appropriation should be charged and further efforts are not in the best interests of the United States.

(b) RESOLUTION OF CHECK ISSUANCE DISCREPANCIES.—In the case of any check drawn on the Treasury that was issued by or on behalf of the Department of Defense before October 31, 1998, for which the Secretary of the Treasury has reported to the Department of Defense a discrepancy between the amount paid and the amount of the check as transmitted to the Department of Treasury, and for which no specific appropriation for the Department of Defense can be identified as being associated with the check, the discrepancy shall be canceled, subject to paragraph (2).

(2) A discrepancy may not be canceled under paragraph (1) unless the Secretary of Defense has made a written determination that the appropriate official or officials of the Department of Defense have attempted without success to locate the documentation necessary to demonstrate which appropriation should be charged and further efforts are not in the best interests of the United States.

(c) DEFINITIONS.—The term ‘‘Secretary’’ means the Secretary of Defense unless the context otherwise requires.

(d) DISBURSEMENT OF ALLOWANCES DIRECTLY TO CREDITORS.—Section 2784 of title 10, United States Code, is amended by striking ‘‘Secretary of Defense (Comptroller)’’ wherever it appears and inserting ‘‘Secretary of the Department of Defense’’.

(e) DISBURSEMENT OF ALLOWANCES DIRECTLY TO CREDITORS.—Section 2784 of title 10, United States Code, is amended by striking the following through ‘‘Secretary of Defense (Comptroller)’’:.

(f) UNDER SECRETARY OF DEFENSE (COMPTROLLER).—The term ‘‘Under Secretary of Defense (Comptroller)’’ means the Secretary of the Army, Navy, Air Force, or Marine Corps, as the case may be, after July 1, 2002.

(g) DEFINITIONS.—The term ‘‘Secretary of Defense’’ means—

(A) is issued to an employee of the Department of Defense or a member of the armed forces under a contract entered into by the Department of Defense and the issuer of the card;

(B) is to be used for charging expenses incurred by the employee or member in connection with official travel.

(3) The term ‘‘disposable pay’’, with respect to a pay period, means the amount equal to the excess of the amount of basic pay payable for the pay period over the total of the amounts deducted and withheld from such pay.”.}

SEC. 1011. ADDITIONAL AMOUNT FOR BALLISTIC MISSILE DEFENSE OR COMBATING TERRORISM IN ACCORDANCE WITH NATIONAL SECURITY PRIORITIES OF THE PRESIDENT.

(a) AUTHORIZATION OF APPROPRIATIONS.—In addition to other amounts authorized to be appropriated by other provisions of this division, there is hereby authorized to be appropriated for the Department of Defense for fiscal year 2003, $314,300,000 for whichever of the following purposes the President determines that the additional appropriation is necessary in the national security interests of the United States:

(1) Research, development, test, and evaluation for ballistic missile defense programs of the Department of Defense.

(2) Activities of the Department of Defense for combating terrorism at home and abroad.

(b) OFFSET.—The amount authorized to be appropriated under the other provisions of this division is hereby reduced by $314,300,000 to reflect the amount that the Secretary determines unnecessary by reason of a revision of assumptions regarding inflation that are applied as a result of the midterm review of the budget conducted by the Office of Management and Budget during the spring and early summer of 2002.

(c) PRIORITY FOR ALLOCATING FUNDS.—In the case of such funds available by a lower rate of inflation, the top priority shall be the use of such funds for Department of Defense activities for protecting the American people in the United States by combating terrorism at home and abroad.

SEC. 1012. AVAILABILITY OF AMOUNTS FOR ORGON ARMY NATIONAL GUARD FOR SEARCH AND RESCUE AND MEDICAL EVACUATION MISSIONS IN ADVERSE WEATHER CONDITIONS.

(a) INCREASE IN AUTHORIZATION OF APPROPRIATIONS FOR ARMY PROCUREMENT.—The amount authorized to be appropriated by section 101(1) for procurement for the Army for fiscal year 2003 is hereby increased by $3,000,000.

(b) AVAILABILITY.—Of the amount authorized to be appropriated by section 101(1) for procurement for the Army for aircraft, as increased by subsection (a), $3,000,000 shall be available for the upgrade of three UH-60L Blackhawk helicopters of the Oregon Army National Guard to the capabilities of UH-60Q Search and Rescue helicopters, including Star Saffire FLIR, Breeze-Eastern External Rescue Hoist, and Air Methods COTS Medical Systems upgrades, in order to improve the usability of such UH-60L Blackhawk helicopters in search and rescue and medical evacuation missions in adverse weather conditions.

SEC. 1013. INCREASE IN AUTHORIZATION OF APPROPRIATIONS FOR MILITARY PERSONNEL.—The amount authorized to be appropriated by...
section 421 for military personnel is hereby increased by $1,800,000.

(d) AVAILABILITY.—Of the amount authorized to be appropriated by section 421 for military personnel increased by subsection (d), $1,800,000 shall be available for up to 26 additional personnel for the Oregon Army National Guard.

(e) LOCAL AUTHORITY.—The amount authorized to be appropriated by section 301(a)(1) for operations and maintenance for the Army is hereby reduced by $40,000, with the amount of the reduction to be allocated to Base Operations Support (Servicewide Support).

Subtitle B—Naval Vessels and Shipyards

SEC. 1021. NUMBER OF NAVY SURFACE COMBATANTS IN ACTIVE AND RESERVE SERVICE.

(1) CONTINGENT REQUIREMENT FOR REPORT.—If, on the date of the enactment of this Act, the total number of Navy ships comprising the force of surface combatants is less than 116, the Secretary of the Navy shall submit a report on the force of that force to the Committees on Armed Services of the Senate and the House of Representatives. The report shall be submitted not later than 90 days after the date on which the Secretary of the Navy submits to the committees referred to in subsection (a) a written notification of the reduction that is not sufficient for the recapitalization of the force of Navy ships at the annual rate necessary to sustain the force, an assessment (coordinated with the commanders of the combatant commands) that describes and discusses the risks associated with the reduced force structure that will result from funding ship construction at such insufficient level.

(2) If there is no National Security Strategy in effect, supports the ship force structure in the budget for the fiscal year covered by the defense budget materials and shall include the following matters:

(1) A description of the necessary ship force structure of the Navy.

(2) The estimated amount of funding necessary to carry out the plan, together with a discussion of the procurement strategies on which such estimated funding levels are based.

(3) A certification by the Secretary of Defense that both the budget for the fiscal year covered by the defense budget materials and the future-years defense program submitted to Congress in relation to such budget under section 221 of this title provide for funding ship construction for the Navy at a level that is sufficient for the recapitalization of the force of Navy ships at the annual rate necessary to sustain the force, an assessment (coordinated with the commanders of the combatant commands) that describes and discusses the risks associated with the reduced force structure that will result from funding ship construction at such insufficient level.

(b) LIMITATION ON REDUCTION.—The force of surface combatants may not be reduced at any time after the date of the enactment of this Act, the total number of Navy ships comprising the force of surface combatants is less than 116, or 90 days after the date on which the Secretary of the Navy submits to the committees referred to in subsection (a) a written notification of the reduction. The notification shall include the following information:

(1) The reason for the reduction.

(2) The number of ships that are to comprise the reduced force of surface combatants.

(3) A risk assessment for the reduced force that is based on the same assumptions as those that were applied in the QDR 2001 current force risk assessment.

(c) PRESERVATION OF SURVIVOR CAPABILITY.—Whenever the total number of Navy ships comprising the force of surface combatants is less than 116, the Secretary of the Navy shall maintain on the Naval Vessel Register a sufficient number of surface combatant ships to enable the Navy to regain a total force of 116 surface combatant ships in active and reserve service in the Navy within 90 days after the President decides to increase the force of surface combatants.

(d) DEFINITIONS.—In this section:

(1) The term ‘force of surface combatants’ means the surface combatant ships in active and reserve service in the Navy.

(2) The term ‘QDR 2001 current force risk assessment’ means the risk assessment associated with a force of 116 surface combatant ships in active and reserve service in the Navy. The request for fielding the 155-millimeter gun on a surface combatant.

(a) REQUIREMENT FOR PLAN.—The Secretary of the Navy shall submit to Congress a plan for fielding the 155-millimeter gun on one surface combatant ship in active service in the Navy. The Secretary shall submit the plan at the same time that the President submits the budget for fiscal year 2004 to Congress under section 1105(a) of title 31, United States Code.

(b) FIELDING ON EXPEDITED SCHEDULE.—The plan shall provide for fielding the 155-millimeter gun on an expedited schedule that is consistent with the achievement of safety of operation and fire support capabilities meeting the fire support requirements of the Marine Corps, the Secretary of Defense, and the Quadrennial Defense Review.

SEC. 1022. PLAN FOR FIELDING THE 155-MILLIMETER GUN ON A SURFACE COMBATANT.

(a) REQUIREMENT FOR PLAN.—The Secretary of Defense shall include in the budget for fiscal year 2004 a plan for the construction of combatant and support ships for the Navy that—

(1) supports the National Security Strategy;

(2) if there is no National Security Strategy in effect, supports the ship force structure in the budget for the fiscal year covered by the defense budget materials and the future-years defense program submitted to Congress in relation to such budget under section 221 of this title provide for funding ship construction for the Navy at a level that is sufficient for the recapitalization of the force of Navy ships at the annual rate necessary to sustain the force, an assessment (coordinated with the commanders of the combatant commands) that describes and discusses the risks associated with the reduced force structure that will result from funding ship construction at such insufficient level.

(3) A description of the necessary ship force structure of the Navy.

(4) The estimated amount of funding necessary to carry out the plan, together with a discussion of the procurement strategies on which such estimated funding levels are based.

(5) A certification by the Secretary of Defense that both the budget for the fiscal year covered by the defense budget materials and the future-years defense program submitted to Congress in relation to such budget under section 221 of this title provide for funding ship construction for the Navy at a level that is sufficient for the recapitalization of the force of Navy ships at the annual rate necessary to sustain the force, an assessment (coordinated with the commanders of the combatant commands) that describes and discusses the risks associated with the reduced force structure that will result from funding ship construction at such insufficient level.

(b) LIMITATION ON REDUCTION.—The force of surface combatants may not be reduced at any time after the date of the enactment of this Act, the total number of Navy ships comprising the force of surface combatants is less than 116, or 90 days after the date on which the Secretary of the Navy submits to the committees referred to in subsection (a) a written notification of the reduction. The notification shall include the following information:

(1) The reason for the reduction.

(2) The number of ships that are to comprise the reduced force of surface combatants.

(3) A risk assessment for the reduced force that is based on the same assumptions as those that were applied in the QDR 2001 current force risk assessment.

(4) If the budget for the fiscal year provides for funding ship construction at a level that is not sufficient for the recapitalization of the force of Navy ships at the annual rate necessary to sustain the force, an assessment (coordinated with the commanders of the combatant commands) that describes and discusses the risks associated with the reduced force structure that will result from funding ship construction at such insufficient level.

(c) DEFINITIONS.—In this section:

(1) The term ‘budget’, with respect to a fiscal year, means the budget for the fiscal year that is submitted to Congress by the President under section 1105(a) of title 31.

(2) The term ‘defense budget materials’, with respect to a fiscal year, means the materials submitted to Congress by the Secretary of Defense in support of the budget for such fiscal year.

(3) The term ‘Quadrennial Defense Review’ means the Quadrennial Defense Review that is carried out under section 113 of title 31.

(4) The term ‘ship replacement rates’ means the replacement rates of ships provided for in the plan on schedule.

(5) The term ‘ship construction plan’ means the ship construction plan for the Navy over the 30 consecutive fiscal years beginning with the fiscal year covered by the defense budget materials and shall include the following matters:

(1) A description of the necessary ship force structure of the Navy.

(2) The estimated amount of funding necessary to carry out the plan, together with a discussion of the procurement strategies on which such estimated funding levels are based.

(3) A certification by the Secretary of Defense that both the budget for the fiscal year covered by the defense budget materials and the future-years defense program submitted to Congress in relation to such budget under section 221 of this title provide for funding ship construction for the Navy at a level that is sufficient for the recapitalization of the force of Navy ships at the annual rate necessary to sustain the force, an assessment (coordinated with the commanders of the combatant commands) that describes and discusses the risks associated with the reduced force structure that will result from funding ship construction at such insufficient level.

(4) If the budget for the fiscal year provides for funding ship construction at a level that is not sufficient for the recapitalization of the force of Navy ships at the annual rate necessary to sustain the force, an assessment (coordinated with the commanders of the combatant commands) that describes and discusses the risks associated with the reduced force structure that will result from funding ship construction at such insufficient level.

(5) The term ‘ship replacement rates’ means the replacement rates of ships provided for in the plan on schedule.
(B) by striking "(1)" after "(g)".
(7) Section 1709 is amended by striking subsection (d).
(8) Section 1799 is amended by striking subsection (d).
(9) Section 2220 is amended—
(A) by striking subsections (b) and (c);
(B) by striking "(1)" after "Establishment of Go-
(10) Section 2350a(g) is amended by striking paragraphs (b) and (d).
(11) Section 2350f is amended by striking subsection (c).
(12) Section 2350k is amended by striking subsection (d).
(13) Section 2367(d) is amended by striking "EFFORT.—(1) In the" and inserting "—(2) After the close of" and inserting "—(2) After the close of… restraint on the date of such report.
(14) Section 2391 is amended by striking subsection (c).
(15) Section 2486(b)(12) is amended by striking "except that the Secretary shall notify Congress of any addi-
(16) Section 2492 is amended by striking subsection (c) and inserting the following:
(c) Conduct of Review.—(1) The Secretary of Defense shall every four years, two years after the close of each fiscal year under subsection (a) shall—
(17) (A) Section 2504 is repealed.
(18) Section 2506—
(A) is amended by striking subsection (b) and;
(B) by striking "(a) DEPARTMENTAL GUID-
(19) Section 2537(a) is amended by striking "$100,000" and inserting "$10,000,000.
(20) Section 2611 is amended by striking subsection (e).
(21) Section 2667(d) is amended by striking paragraph (3).
(22) Section 2813 is amended by striking subsection (c).
(23) Section 2827 is amended—
(A) by striking subsection (b); and
(B) by striking "(a) Subject to subsection (b), the Secretary and inserting "The Sec-
(24) Section 2867 is amended by striking subsection (c).
(25) Section 4416 is amended by striking subsection (f).
(26) Section 5721(f) is amended—
(A) by striking paragraph (2); and
(B) by striking "(1)" after the subsection heading.
(b) NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1995.—Section 533(b) of the National Defense Authorization Act for Fiscal Year 1995 (Public Law 103–337; 108 Stat. 2772; 10 U.S.C. 4331 note) is amended by striking the last sentence.
(c) NATIONAL SECURITY ACT OF TARGUS DEFENSE ACT.—Section 535 of the National Security Act of 1947 (50 U.S.C. 404a) is amended by striking "and" and inserting "the".
SEC. 1032. ANNUAL REPORT ON WEAPONS TO DE-
FEAT HARDENED AND DEEPLY BUR-
purposes of enhancing the measurement and
sizable range of sensor capabilities into the
ried out by a consortium consisting of such
urement and signatures intelligence systems
beral defense committees a report con-
stallations are adequate under applicable De-
ond that the fire fighting staffs at military in-
on the actions being undertaken to ensure
of Defense shall submit to Congress a report
results of such cooperation.
(d) Form of Reports.—Each report under
subsection (a) shall be submitted in classi-
form, but may include an unclassified summary.
SEC. 1036. REPORT ON EFFORTS TO ENSURE ADE-
QUATE FIRE FIGHTING STAFFS AT MILITARY INSTALLATIONS.
Not later than March 31, 2003, the Secretary of Defense shall submit to Congress a report on the actions being undertaken to ensure that fire fighting staffs at military installations are adequate under applicable Department of Defense regulations.
SEC. 1037. REPORT ON DESIGNATION OF CERTAIN INDIANA HIGHWAY AS DEFENSE ACCESS ROAD.
Not later than March 1, 2003, the Secretary of the Army shall submit to Congress a report containing the results of a study on the advisability of designating Louisiana Highway 28 between Alexandria, Louisiana, and Leesville, Louisiana, a road providing access to the Joint Readiness Training Center, Lou-
iania, and to Fort Polk, Louisiana, as a de-
access road for purposes of section 210 of title 23, United States Code.
SEC. 1038. PLAN FOR FIVE-YEAR PROGRAM FOR ENHANCEMENT OF MEASUREMENT AND SIGNATURES INTELLIGENCE CAPABILITIES.
(a) Finding.—Congress finds that the na-
tional interest will be served by the rapid ex-
ploration of basic research on sensors for purposes of enhancing the measurement and signatures intelligence (MASINT) capabilities of the Federal Government.
(b) Plan for Program.—(1) Not later than March 30, 2003, the Director of the Central Measurement and Signatures Intelligence Office shall submit to Congress a plan for a five-year program of research intended to provide for the incorporation of the results of basic research into a measurement and signatures intelligence systems fielded by the Federal Government, includ-
ing the development and assessment of basic research that purpose.
(2) Activities under the plan shall be car-
out by a consortium consisting of such government and non-governmental entities as the Director considers appropriate for purposes including the broadest prac-
ticable range of sensor capabilities into the
systems referred to in paragraph (1). The
 consortium may include national labora-
tories, universities, and private sector enti-
ties.
(3) The plan shall include a proposal for the funding of activities under the plan, includ-
ing cost-sharing by non-governmental par-
ticipants in the consortium under paragraph (2).
SEC. 1040. BIANNUAL REPORTS ON CONTRIBUTIONS TO PROTECTION OF WEAPONS OF MASS DESTRUCTION AND DELIVERY SYSTEMS BY COUNTRIES OF PROLIFERATION CONCERN.
(a) Reports.—Not later than six months after the date of the enactment of this Act, and every six months thereafter, the President shall submit to Congress a report identifying each foreign person that, during the six-month period ending on the date of such report, came within the scope of the definition of proliferation by a country of proliferation concern of—
(1) nuclear, biological, or chemical weap-
ons; or
(2) ballistic or cruise missile systems.
(b) Form of Report.—(1) A report under subsection (a) may be submitted in classified
form, whether in whole or in part, if the President determines that submittal in that form is advisable.
(2) Any portion of a report under subsection (a) that is submitted in classified
form shall be accompanied by an unclassified summary of such portion.
(c) Definitions.—In this section:
(1) the term ‘‘foreign person’’ means—
(A) a natural person that is an alien;
(B) a corporation, business association, partnership, society, trust, or other non-
governmental entity, organization, or group that is organized under the laws of a foreign
country or has its principal place of business in a foreign
country;
(C) any foreign governmental entity oper-
ating as a business enterprise; and
(D) any successor, subunit, or subsidiary of any entity described in subparagraph (B) or
(C);
(2) the term ‘‘country of proliferation concern’’ means any country identified by the
Director of Central Intelligence as having engaged in the acquisition of dual-use and
other technology useful for the development or production of weapons of mass destruc-
tion by foreign countries of dual-use and
other technology useful for the development
or production of weapons of mass destruc-
tion.
Subtitle D—Homeland Defense
SEC. 1041. HOMELAND SECURITY ACTIVITIES OF THE NATIONAL GUARD.
(a) Authority.—Chapter 1 of title 32, United States Code, is amended by adding at
the end the following new section:
"§ 116. Homeland security activities
"(a) Use of Personnel Performing Full-
time National Guard Duty.—The Governor of each State may, upon the request by the head
of a Federal law enforcement agency and
with the concurrence of the Secretary of De-
fer any personnel of the National Guard
to perform full-time National
y of the National Guard duty under section 502(f) of this title for the purpose of carrying out home-
land security activities, as described in subsection (b).
"(b) Purpose and Duration.—(1) The pur-
use for the purpose of personnel of the National Guard of a State under this section is to
personnel to a Federal law enforcement agency to assist that agency in carrying out homeland security activities until that agency
to recruit and train a sufficient force of Federal employees to perform the homeland security activities.
(2) The duration of the use of the Na-
tional Guard of a State under this section shall be limited to a period of 179 days. The Governor of the State may, with the concur-
Sec of the Secretary of Defense, extend the period one time for an additional 90 days to
meet extraordinary circumstances.
"(c) Relationship to Required Training.—A member of the National Guard serv-
ing full-time National Guard duty under orders authorized under subsection (a) shall participate in the training required under section 522(a) of this title in addition to the training performed for the purpose authorized under that subsection. The pay, allowances, and other benefits of the member while par-
ticipating in the training shall be the same as those to which the member is entitled
while performing duty for the purpose of carrying out homeland security activities. The member is not entitled to additional pay, al-
or other benefits for participation in training required under section 522(a)(1) of this title.
"(d) Readiness.—To ensure that the use of personnel of the National Guard of a State for homeland security activities does not
the training and readiness of such units and personnel, the following re-
serve components shall apply:
(1) Federalism: Because of the unique role that the National Guard plays in homeland security activities that units and personnel of the National Guard of a State may perform;
(2) National Guard personnel will not de-
grade their military skills as a result of per-
formance of the activities.
(3) The performance of the activities will not result in a significant increase in the
cost of training.
(4) In the case of homeland security per-
formed by a unit organized to serve as a
unit, the activities will support valid unit
training requirements.
"(4) Costs.—(1) The Secretary of Defense shall provide funds to the Gov-
ernor of a State to pay costs of the use of personnel of the National Guard of the State for the performance of homeland security ac-
tivities under this section. Such funds shall be used for the following costs:
SEC. 1042. CONSIDERATIONS FOR USE OF RESERVE UNITS TO PERFORM DUTIES RESULTING FROM CRITICAL INCIDENTS (i.e., TERRORIST ATTACKS).—

(a) W EAPON OF MASS DESTRUCTION.—The Secretary of Defense shall submit to the Congress an annual report containing a description of the current status of the activities of the Department of Defense in support of: 

(1) the homeland security mission; and 

(2) activities of the Reserve components in response to incidents involving weapons of mass destruction.

(b) C OMPETENCE AND READINESS.—The Secretary of Defense shall ensure that the Reserve components are ready to perform homeland security duties in support of the United States in times of: 

(1) war; and 

(2) national emergency.

(c) C OMPETENCE AND READINESS OF RESERVE UNITS.—The Secretary of Defense shall ensure that the Reserve components are ready to perform homeland security duties in support of the United States in times of: 

(1) war; and 

(2) national emergency.

(d) A NNUAL REPORT.—The Secretary of Defense shall submit to Congress an annual report containing a description of the current status of the activities of the Department of Defense in support of: 

(1) the homeland security mission; and 

(2) activities of the Reserve components in response to incidents involving weapons of mass destruction.

(e) P LANNING FOR THE DEPLOYMENT OF RESERVE UNITS.—The Secretary of Defense shall ensure that the Reserve components are ready to perform homeland security duties in support of the United States in times of: 

(1) war; and 

(2) national emergency.

(f) T RAINING.—The Secretary of Defense shall ensure that the Reserve components are ready to perform homeland security duties in support of the United States in times of: 

(1) war; and 

(2) national emergency.

(g) C OMMUNICATIONS.—The Secretary of Defense shall ensure that the Reserve components are ready to perform homeland security duties in support of the United States in times of: 

(1) war; and 

(2) national emergency.

(h) A DMINISTRATION.—The Secretary of Defense shall ensure that the Reserve components are ready to perform homeland security duties in support of the United States in times of: 

(1) war; and 

(2) national emergency.

(i) E Valuation of the NEED for and RESPONSIBILITY of the Department of Defense for Responding to Incidents Involving Weapons of Mass Destruction.—The Secretary of Defense shall ensure that the Reserve components are ready to perform homeland security duties in support of the United States in times of: 

(1) war; and 

(2) national emergency.

(j) R EPORT TO CONGRESS.—The Secretary of Defense shall submit to Congress an annual report containing a description of the current status of the activities of the Department of Defense in support of: 

(1) the homeland security mission; and 

(2) activities of the Reserve components in response to incidents involving weapons of mass destruction.

(k) P LANNING FOR THE DEPLOYMENT OF RESERVE UNITS.—The Secretary of Defense shall ensure that the Reserve components are ready to perform homeland security duties in support of the United States in times of: 

(1) war; and 

(2) national emergency.

(1) H OMELAND DEFENSE CAMPAIGN PLAN.—A homeland defense campaign plan.

(2) I NTELLIGENCE.—A discussion of the rela-

(1) The Secretary of Defense shall submit to Congress an annual report containing a description of the current status of the activities of the Department of Defense in support of: 

(1) the homeland security mission; and 

(2) activities of the Reserve components in response to incidents involving weapons of mass destruction.

(2) T RAINING.—A discussion of the performance of the homeland defense mission.

(3) T HREAT AND VULNERABILITY ASSESSMENT.—A compliance-based national threat and vulnerability assessment.

(4) T RAINING AND EXERCISING.—A discussion of the performance of the homeland defense mission.

(5) B IOTERRORISM INITIATIVE.—An evaluation of the need for a Department of Defense bioterrorism initiative to improve the ability of the department to counter bioterror threats and to assist other agencies to improve the national ability to counter bioterror threats.

(6) C HEMICAL, B IOLOGICAL, I NCIDENT RESPONSE T EAMS.—An evaluation of the need for and feasibility of developing and fielding Department of Defense regional chemical biological incident response teams.

(7) O THER MATTERS.—Any other matters that the Secretary of Defense considers relevant to satisfying the requirements of subsection (a) shall be addressed in the report submitted under this section.

(8) E XCLUSION FROM END-STRENGTH COM- 

(9) T HREAT AND VULNERABILITY ASSESSMENT.—A compliance-based national threat and vulnerability assessment.

(10) T RAINING AND EXERCISING.—A discussion of the performance of the homeland defense mission.

(11) B IOTERRORISM INITIATIVE.—An evaluation of the need for a Department of Defense bioterrorism initiative to improve the ability of the department to counter bioterror threats and to assist other agencies to improve the national ability to counter bioterror threats.

(12) C HEMICAL, B IOLOGICAL, I NCIDENT RESPONSE T EAMS.—An evaluation of the need for and feasibility of developing and fielding Department of Defense regional chemical biological incident response teams.

(13) O THER MATTERS.—Any other matters that the Secretary of Defense considers relevant to satisfying the requirements of subsection (a) shall be addressed in the report submitted under this section.

(1) E XCLUSION FROM END-STRENGTH COM- 

(2) T HREAT AND VULNERABILITY ASSESSMENT.—A compliance-based national threat and vulnerability assessment.

(3) T RAINING AND EXERCISING.—A discussion of the performance of the homeland defense mission.

(4) B IOTERRORISM INITIATIVE.—An evaluation of the need for a Department of Defense bioterrorism initiative to improve the ability of the department to counter bioterror threats and to assist other agencies to improve the national ability to counter bioterror threats.

(5) C HEMICAL, B IOLOGICAL, I NCIDENT RESPONSE T EAMS.—An evaluation of the need for and feasibility of developing and fielding Department of Defense regional chemical biological incident response teams.

(6) O THER MATTERS.—Any other matters that the Secretary of Defense considers relevant to satisfying the requirements of subsection (a) shall be addressed in the report submitted under this section.

(7) E XCLUSION FROM END-STRENGTH COM- 

(8) T HREAT AND VULNERABILITY ASSESSMENT.—A compliance-based national threat and vulnerability assessment.

(9) T RAINING AND EXERCISING.—A discussion of the performance of the homeland defense mission.

(10) B IOTERRORISM INITIATIVE.—An evaluation of the need for a Department of Defense bioterrorism initiative to improve the ability of the department to counter bioterror threats and to assist other agencies to improve the national ability to counter bioterror threats.

(11) C HEMICAL, B IOLOGICAL, I NCIDENT RESPONSE T EAMS.—An evaluation of the need for and feasibility of developing and fielding Department of Defense regional chemical biological incident response teams.

(12) O THER MATTERS.—Any other matters that the Secretary of Defense considers relevant to satisfying the requirements of subsection (a) shall be addressed in the report submitted under this section.
of Defense organizations that result from the variations in the means of the attack.

(C) DEFICIENCIES.—The outline shall identify any deficiencies in capabilities and set forth a plan for rectifying any such deficiencies.

(D) LEGAL IMPEDIMENTS.—The outline shall identify and discuss each impediment in law to the effective performance of the homeland defense mission.

(3) ROLES AND RESPONSIBILITIES IN INTERAGENCY PROCESS.—

(A) IN GENERAL.—The homeland defense campaign plan shall contain a discussion of the roles and responsibilities of the Department of Defense in the interagency process of policymaking and planning for homeland defense.

(B) INTEGRATION WITH STATE AND LOCAL ACTIVITIES.—The homeland defense campaign plan shall include a discussion of Department of Defense homeland defense activities with the homeland defense activities of other departments and agencies of the United States and the homeland defense activities of State and local governments, particularly with regard to issues relating to CBRNE and cyber attacks.

(d) INTELLIGENCE CAPABILITIES.—The discussion of the departmental intelligence capabilities and the performance of the homeland defense mission under subsection (b)(2) shall include the following matters:

(1) ROLES AND MISSIONS.—The roles and missions of the Department of Defense for the employment of the intelligence capabilities of the department in homeland defense.

(2) INTERAGENCY RELATIONSHIPS.—A discussion of the relationship between the Department of Defense and the other departments and agencies of the United States that have duties for collecting or analyzing intelligence in relation to homeland defense, particularly in light of the conflicting demands of duties relating to the collection and analysis of domestic intelligence and duties relating to the collection and analysis of foreign intelligence.

(3) INTELLIGENCE-RELATED CHANGES.—Any changes that are necessary in the Department of Defense in order to provide effective intelligence support for the performance of homeland defense missions, with respect to:

(A) the preparation of threat assessments and other warning products by the Department of Defense;

(B) the collection of terrorism-related intelligence through human intelligence sources, signals intelligence sources, and other intelligence sources; and

(C) intelligence policy, capabilities, and practices.

(4) LEGAL IMPEDIMENTS.—Any impediments in law to the effective performance of intelligence missions in support of homeland defense.

(e) THREAT AND VULNERABILITY ASSESSMENT.—

(1) CONTENT.—The compliance-based national threat and vulnerability assessment under subsection (b)(3) shall include a discussion of the following matters:

(A) CRITICAL FACILITIES.—The threat of terrorist attack on critical facilities, programs, and systems of the United States, together with the capabilities of the Department of Defense to deter and respond to any such attack.

(B) DOM VULNERABILITY.—The vulnerabilities, including facilities, personnel, and infrastructure outside of the Department of Defense to attacks by persons using weapons of mass destruction, CBRNE weapons, or cyber means.

(C) HUMAN VULNERABILITY.—Plans to conduct a balanced survivability assessment for use in determining the vulnerabilities of targets referred to in subparagraphs (A) and (B).

(2) PROCESS.—Plans, including timelines and milestones, necessary to develop a process for compliance-based vulnerability assessments for critical infrastructure, together with the standards to be used for ensuring that the process is executable.

(3) COMPLIANCE-BASED.—In subsection (b)(3) and paragraph (1)(D) of this subsection, the term “compliance-based”, with respect to an assessment, means that the assessment includes policies and procedures that require correction of each deficiency identified in the assessment to a standard for compliance with Department of Defense Instruction 2000.16 or another applicable Department of Defense instruction, directive, or policy.

(4) TRAINING AND EXERCISING.—The discussion of the Department of Defense plans for training and exercising for the performance of the homeland defense mission under subsection (b)(4) shall contain the following matters:

(I) MILITARY EDUCATION.—The plans for the training and education of the members of the Armed Forces specifically for performance of homeland defense missions, including any anticipated changes in the curriculum in military education at the universities, the war colleges of the Armed Forces, graduate education programs, and other senior military schools and education programs; and

(J) RESOURCES.—Training Corps programs, officer candidate schools, enlisted and officer basic and advanced individual training programs, and other entry level military education and training programs.

(5) EXERCISES.—The plans for using exercises and simulation in the training of all components of the Armed Forces, including:

(A) plans for integrated training with departments and agencies of the United States outside the Department of Defense and with agencies of State and local governments; and

(B) plans for developing an opposing force that, for the purpose of developing potential scenarios of terrorist attacks on targets inside the United States, simulates a terrorist group having the capability to engage in such attacks.

(g) BIOTERRORISM INITIATIVE.—The evaluation of the need for a Department of Defense bioterrorism initiative under subsection (b)(5) shall include a discussion that identifies and evaluates options for potential action in such an initiative, as follows:

(1) PLANNING, TRAINING, EXERCISE, EVALUATION, AND FUNDING.—Options for:

(A) refining the roles and missions of the Department of Defense for biodefense to include participation of other departments and agencies of the United States and State and local governments;

(B) increasing biodefense training, exercises, and readiness evaluations by the Department of Defense, including training, exercise, and evaluation initiatives that include participation of other departments and agencies of the United States and State and local governments;

(C) increasing Department of Defense funding for biodefense; and

(D) integrating other departments and agencies of the United States and State and local governments, including training, exercises, evaluations, and resourcing.

(2) DISEASE SURVEILLANCE.—Options for the Department of Defense to develop an integrated surveillance detection system and to improve systems for communicating information and warnings of the incidence of disease to recipients within the Department of Defense and to other departments and agencies of the United States and State and local governments.

(3) EMERGENCY MANAGEMENT STANDARD.—Options for broadening the scope of the Revised Emergency Management Standard of the Joint Commission on Accreditation of Healthcare Organizations to ensure the broad and active participation of Federal, State, and local governmental agencies that are expected to respond in any event of a CBRNE or cyber attack.

(4) LABORATORY RESPONSE NETWORK.—Options for the Department of Defense—

(A) to participate in the laboratory response network for bioterrorism; and

(B) to increase the capacity of Department of Defense laboratories rated by the Secretary of Defense as level D laboratories to facilitate participation in the network.

(h) CHEMICAL BIOLOGICAL INCIDENT RESPONSE TEAMS.—The evaluation of the need for and feasibility of developing and fielding Department of Defense and other chemical biological incident response teams.

(1) DEFINITIONS.—In this section:

(I) CBRNE.—The term “CBRNE” means chemical, biological, radiological, nuclear, or explosive.

(2) WEAPON OF MASS DESTRUCTION.—The term “weapon of mass destruction” has the meaning given such term in section 1403 of the Defense Against Weapons of Mass Destruction Act of 1996 (42 U.S.C. 2101).

SEC. 1045. STRATEGY FOR IMPROVING PREPAREDNESS OF MILITARY INSTALLATIONS FOR INCIDENTS INVOLVING WEAPONS OF MASS DESTRUCTION.

(a) COMPREHENSIVE PLAN.—The Secretary of Defense shall develop a comprehensive plan for improving the preparedness of military installations for preventing and responding to incidents involving use or threat of use of weapons of mass destruction.

(b) CONTENT.—The comprehensive plan shall set forth the following:

(1) A strategy that—

(A) identifies—

(i) long-term goals and objectives;

(ii) resource requirements; and

(iii) factors beyond the control of the Secretary that could impede the achievement of the goals and objectives; and

(B) includes a discussion of—

(i) the extent to which local, regional, or national military response capabilities are to be developed and used; and

(ii) how the Secretary will coordinate these capabilities with local, regional, or national civilian capabilities.

(2) A performance plan that—

(A) provides a reasonable schedule, with milestones, for achieving the goals and objectives of the strategy;

(B) performance criteria for measuring progress in achieving the goals and objectives;

(C) the description of the process, together with a discussion of the resources, necessary to achieve the goals and objectives; and

(D) a description of the process for evaluating the strategy.

(c) SUBMITTAL TO CONGRESS.—The Secretary shall submit the comprehensive plan to the Committees on Armed Services of the Senate and the House of Representatives not later than 180 days after the date of the enactment of this Act.
SEC. 1061. CONTINUED APPLICABILITY OF EXPIRING GOVERNMENTWIDE INFORMATION SECURITY REQUIREMENTS TO DEPARTMENT OF DEFENSE.

(a) IN GENERAL.—Chapter 131 of title 10, United States Code, is amended by inserting after section 2224 the following new section:

"2224a. Information security: continued applicability of expiring Governmentwide requirements to the Department of Defense.

"(a) IN GENERAL.—The provisions of subchapter II of chapter 35 of title 44 with respect to the Department of Defense, notwithstanding the expiration of authority under section 3536 of such title, shall continue to apply to the Department of Defense after the expiration of authority under section 3536 of such title, the Secretary of Defense shall perform the duties set forth in that subchapter for the Director of the Office of Management and Budget.

(b) C OTRIMINOUS MILITARY SCHOOL DIS- TRICTS.—For purposes of computing the amount of a payment for a local educational agency for children described in paragraph (1), the Secretary shall treat such children as if they were residents of a contiguous military school district.

(c) DISCLOSURE OF INFORMATION ON SHIPBOARD HAZARD AND DEFENSE PRIVATIZATION ACTIVITIES.—For purposes of computing the amount of a payment for a local educational agency for children described in paragraph (1), the Secretary shall treat such children as if they were residents of a contiguous military school district.

SEC. 1062. ACCEPTANCE OF VOLUNTARY SERVICES OF PROMOTERS FOR ADMINISTRATION OF ARMED SERVICES VOCATIONAL APITUDE BATTERY.

Section 1588(a) of title 10, United States Code, is amended by adding at the end the following new paragraph:

"(4) Voluntary services as a proctor for the administration of the Armed Services Vocational Aptitude Battery."

SEC. 1063. EXTENDING AUTHORITY FOR SECRETARY OF DEFENSE TO SELL AIRCRAFT AND AIRCRAFT PARTS FOR USE IN CONSTRUCTION OF GOVERNMENT BUILDINGS.


(b) ANNUAL REPORT.—Subsection (f) of such section is amended by striking "March 31, 2002" and inserting "March 31, 2006".

SEC. 1064. AMENDMENTS TO IMPACT AID PROGRAM.

(a) ELIGIBILITY FOR HEAVILY IMPACTED LOCAL EDUCATIONAL AGENCIES AFFECTED BY PRIVATIZATION OF MILITARY HOUSING.—Section 8003(b)(2) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7703(b)(2)) is amended by adding at the end the following:

"(H) ELIGIBILITY FOR HEAVILY IMPACTED LOCAL EDUCATIONAL AGENCIES AFFECTED BY PRIVATIZATION OF MILITARY HOUSING.—(1) In general.—For purposes of clause (i), "conversion of military housing units to private housing described" shall mean the conversion of military housing units to private housing units pursuant to subchapter IV of chapter 190 of title 10, United States Code, or pursuant to any other related provision of law.

(2) Coterminous Military School Districts.—For purposes of computing the amount of a payment for a local educational agency for children described in paragraph (1), the Secretary shall treat such children as if they were residents of a contiguous military school district.

SEC. 1065. DISCLOSURE OF INFORMATION ON SHIPBOARD HAZARD AND DEFENSE PRIVATIZATION PROJECTS TO DEPARTMENT OF VETERANS AFFAIRS.

(a) PLAN FOR DISCLOSURE OF INFORMATION.—Not later than 90 days after the date of the enactment of this Act, the Secretary of Defense shall submit to Congress and the Secretary of Veterans Affairs a comprehensive plan for the review, declasification, and submission to the Secretary of Veterans Affairs of all medical records and information of the Department of Defense on the shipboard hazard and defense privatization (SHAD) project of the Navy that are relevant to the provision of benefits by the Secretary of Veterans Affairs to members of the Armed Forces who participated in that project.

(b) PLAN.—(1) The records and information covered by the plan under subsection (a) shall be the records and information necessary to permit the identification of members of the Armed Forces who were or may have been exposed to chemical or biological agents as a result of the shipboard hazard and defense privatization project.

(2) The plan shall provide for completion of all activities contemplated by the plan no later than one year after the date of the enactment of this Act.

(c) REPORTS ON IMPLEMENTATION.—Not later than 90 days after the date of the enactment of this Act, and every 90 days thereafter until all activities contemplated by the plan under subsection (a), the Secretary of Defense shall submit to Congress and the Secretary of Veterans Affairs a report on the implementation of the plan during the 90-day period ending on the date of such report.

(2) Each report under paragraph (1) shall include, for the period covered by such report—

(A) the number of records reviewed in each test, if any, under the Shipboard Hazard and Defense project identified during such review;

(B) for each test so identified—

(i) the test name;

(ii) the test objective;

(iii) the chemical or biological agent or agents involved; and

(iv) the number of members of the Armed Forces, and civilian personnel, potentially effected by such test; and

(D) the extent of submittal of records and information to the Secretary of Veterans Affairs under this section.

SEC. 1066. TRANSFER OF HISTORIC DF-9E PAN- THER AIRCRAFT TO WOMEN AIRFORCE SERVICE PILOTS MUSEUM.

(a) AUTHORITY TO CONVEY.—The Secretary of the Navy may convey, without consideration, to the Women Airforce Service Pilots Museum in Quartzsite, Arizona (in this section referred to as the "W.A.S.P. museum"), all right, title, and interest in and to the United States in and to a DF-9E Panther aircraft (Bureau Number 123316) for a nominal sum.

(b) ADDITIONAL REQUIREMENTS.—The aircraft shall be conveyed under subsection (a) in "as is" condition. The Secretary is not required to repair or alter the condition of the aircraft before conveying ownership of the aircraft.

(c) REVEREY UPON BREACH OF CO N T R O MS.—The Secretary shall include in the instrument of conveyance of the aircraft under subsection (a) that—

(1) a condition that the W.A.S.P. museum not convey any ownership interest in, or transfer possession of, the aircraft to any other party without the prior approval of the Secretary; and

(2) a condition that if the Secretary determines at any time that the W.A.S.P. museum is not complying with the conveyance, costs of determining compliance with subsection (b), and costs of operation and maintenance of the aircraft conveyed shall be borne by the W.A.S.P. museum.

SEC. 1067. REWARDS FOR ASSISTANCE IN COMBATING TERRORISM.

(a) AUTHORITY.—Chapter 3 of title 10, United States Code, is amended by inserting after section 127a the following new section:

"127b. Rewards for assistance in combating terrorism.

"(a) AUTHORITY.—The Secretary of Defense may pay a monetary reward to a person for providing United States personnel with information or nonlethal assistance that is beneficial to—

(1) the Secretary of Defense.

(2) the Secretary of Defense.

(b) PROCEDURE.—The Secretary of Defense shall consult with the head of the military department or other department or agency involved in the activity for which the reward is authorized, and such head shall ensure that the procedures for the payment of the reward are mutually and properly established."

SEC. 1068. EXTENSION OF AUTHORITY FOR SEC- RETARY OF DEFENSE TO LICENSE OFFICERS AND EMPLOYEES OF MARCH AIRFORD AND DEFENSE PRIVATIZATION PROJECTS TO DEPARTMENT OF VETERANS AFFAIRS.
(2) force protection of the armed forces.

(b) MAXIMUM AMOUNT.—The amount of a reward paid to a recipient under this section may not exceed $200,000.

(c) DELEGATION TO COMMANDER OF COMBATANT COMMAND.—(1) The Secretary of Defense may delegate to the commander of a combatant command authority to pay a reward under this section in an amount not in excess of $50,000.

(2) A commander to whom authority to pay rewards is delegated under paragraph (1) may further delegate authority to pay a reward under this section in an amount not in excess of $2,500.

(3) The Secretary of Defense, in consultation with the Secretary of State and the Attorney General, shall prescribe policies and procedures for offering and paying rewards under this section, and otherwise for administering the authority under this section, that ensure that the payment of a reward under this section does not duplicate or interfere with the payment of a reward authorized by the Secretary of State or the Attorney General.

(4) A U T H O R I T Y TO PROVIDE SPACE AND SERVICES TO MILITARY WELFARE SOCIETIES.—(a) The Secretary of Defense, in consultation with the Secretary of State and the Attorney General, shall prescribe policies and procedures for offering and paying rewards under this section, and otherwise for administering the authority under this section, that ensure that the payment of a reward under this section does not duplicate or interfere with the payment of a reward authorized by the Secretary of State or the Attorney General.

(b) M A X I M U M AMOUNT. — The Secretary of Defense shall provide, without charge, space, and services at the beginning of such chapter is authorized to provide, without charge, space, and services to a military welfare society.

(c) D ELEGATION TO COMMANDER OF COMBATANT COMMAND.—(1) The Secretary of Defense may delegate to the commander of a combatant command authority to pay a reward under this section in an amount not in excess of $50,000.

(2) A commander to whom authority to pay rewards is delegated under paragraph (1) may further delegate authority to pay a reward under this section in an amount not in excess of $2,500.

(d) P E RN O R M A NCE.—(1) The Secretary of Defense, in consultation with the Secretary of State and the Attorney General, shall prescribe policies and procedures for offering and paying rewards under this section, and otherwise for administering the authority under this section, that ensure that the payment of a reward under this section does not duplicate or interfere with the payment of a reward authorized by the Secretary of State or the Attorney General.

SEC. 1068. PROVISION OF SPACE AND SERVICES TO MILITARY WELFARE SOCIETIES.

(a) AUTHORITY TO PROVIDE SPACE AND SERVICES.—Chapter 152 of title 10, United States Code, is amended by adding at the end the following new section:

*SECTION 127a.—Provision of space and services: provision to military welfare societies.*

(a) AUTHORITY TO PROVIDE SPACE AND SERVICES.—The Secretary of a military department may provide, without charge, space and services to a military welfare society under the jurisdiction of that Secretary to a military welfare society.

(b) DEFINITIONS.—In this section:

"(1) The term 'military welfare society' means the following:

"(A) The Army Emergency Relief Society.

"(B) The Navy-Marine Corps Relief Society.

"(C) The Air Force Aid Society, Inc.

"(2) The term 'services' includes lighting, heating, cooling, electricity, office furniture, office machines and equipment, telephone and other information technology services (including installation of lines and equipment, connectivity, and other associated services), and computer and security systems (including installation and other associated expenses)."

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

"Section 12566. Space and services: provision to military welfare societies."

SEC. 1069. COMMENDATION OF MILITARY CHAPLAINS.

(a) FINDINGS.—Congress finds the following:

(1) Military chaplains have served with those who fought for the cause of freedom since the founding of the Nation.

(2) Military chaplains and religious support personnel of the Armed Forces have served with distinction as uniformed members of the Armed Forces in support of the Nation's defense missions during every conflict in the history of the United States.

(3) Four United States military chaplains have died in combat, some as a result of direct fire while ministering to fallen Americans, while others made the ultimate sacrifice as a prisoner of war.

(4) Military chaplains currently serve in humanitarian operations, rotational deployments, and in the war on terrorism.

(5) Religious organizations make up the very fabric of religious diversity and represent unparalleled levels of freedom of conscience, speech, and worship that set the United States apart from any other nation on Earth.

(6) Religious organizations have richly blessed the uniformed services by sending clergy to comfort and encourage all persons of faith in the Armed Forces.

(7) During the sinking of the USS Dorchester February 1943 during World War II, four chaplains (Reverend Fox, Reverend Poling, Father Washington, and Rabbi Goode) gave their lives so that others might live.

(8) All military chaplains aid and assist members of the Armed Forces and their families members with the challenging issues of today's world.

(9) The current war against terrorism has brought to the shores of the United States new threats and concerns that strike at the beliefs and values of Americans.

(10) Military chaplains must, as never before, deal with the spiritual well-being of the members of the Armed Forces and their families.

(b) COMMENDATION.—Congress, on behalf of the Nation, expresses its appreciation for the outstanding contribution that all military chaplains make to the members of the Armed Forces and their families.

(c) PRESIDENTIAL PROCLAMATION.—The President is authorized and requested to issue a proclamation calling on the people of the United States to recognize the distinguished service of the Nation's military chaplains.

SEC. 1070. GRANT OF FEDERAL CHARTER TO KOREAN WAR VETERANS ASSOCIATION, INCORPORATED.

(a) GRANT OF CHARTER.—Part B of subtitle II of title 36, United States Code, is amended—

(1) by striking the following:

"(1) The term 'military welfare society' means the following:

(A) The Army Emergency Relief Society.

(B) The Navy-Marine Corps Relief Society.

(C) The Air Force Aid Society, Inc.

(2) The term 'services' includes lighting, heating, cooling, electricity, office furniture, office machines and equipment, telephone and other information technology services (including installation of lines and equipment, connectivity, and other associated services), and computer and security systems (including installation and other associated expenses)."

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

"Section 12566. Space and services: provision to military welfare societies."

SEC. 1071. AMENDMENTS.

(a) FEDERAL CHARTER.—Korean War Veterans Association, Incorporated (in this chapter, the 'corporation'), incorporated in the State of New York, is a federally chartered corporation.

(b) EXPIRATION OF CHARTER.—If the corporation does not comply with the provisions of this chapter, the charter granted by subsection (a) expires.

SEC. 1072. PURPOSES.

The purposes of the corporation are as provided in its articles of incorporation and include—

(1) organizing, promoting, and maintaining for benevolent and charitable purposes an association of persons who have been honored service in the Armed Forces during the Korean War, and of certain other persons;

(2) providing a means of contact and communication among members of the corporation;

(3) promoting the establishment of, and establishing, war and other memorials commemorative of persons who served in the Armed Forces during the Korean War, and of certain other persons;

(4) aiding needy members of the corporation, their wives and children, and the widows and children of persons who were members of the corporation at the time of their death.

SEC. 1073. MEMBERSHIP.

The corporation may not make any manner attempt to influence legislation.

SEC. 1074. GOVERNING BODY.

(a) BOARD OF DIRECTORS.—The board of directors of the corporation, and the responsibilities of the board of directors, are as provided in the articles of incorporation of the corporation.

(b) OFFICERS.—The officers of the corporation, and the election of the officers of the corporation, are as provided in the articles of incorporation.

SEC. 1075. POWERS.

The corporation has only the powers provided in its bylaws and articles of incorporation filed in each State in which it is incorporated.

SEC. 1076. RESTRICTIONS.

(a) STOCK AND DIVIDENDS.—The corporation may not issue stock or declare or pay a dividend.

(b) POLITICAL ACTIVITIES.—The corporation, or a director or officer of the corporation as such, may not contribute to, support, or participate in any political activity or in any manner attempt to influence legislation.

(c) LOAN.—The corporation may not make a loan to a director, officer, or employee of the corporation.

(d) CLAIM OF GOVERNMENTAL APPROVAL OR AUTHORITY.—The corporation may not claim...
congressional approval, or the authority of the United States, for any of its activities.  

§121001. Duty to maintain corporate and tax-exempt status  

(a) CORPORATE STATUS.—The corporation shall maintain its status as a corporation incorporated under the laws of the State of New York.  

(b) TAX-EXEMPT STATUS.—The corporation shall maintain its status as an organization exempt from taxation under the Internal Revenue Code of 1986 (26 U.S.C. 1 et seq.).

§121010. Records and inspection  

(a) RECORDS.—The corporation shall keep—  

(1) correct and complete records of account;  

(2) minutes of the proceedings of its members, board of directors, and committees having any of the authority of its board of directors; and  

(3) at its principal office, a record of the names and addresses of its members entitled to vote on matters relating to the corporation.  

(b) INSPECTION.—A member entitled to vote on matters relating to the corporation, or an agent or attorney of the member, may inspect the records of the corporation for any proper purpose at any reasonable time.

§121010. Service of process  

The corporation shall have a designated agent in the District of Columbia to receive service of process for the corporation. Notice to or service of process for the corporation is notice to or service on the Corporation.

§121011. Liability for acts of officers and agents  

The corporation is liable for the acts of its officers and agents acting within the scope of their authority.

§121011. Annual report  

The corporation shall submit an annual report to Congress on the activities of the corporation during the preceding fiscal year. The report shall be submitted at the same time as the report of the audit required by section 10101 of this title. The report may not be printed as a public document.

(b) CLERICAL AMENDMENT.—The table of chapters at the beginning of subtitle II of title 36, United States Code, is amended by striking the item relating to chapter 1201 and inserting the following new item:  

—1201. Korean War Veterans Association, Incorporated

—120101. TITLE XI—DEPARTMENT OF DEFENSE PERSONNEL POLICY

SEC. 1101. EXTENSION OF AUTHORITY TO PAY OUT OF OBLIGATIONS PAY IN A LUMP SUM

Section 5552a(a)(4) of title 5, United States Code, is amended by striking “October 1, 2003” and inserting “October 1, 2006”.

SEC. 1102. EXTENSION OF VOLUNTARY SEPARATION INCENTIVE PAY AUTHORITY

Section 5557 of title 5, United States Code, is amended by striking “September 30, 2003” and inserting “September 30, 2006”.

SEC. 1103. EXTENSION OF COST-SHARING AUTHORITY FOR CONTINUED FEHR COVERAGE OF CERTAIN PROFESSIONALS AFTER SEPARATION FROM EMPLOYMENT

Section 5550(4)(B) of title 5, United States Code, is amended—  

(1) by striking “October 1, 2003” both places it appears and inserting “October 1, 2006”; and  

(2) by striking “February 1, 2004” in clause (ii) and inserting “February 1, 2007”.

SEC. 1104. ELIGIBILITY OF NONAPPROPRIATED FUND CORPORATION TO PARTICIPATE IN THE FEDERAL EMPLOYEES LONG-TERM CARE INSURANCE PROGRAM

Section 9001(a) of title 5, United States Code, is amended—  

(1) by striking “and” at the end of subparagrah (B);  

(2) by striking the comma at the end of subparagraph (C) and inserting “; and” and  

(3) by inserting new subparagraph (C) the following new subparagraph:  

(D) an employee paid from non-appropriated funds referred to in section 2001(d) of title 5, United States Code, in connection with such employment is entitled to acquire insurance under the program on the same basis as an employee paid from appropriated funds.

SEC. 1105. INCREASED MAXIMUM PERIOD OF APPOINTMENT UNDER THE EXPERIMENTAL PERSONNEL PROGRAM FOR SCIENTIFIC AND TECHNICAL PERSONNEL

Section 1201(c)(1) of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Public Law 105–262; 112 Stat. 2140; 5 U.S.C. 3104 note) is amended by striking “4 years” and inserting “5 years”.

SEC. 1106. QUALIFICATION REQUIREMENTS FOR EMPLOYMENT IN DEPARTMENT OF DEFENSE PROFESSIONAL ACCOUNTING POSITIONS

(a) PROFESSIONAL CERTIFICATION.—The Secretary of Defense may prescribe regulations that require a person employed in a professional accounting position within the Department of Defense to be a certified public accountant and that apply the requirement to all such positions or to selected positions, as the Secretary considers appropriate.

(b) Waiver.—The Secretary may in the regulations imposing a requirement under subsection (a), as the Secretary considers appropriate—  

(A) any exemption from the requirement; and  

(B) authority to waive the requirement.

SEC. 1107. REDUCTION FUNDS DEFINED

For the purposes of this section, the term “professional accounting position” means a position in the GS-510, GS-511, or GS-505 series for which professional accounting skills are required.

(c) EFFECTIVE DATE.—This section shall take effect 120 days after the date of the enactment of this Act.

SEC. 1108. ELIGIBILITY FOR GOVERNMENT EMPLOYEES EMPLOYED IN THE FORMER SOVIET UNION

(a) DEFINITION.—For the purposes of this section, the term “government employee” means an employee of the Federal Government as defined in section 1107(b) of this title.

(b) WAIVER.—The Secretary of Defense shall include in the regulations prescribed under subsection (a) any waiver of the requirement.

(c) EFFECTIVE DATE.—This section shall take effect 120 days after the date of the enactment of this Act.
(2) An obligation of funds for a purpose stated in any of the paragraphs in subsection (a) in excess of the specific amount authorized for such purpose may be made using the authority provided in paragraph (1) only after—

(A) the Secretary submits to Congress notification of the intent to do so together with a complete discussion of the justification for doing so; and

(B) 15 days have elapsed following the date of the notification.

SEC. 1203. AUTHORIZATION OF USE OF COOPERATIVE THREAT REDUCTION FUNDS FOR PROJECTS AND ACTIVITIES OUTSIDE THE FORMER SOVIET UNION.

(a) Cooperative Threat Reduction Programs and Funds.—For purposes of this section—

(1) Cooperative Threat Reduction programs are—

(A) the programs specified in section 150(b) of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104-201; 110 Stat. 2731; 50 U.S.C. 2362 note); and

(B) any other similar programs, as designated by the Secretary of Defense, to address critical emerging proliferation threats in the states of the former Soviet Union that jeopardize United States national security.

(2) Cooperative Threat Reduction funds for a fiscal year, are the funds authorized to be appropriated for Cooperative Threat Reduction programs for such fiscal year.

(b) Authorization of Use of CTR Funds for Threat Reduction Activities Outside the Former Soviet Union.—(1) Notwithstanding any other provision of law and subject to the succeeding provisions of this section, the Secretary of Defense may obligate and expend Cooperative Threat Reduction funds for an activity or project under paragraph (1) in any fiscal year for proliferation threat reduction projects and activities outside the states of the former Soviet Union if the Secretary determines that such projects and activities will—

(A) assist the United States in the resolution of critical emerging proliferation threats; or

(B) assist the United States to take advantage of opportunities to achieve long-standing United States nonproliferation goals.

(2) The amount that may be obligated under paragraph (1) in any fiscal year for projects and activities described in that paragraph may not exceed $50,000,000.

(c) Authorized Uses of Funds.—The authority under subsection (b) to obligate and expend Cooperative Threat Reduction funds for a project or activity includes authority to provide equipment, goods, and services for the project or activity, but does not include authority to provide cash directly to the project or activity.

(d) Source and Replacement of Funds Used.—(1) The Secretary shall, to the maximum extent practicable, ensure that funds for projects and activities under subsection (b) are derived from funds that would otherwise be obligated for a range of Cooperative Threat Reduction programs, so that no particular Cooperative Threat Reduction program is the exclusive or predominant source of funds for such projects and activities.

(2) If the Secretary obligates Cooperative Threat Reduction funds under subsection (b) in any fiscal year, the first budget of the President that is submitted under section 1105(a) of title 31, United States Code, after such fiscal year, in addition to other amounts requested for Cooperative Threat Reduction programs in the fiscal year covered by such budget, a request for Cooperative Threat Reduction funds in the fiscal year covered by such budget in an amount equal to the amount so obligated. The request shall be for Cooperative Threat Reduction program or programs for which such funds would otherwise have been obligated, but for obligation under subsection (b).

(3) Amounts authorized to be appropriated pursuant to a request under paragraph (2) shall be obligated on the Cooperative Threat Reduction program or programs set forth in the request under the second sentence of that paragraph.

(e) Limitation on Obligation of Funds.—Except as provided in subsection (f), the Secretary may not obligate and expend Cooperative Threat Reduction funds for a project or activity under paragraph (1) in any fiscal year for which the funds will be obligated and expended, and the amount of the funds to be obligated and expended.

(f) Exception.—(1) The Secretary may obligate and expend Cooperative Threat Reduction funds for a project or activity under paragraph (1) in any fiscal year if the Secretary certifies that the critical emerging proliferation threat warrants immediate obligation and expenditure of such funds.

(2) Not later than 72 hours after first obligating funds for a project or activity under paragraph (1), the Secretary shall submit to the congressional defense committees a report on the purpose for which the funds will be obligated and expended.

(g) Certification of Intent to Obligate. —After the date on which the Secretary submits to the congressional defense committees a report on the purpose for which the funds will be obligated and expended, the Secretary may not obligate and expend Cooperative Threat Reduction funds for a project or activity under paragraph (1) until 30 days after the date on which the Secretary submits to the congressional defense committees a report a report on the purpose for which the funds will be obligated and expended.

(h) Waiver of Exception. —(1) the Secretary may—

(A) A description of the activity or activities that prevent the President from certifying that the state is committed to the matters set forth in subsection (d) in such year as otherwise provided for in that subsection;

(B) A description of the strategy, plan, or policy of the President for promoting the commitment of the state to such matters, notwithstanding the waiver;

(2) The waiver included in the report under paragraph (1) shall be submitted in an unclassified form, but may include a classified annex.

(i) Administration of Restrictions on Assistance.—Subsection (d) of that section is amended—

(1) by striking “any year” and inserting “any fiscal year”; and

(2) by striking “any year” and inserting “such fiscal year”.

(j) Eligibility Requirements Under Freedom Support Act.—Section 502 of the Freedom Support Act (Public Law 102-511; 107 Stat. 2338; 22 U.S.C. 2038) is amended by adding at the end the following new subsection:

“(a) Waiver of Eligibility Requirements.—(1) Funds may be obligated for a fiscal year under subsection (a) for assistance or other programs and activities for an independent state of the former Soviet Union that does not meet one or more of the requirements for eligibility for paragraphs (1) through (4) of that section if the President certifies in writing to the Congress that the waiver of such requirements for such fiscal year is important to the national security interests of the United States.

(2) At the time of the exercise of the authority in paragraph (1) with respect to an independent state of the former Soviet Union for a fiscal year, the President shall submit to the congressional defense committees a report on the following:

(A) A description of the activity or activities that prevent the President from certifying that such state is committed to each matter to which the waiver under paragraph (1) applies.

(B) A description of the strategy, plan, or policy of the President for promoting the commitment of the state to each such matter, notwithstanding the waiver.

(3) In this subsection, the term ‘congressional defense committees’ means—

(A) the Committee on Armed Services and the Committee on Appropriations of the Senate;

(B) the Committee on Armed Services and the Committee on Appropriations of the House of Representatives.”

(k) Reporting. —The amendments made by this section shall take effect on October 1, 2002.
SEC. 1205. RUSSIAN TACTICAL NUCLEAR WEAPONS.

(a) FINDINGS.—The Congress makes the following findings:

(1) Al Qaeda and other terrorist organizations, in addition to rogue states, are known to be working to acquire weapons of mass destruction, and particularly nuclear warheads.

(2) The largest and least secure potential source of nuclear warheads for terrorists or rogue states is Russia’s arsenal of nonstrategic or “tactical” nuclear warheads, which according to unclassified estimates numbers from 7,000 to 12,000 warheads. Security at Russian nuclear storage sites is insufficient, and tactical nuclear warheads are more vulnerable to terrorist or rogue state acquisition due to their smaller size, greater portability, and compared to Russian strategic nuclear weapons.

(b) SENSE OF THE SENATE.—(1) One of the most likely nuclear weapon attack scenarios against the United States would involve detonation of Russian tactical nuclear warheads smuggled into the country.

(2) It is a top national security priority of the United States to accelerate efforts to reduce and secure Russia’s stockpile of tactical nuclear warheads and associated fissile material.

(c) RISK MITIGATION INITIATIVE.—This imminent threat warrants a special nonproliferation initiative.

(d) REPORT.—Not later than 30 days after enactment of this Act, the President shall report to Congress on efforts to reduce the particular threats associated with Russia’s tactical nuclear arsenal and the outlines of a special initiative related to reducing the threat from Russia’s tactical nuclear stockpile.

Subtitle B—Other Matters

SEC. 1211. ADMINISTRATIVE SUPPORT AND SERVICES FOR COALITION LIAISON OFFICERS.

(a) AUTHORITY.—Chapter 6 of title 10, United States Code, is amended by adding at the end the following new item:

"§ 169. Administrative support and services for coalition liaison officers.

"(a) AUTHORITY.—The Secretary of Defense may provide administrative support and services for the performance of duties by any coalition liaison officer of another nation involved in a coalition while the liaison officer is assigned temporarily to the headquarters of a combatant command, component command, or subordinate operational command of the United States in connection with the planning for or conduct of a coalition operation.

"(b) TRAVEL, SUBSISTENCE, AND OTHER EXPENSES.—The Secretary may pay the travel, subsistence, and similar personal expenses of a liaison officer of a developing country in connection with the assignment of that liaison officer to the headquarters of a combatant command as described in subsection (a) if the Secretary determines that such payment is in the national interest.

"(c) REIMBURSEMENT.—To the extent that the Secretary determines appropriate, the Secretary may provide the services and support authorized under subsections (a) and (b) with or without reimbursement from (or on behalf of) the recipient requested by the commander of the combatant command.

"(d) DEFINITIONS.—In this section:

"(1) The term ‘administrative services and support’ includes base or installation support services, fire and police protection, and computer support.

"(2) The term ‘coalition’ means an ad hoc arrangement between or among the United States and one or more other nations for common action."

"(b) CLOSING REP..—The table of sections at the beginning of this chapter 6 is amended by adding at the end the following new item:

"169. Administrative support and services for coalition liaison officers."

SEC. 1212. USE OF WARSAW INITIATIVE FUNDS FOR TRAVEL OF OFFICIALS FROM PARTNER COUNTRIES.

Section 165c(b) of title 10, United States Code, is amended by adding at the end the following new section:

"191. New section:

"(1) In paragraph (1), by striking ‘paragraph (2)’ and inserting ‘paragraphs (2)’.

"(2) by redesignating paragraph (3) as paragraph (4); and

"(3) by inserting after paragraph (2) the following new paragraph (3):

"3. In the case of defense personnel of a country that is participating in the Partnership for Peace program of the North Atlantic Treaty Organization (NATO), expenses authorized to be paid under subsection (a) may be paid in connection with travel of personnel to the territory of any of the countries participating in such program, including the NATO member countries.

"SEC. 1213. SUPPORT OF UNITED NATIONS-SPONSORED PEACE INITIATIVES AND THE MONITOR IRAQI WEAPONS PROGRAM.

(a) LIMITATION ON AMOUNT OF ASSISTANCE IN FISCAL YEAR 2005.—The total amount of the assistance for fiscal year 2005 that is provided by the Secretary of Defense under section 1605 of the Weapons of Mass Destruction Control Act of 1992 (22 U.S.C. 5859a) as activities of the Department of Defense in support of activities under that Act may not exceed $15,000,000.


SEC. 1214. ARCTIC AND WESTERN PACIFIC ENVIRONMENTAL COOPERATION PROGRAM.

(a) IN GENERAL.—(1) Subchapter II of chapter 138 of title 10, United States Code, is amended by adding at the end the following new section:

"§ 12350m. Arctic and Western Pacific Environmental Cooperation Program.

"(1) AUTHORITY TO CONDUCT PROGRAM.—The Secretary of Defense may, with the concurrence of the Secretary of State, conduct a cooperative project with countries located in the Arctic and Western Pacific regions to promote environmental activities provided for in the Arctic and Western Pacific Cooperation Act of 1992 (22 U.S.C. 5859aa) as activities of the Department of Defense in support of activities under that Act.

(b) PROGRAM ACTIVITIES.—(1) Except as provided in paragraph (2), activities under the program under subsection (a) may include cooperation and assistance on environmental matters in the Arctic and Western Pacific regions among elements of the Department of Defense and the military departments or agencies of other countries.

(2) Activities under the program may not include activities relating to the following:

"(A) The conduct of any peacekeeping exercises or other activities related to the Russian Federation.

"(B) The provision of housing.

"(C) The provision of assistance to promote environmental restoration.

"(D) The provision of assistance to promote job retraining.

"(E) The provision of assistance to promote environmental restoration.

"(F) The provision of assistance to promote job retraining.

"(G) To promote environmental restoration.

"(H) To promote job retraining.

"(I) To promote environmental restoration.

"(J) To promote job retraining.

SEC. 1215. DEPARTMENT OF DEFENSE HIV/AIDS PREVENTION ASSISTANCE PROGRAM.

(a) EXPANSION OF PROGRAM.—The Secretary of Defense is authorized to expand, in accordance with the provisions of this section, the Department of Defense HIV/AIDS prevention assistance program in connection with the conduct of United States military training, exercises, and humanitarian assistance in sub-Saharan African countries.

(b) ELIGIBLE COUNTRIES.—The Secretary may carry out the program in all eligible countries. A country shall be eligible for activities under the program if the country is:

"(1) A country suffering a public health crisis (as defined in subsection (e)); and

"(2) Participates in the military-to-military contacts program of the Department of Defense.

(c) PROGRAM ACTIVITIES.—The Secretary shall provide for the activities under the program.

"(1) To focus, to the extent possible, on military units that participate in peacekeeping operations; and

"(2) To include HIV/AIDS-related voluntary counseling and testing and HIV/AIDS-related surveillance.

"(d) AUTHORIZATION OF APPROPRIATIONS.—(1) In general.—The Secretary of Defense is authorized to be appropriated by section 301(a)(22) to the Department of Defense for operation and
maintenance of the Defense Health Program, $30,000,000 may be available for carrying out the program described in subsection (a) as expanded pursuant to this section.

(2) AVAILABILITY OF FUNDS.—Amounts appropriated pursuant to paragraph (1) are authorized to remain available until expended.

(e) COUNTRY SUFFERING A PUBLIC HEALTH CRISIS DEFINED.—In this section, the term "country suffering a public health crisis" means a country that has rapidly rising rates of incidence of HIV/AIDS or in which HIV/AIDS is causing significant family, community, or societal disruption.

SEC. 1216. MONITORING IMPLEMENTATION OF THE 1979 UNITED STATES-CHINA AGREEMENT ON COOPERATION IN SCIENCE AND TECHNOLOGY.

(a) RESPONSIBILITIES OF THE OFFICE OF SCIENCE AND TECHNOLOGY COOPERATION.—The Office of Science and Technology Cooperation of the Department of State shall monitor the implementation of the 1979 United States-China Agreement on Cooperation in Science and Technology and its protocols (in this section referred to as the "Agreement") and keep a systematic account of the protocols thereto. The Office shall coordinate the activities of all agencies of the United States Government that carry out cooperative activities under the Agreement.

(b) GUIDELINES.—The Secretary of State shall ensure that all activities conducted under the Agreement and its protocols comply with applicable laws and regulations concerning the transfer of militarily sensitive and dual-use technologies.

(c) REPORTING REQUIREMENT.—

(1) IN GENERAL.—Not later than April 1, 2004, and every two years thereafter, the Secretary of State, shall submit a report to Congress, in both classified and unclassified form, on the implementation of the Agreement and activities thereunder.

(2) REPORT ELEMENTS.—Each report under this subsection shall provide an evaluation of the benefits of the Agreement to the Chinese economy, military, and defense industrial base and shall include the following:

(A) An accounting of all activities conducted under the Agreement since the previous report, and a projection of activities to be undertaken in the next two years.

(B) An estimate of the costs to the United States to administer the Agreement within the period covered by the report.

(C) An assessment of how the Agreement has influenced the policies of the People's Republic of China toward scientific and technological cooperation with the United States.

(D) An analysis of the involvement of Chinese nuclear weapons and military missile specialists in the activities of the Joint Commission.

(E) A determination of the extent to which the activities conducted under the Agreement have enhanced the military and industrial base of the People's Republic of China, and an assessment of the impact of projected activities for the next two years, including transfers of technology, on China's economic and military capabilities.

(P) Any recommendations on improving the monitoring of the activities of the Commission by the Secretaries of Defense and State.

(3) CONSULTATION PRIOR TO SUBMISSION OF REPORTS.—The Secretary of State shall prepare the report in consultation with the Secretaries of Commerce, Defense, and Energy, the Directors of the National Science Foundation and the Federal Bureau of Investigation, and the intelligence community.

DIVISION B—MILITARY CONSTRUCTION AUTHORIZATIONS

SEC. 2001. SHORT TITLE.

This division may be cited as the "Military Construction Authorization Act for Fiscal Year 2003".

TITLE XXI—ARMY

SEC. 2101. AUTHORIZED ARMY CONSTRUCTION AND LAND ACQUISITION PROJECTS.

(a) INSIDE THE UNITED STATES.—Using amounts appropriated pursuant to the authorization of appropriations in section 2104(a)(1), the Secretary of the Army may acquire real property and carry out military construction projects for the installations and locations inside the United States, and in the amounts, set forth in the following table:

<table>
<thead>
<tr>
<th>Army: Inside the United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>State</td>
</tr>
<tr>
<td>---------------------------</td>
</tr>
<tr>
<td>Alabama</td>
</tr>
<tr>
<td>Alaska</td>
</tr>
<tr>
<td>Arkansas</td>
</tr>
<tr>
<td>Colorado</td>
</tr>
<tr>
<td>District of Columbia</td>
</tr>
<tr>
<td>Georgia</td>
</tr>
<tr>
<td>Hawaii</td>
</tr>
<tr>
<td>Kansas</td>
</tr>
<tr>
<td>Kentucky</td>
</tr>
<tr>
<td>Louisiana</td>
</tr>
<tr>
<td>Maryland</td>
</tr>
<tr>
<td>Missouri</td>
</tr>
<tr>
<td>New York</td>
</tr>
<tr>
<td>North Carolina</td>
</tr>
<tr>
<td>Oklahoma</td>
</tr>
<tr>
<td>Pennsylvania</td>
</tr>
<tr>
<td>Texas</td>
</tr>
<tr>
<td>Washington</td>
</tr>
</tbody>
</table>

(b) OUTSIDE THE UNITED STATES.—Using amounts appropriated pursuant to the authorization of appropriations in section 2104(a)(2), the Secretary of the Army may acquire real property and carry out military construction projects for the installations and locations outside the United States, and in the amounts, set forth in the following table:

<table>
<thead>
<tr>
<th>Army: Outside the United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country</td>
</tr>
<tr>
<td>------------</td>
</tr>
<tr>
<td>Belgium</td>
</tr>
<tr>
<td>Germany</td>
</tr>
<tr>
<td>Italy</td>
</tr>
<tr>
<td>Korea</td>
</tr>
<tr>
<td>Luxembourg</td>
</tr>
<tr>
<td>Norway</td>
</tr>
<tr>
<td>Slovenia</td>
</tr>
<tr>
<td>Turkmenistan</td>
</tr>
<tr>
<td>United Kingdom</td>
</tr>
<tr>
<td>United States</td>
</tr>
<tr>
<td>Germany</td>
</tr>
<tr>
<td>United Kingdom</td>
</tr>
</tbody>
</table>
(c) UNSPECIFIED WORLDWIDE.—Using the amounts appropriated pursuant to the authorization of appropriations in section 2104(a)(5)(A), the Secretary of the Army may acquire real property and carry out military construction projects for the installation and location, and in the amount, set forth in the following table:

<table>
<thead>
<tr>
<th>Army: Unspecified Worldwide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
</tr>
<tr>
<td>Unspecified Worldwide</td>
</tr>
</tbody>
</table>

SEC. 2102. FAMILY HOUSING.
(a) CONSTRUCTION AND ACQUISITION.—Using amounts appropriated pursuant to the authorization of appropriations in section 2104(a)(6)(A), the Secretary of the Army may construct or acquire family housing units (including land acquisition and supporting facilities) at the installations, for the purposes, and in the amounts set forth in the following table:

<table>
<thead>
<tr>
<th>Army: Family Housing</th>
</tr>
</thead>
<tbody>
<tr>
<td>State or Country</td>
</tr>
<tr>
<td>Alaska</td>
</tr>
<tr>
<td>Arizona</td>
</tr>
<tr>
<td>Germany</td>
</tr>
<tr>
<td>Korea</td>
</tr>
<tr>
<td>Total:</td>
</tr>
</tbody>
</table>

(b) PLANNING AND DESIGN.—Using amounts appropriated pursuant to the authorization of appropriations in section 2104(a)(6)(A), the Secretary of the Army may carry out architectural and engineering services and construction design activities with respect to the construction or improvement of family housing units in an amount not to exceed $15,653,000.

SEC. 2103. IMPROVEMENTS TO MILITARY FAMILY HOUSING UNITS. 
Subject to section 2825 of title 10, United States Code, and using amounts appropriated pursuant to the authorization of appropriations in section 2104(a)(6)(A), the Secretary of the Army may improve existing military family housing units in an amount not to exceed $3,007,345,000 as follows:

1. For military construction projects inside the United States authorized by section 2101(a), $758,497,000.

2. For military construction projects outside the United States authorized by section 2101(b), $354,116,000.

3. For military construction projects at unspecified worldwide locations authorized by section 2101(c), $4,000,000.

4. For unspecified minor construction projects authorized by section 2805 of title 10, United States Code, $383,346,000.

5. For architectural and engineering services and construction design under section 2807 of title 10, United States Code, $14,964,000.

6. For military family housing functions:
   (A) For construction and acquisition, planning and design and improvement of military family housing and facilities, $283,346,000.
   (B) For support of military family housing (including the functions described in section 2833 of title 10, United States Code), $1,122,274,000.


8. For the construction of phase 5 of an ammunition demilitarization facility at Newport Army Depot, Indiana, authorized by section 2401(a) of the Military Construction Authorization Act for Fiscal Year 1999 (division B of Public Law 106-65; 112 Stat. 2190), $61,494,000.

9. For the construction of phase 5 of an ammunition demilitarization facility at Aberdeen Proving Ground, Maryland, authorized by section 2401(a) of the Military Construction Authorization Act for Fiscal Year 1999, as amended by section 2066 of the Military Construction Authorization Act for Fiscal Year 2000 (division B of Public Law 106-65; 113 Stat. 839) and section 2106 of this Act, $38,000,000.

10. For the construction of phase 3 of an ammunition demilitarization facility at K16 Airfield, $40,000,000.

11. For the construction of phase 2 of a basic combat trainee complex at Fort Jackson, South Carolina, authorized by section 2101(a) of the Military Construction Authorization Act for Fiscal Year 2002 (115 Stat. 1280), $21,000,000.


13. For the construction of phase 3 of a barracks complex, Butner Road, at Fort Bragg, North Carolina, authorized by section 2101(a) of the Military Construction Authorization Act for Fiscal Year 2001, $56,000,000.

14. For the construction of phase 2 of a barracks complex, D Street, at Fort Richardson, Alaska, authorized by section 2101(a) of the Military Construction Authorization Act for Fiscal Year 2002 (115 Stat. 1280), $21,000,000.

15. For the construction of phase 2 of a barracks complex, Nelson Boulevard, at Fort Carson, Colorado, authorized by section 2101(a) of the Military Construction Authorization Act for Fiscal Year 2002, as amended by section 2105 of this Act, $42,000,000.

16. For the construction of phase 2 of a basic combat trainee complex at Fort Jackson, South Carolina, authorized by section 2101(a) of the Military Construction Authorization Act for Fiscal Year 2002, as amended by section 2105 of this Act, $39,000,000.

17. For the construction of phase 2 of a barracks complex, 17th and B Streets at Fort Lewis, Washington, authorized by section 2101(a) of the Military Construction Authorization Act for Fiscal Year 2002, $30,000,000.

(b) LIMITATION ON TOTAL COST OF CONSTRUCTION PROJECTS.—Notwithstanding the cost variations authorized by section 2853 of title 10, United States Code, and any other cost variation authorized by law, the total cost of all projects carried out under section 2101(a) of this Act may not exceed—

1. the total amount authorized to be appropriated under paragraphs (1), (2), and (3) of subsection (a);
2. $18,000,000 (the balance of the amount authorized under section 2101(a) for construction of a barracks complex, Main Post, at Fort Benning, Georgia);
(3) $100,000,000 (the balance of the amount authorized under section 2101(a) for construction of a barracks complex, Capron Avenue, at Schofield Barracks, Hawaii); and
(4) $254,030,000 (the balance of the amount authorized under section 2101(a) for construction of a barracks complex, Range Road, at Fort Riley, Kansas); and
(5) $50,000,000 (the balance of the amount authorized under section 2101(a) for construction of a barracks complex, Complex Range Road, at Fort Campbell, Kentucky); and
(6) $25,000,000 (the balance of the amount authorized under section 2101(a) for construction of a consolidated maintenance complex at Fort Sill, Oklahoma).

(c) ADJUSTMENT.—The total amount authorized to be appropriated pursuant to paragraphs (1) through (17) of subsection (a) is the sum of the amounts authorized to be appropriated in such paragraphs, reduced by—
(1) $14,596,000, which represents savings resulting from adjustments to foreign currency exchange rates for military construction, military family housing construction, and military family housing support outside the United States; and
(2) $29,330,000, which represents adjustments for the accounting of civilian personnel benefits.

SEC. 2105. MODIFICATION OF AUTHORITY TO CARRY OUT CERTAIN FISCAL YEAR 2002 PROJECTS.

(a) MODIFICATION.—The table in section 2401(a) of the Military Construction Authorization Act for Fiscal Year 2002 (division B of Public Law 107-107; 115 Stat. 1281) is amended—
(1) in the item relating to Fort Carson, Colorado, by striking "$66,000,000 in the amount column and inserting "$67,000,000"; and
(2) in the item relating to Fort Jackson, South Carolina, by striking "$65,650,000 in the amount column and inserting "$66,650,000".

(b) CONFORMING AMENDMENTS.—Section 2404(b) of that Act (115 Stat. 1284) is amended—
(1) in paragraph (3), by striking "$41,000,000" and inserting "$42,000,000"; and
(2) in paragraph (4), by striking "$36,000,000" and inserting "$39,000,000".

SEC. 2106. MODIFICATION OF AUTHORITY TO CARRY OUT CERTAIN MILITARY CONSTRUCTION FISCAL YEAR 2000 PROJECT.

(1) under the agency heading relating to Chemical Demilitarization, in the item relating to Blue Grass Army Depot, Kentucky, by striking "$149,550,000 in the amount column and inserting "$191,550,000"; and
(2) by striking the amount identified as the total in the amount column and inserting "$293,853,000".

(b) CONFORMING AMENDMENT.—Section 2406(b)(2) of that Act (113 Stat. 839), as so amended, is further amended by striking "$821,230,000 and inserting "$827,525,000.

SEC. 2107. MODIFICATION OF AUTHORITY TO CARRY OUT CERTAIN FISCAL YEAR 1999 PROJECT.

(a) MODIFICATION.—The table in section 2401(a) of the Military Construction Authorization Act for Fiscal Year 1999 (division B of Public Law 106-261; 112 Stat. 1985) is amended—
(1) under the agency heading relating to Chemical Demilitarization, in the item relating to Newport Army Depot, Indiana, by striking "$191,550,000" in the amount column and inserting "$293,853,000"; and
(2) by striking the amount identified as the total in the amount column and inserting "$329,919,000".

(b) CONFORMING AMENDMENT.—Section 2404(b)(2) of that Act (112 Stat. 216) is amended by striking "$162,050,000 in the amount column and inserting "$361,353,000"

SEC. 2108. MODIFICATION OF AUTHORITY TO CARRY OUT CERTAIN FISCAL YEAR 1997 PROJECT.

(1) under the agency heading relating to Chemical Demilitarization Program, in the item relating to Blue Grass Army Depot, Kentucky, by striking "$303,500,000 in the amount column and inserting "$261,000,000"; and
(2) by striking the amount identified as the total in the amount column and inserting "$607,454,000".

(b) CONFORMING AMENDMENT.—Section 2406(b)(2) of that Act (110 Stat. 2779), as so amended, is further amended by striking "$303,500,000" and inserting "$261,000,000".

SEC. 2109. MODIFICATION OF AUTHORITY TO CARRY OUT CERTAIN FISCAL YEAR 2001 PROJECT.


SEC. 2110. PLANNING AND DESIGN FOR ANECHOCAMIC AMBULATORY CHAMBER.

(a) PLANNING AND DESIGN.—The amount authorized to be appropriated by section 2104(a)(5), for military construction for the Army is hereby increased by $5,000,000, with the amount of the increase to be available for planning and design for an anechocamical chamber at White Sands Missile Range, New Mexico.

(b) OFFSET.—The amount authorized to be appropriated by section 301(a)(1) for the Army for operation and maintenance is hereby reduced by $3,000,000, with the amount of the reduction to be allocated to Base Operations Support (Servicewide Support).

TITLE XXII—NAVY

SEC. 2201. AUTHORIZED NAVY CONSTRUCTION AND LAND ACQUISITION PROJECTS.

(a) INSIDE THE UNITED STATES.—Using amounts appropriated pursuant to the authorization of appropriations in section 2204(a)(1), the Secretary of the Navy may acquire real property and carry out military construction projects for the installations and locations inside the United States, and in the amounts, set forth in the following table:

<table>
<thead>
<tr>
<th>State</th>
<th>Installation or location</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona</td>
<td>Marine Corps Air Station, Yuma</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>California</td>
<td>Marine Corps Air Station, Miramar</td>
<td>$8,700,000</td>
</tr>
<tr>
<td></td>
<td>Marine Corps Air Ground Combat Center, Twentynine Palms</td>
<td>$25,770,000</td>
</tr>
<tr>
<td></td>
<td>Marine Corps Base, Camp Pendleton</td>
<td>$164,200,000</td>
</tr>
<tr>
<td></td>
<td>Naval Air Station, Lemoore</td>
<td>$35,855,000</td>
</tr>
<tr>
<td></td>
<td>Naval Air Station, San Diego</td>
<td>$6,150,000</td>
</tr>
<tr>
<td></td>
<td>Naval Air Warfare Center, Point Mugu</td>
<td>$6,200,000</td>
</tr>
<tr>
<td></td>
<td>Naval Construction Battalion Center, Port Hueneme</td>
<td>$6,957,000</td>
</tr>
<tr>
<td></td>
<td>Naval PostGraduate School, Monterey</td>
<td>$2,020,000</td>
</tr>
<tr>
<td></td>
<td>Naval Station, San Diego</td>
<td>$12,210,000</td>
</tr>
<tr>
<td></td>
<td>Naval Submarine Base, New London</td>
<td>$7,880,000</td>
</tr>
<tr>
<td></td>
<td>Naval Marine Corps Base, Washington</td>
<td>$3,700,000</td>
</tr>
<tr>
<td></td>
<td>Naval District, Washington</td>
<td>$2,690,000</td>
</tr>
<tr>
<td></td>
<td>Eglin Air Force Base</td>
<td>$6,350,000</td>
</tr>
<tr>
<td></td>
<td>Naval Air Station, Jacksonville</td>
<td>$6,770,000</td>
</tr>
<tr>
<td></td>
<td>Naval Air Station, Mayport</td>
<td>$1,900,000</td>
</tr>
<tr>
<td></td>
<td>Naval Air Station, Pensacola</td>
<td>$990,000</td>
</tr>
<tr>
<td></td>
<td>Panama City</td>
<td>$10,700,000</td>
</tr>
<tr>
<td></td>
<td>Naval Submarine Base, Kings Bay</td>
<td>$1,580,000</td>
</tr>
<tr>
<td></td>
<td>Ford Island</td>
<td>$19,400,000</td>
</tr>
<tr>
<td></td>
<td>Marine Corps Base, Hawaii</td>
<td>$9,500,000</td>
</tr>
<tr>
<td></td>
<td>Naval Station, Pearl Harbor</td>
<td>$14,690,000</td>
</tr>
<tr>
<td></td>
<td>Naval Training Center, Great Lakes</td>
<td>$93,190,000</td>
</tr>
<tr>
<td></td>
<td>Naval Air Station, Brunswick</td>
<td>$9,830,000</td>
</tr>
<tr>
<td></td>
<td>Naval Shipyard, Portsmouth</td>
<td>$15,200,000</td>
</tr>
<tr>
<td></td>
<td>Andrews Air Force Base</td>
<td>$9,680,000</td>
</tr>
<tr>
<td></td>
<td>Naval Surface-Macro Surface Base</td>
<td>$12,900,000</td>
</tr>
<tr>
<td></td>
<td>Naval Air Station, Meridian</td>
<td>$2,850,000</td>
</tr>
<tr>
<td></td>
<td>Naval Construction Battalion Center, Gulfport</td>
<td>$5,460,000</td>
</tr>
</tbody>
</table>
SEC. 2202. FAMILY HOUSING.

(a) CONSTRUCTION AND ACQUISITION.—Using amounts appropriated pursuant to the authorization of appropriations in section 2204(a)(2), the Secretary of the Navy may acquire real property and carry out military construction projects for the locations outside the United States, and in the amounts, set forth in the following table:

<table>
<thead>
<tr>
<th>Country</th>
<th>Installation or location</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bahrain</td>
<td>Naval Support Activity, Bahrain</td>
<td>$25,970,000</td>
</tr>
<tr>
<td>Cuba</td>
<td>Naval Station, Guantanamo</td>
<td>$1,280,000</td>
</tr>
<tr>
<td>Diego Garcia</td>
<td>Diego Garcia Naval Support Activity</td>
<td>$11,600,000</td>
</tr>
<tr>
<td>Greece</td>
<td>Naval Support Activity, Joint Headquarters Command, Larissa</td>
<td>$14,800,000</td>
</tr>
<tr>
<td>Guam</td>
<td>Commander, United States Naval Forces, Guam</td>
<td>$13,400,000</td>
</tr>
<tr>
<td>Iceland</td>
<td>Naval Air Station, Keflavik</td>
<td>$14,920,000</td>
</tr>
<tr>
<td>Italy</td>
<td>Naval Air Station, Sigonella</td>
<td>$16,900,000</td>
</tr>
<tr>
<td>Spain</td>
<td>Joint Headquarters Command, Madrid</td>
<td>$2,890,000</td>
</tr>
<tr>
<td></td>
<td>Naval Station, Rota</td>
<td>$18,700,000</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>$173,010,000</td>
</tr>
</tbody>
</table>

(b) PLANNING AND DESIGN.—Using amounts appropriated pursuant to the authorization of appropriation in section 2204(a)(5)(A), the Secretary of the Navy may carry out architectural and engineering services and construction design activities with respect to the construction or improvement of military family housing units in an amount not to exceed $11,281,000.

SEC. 2203. IMPROVEMENTS TO MILITARY FAMILY HOUSING UNITS.

Subject to section 2825 of title 10, United States Code, and using amounts appropriated pursuant to the authorization of appropriations in section 2204(a)(5)(A), the Secretary of the Navy may improve existing military family housing units in an amount not to exceed $139,468,000.

SEC. 2204. AUTHORIZATION OF APPROPRIATIONS, NAVY.

(a) IN GENERAL.—Funds are hereby authorized to be appropriated for fiscal years beginning after September 30, 2002, for military
construction, land acquisition, and military family housing functions of the Department of the Navy in the total amount of $2,478,174,000, as follows:

<table>
<thead>
<tr>
<th>State</th>
<th>Installation or location</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alaska</td>
<td>Clear Air Force Station</td>
<td>$14,400,000</td>
</tr>
<tr>
<td>Arizona</td>
<td>Eltion Air Force Base</td>
<td>$41,100,000</td>
</tr>
<tr>
<td>Arkansas</td>
<td>Davis-Monthan Air Force Base</td>
<td>$19,270,000</td>
</tr>
<tr>
<td>California</td>
<td>Little Rock Air Force Base</td>
<td>$25,600,000</td>
</tr>
<tr>
<td>Colorado</td>
<td>Buckley Air Force Base</td>
<td>$11,740,000</td>
</tr>
<tr>
<td>District of Columbia</td>
<td>Bolling Air Force Base</td>
<td>$17,700,000</td>
</tr>
<tr>
<td>Florida</td>
<td>Eglin Air Force Base</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>Georgia</td>
<td>Hurlburt Field</td>
<td>$15,000,000</td>
</tr>
<tr>
<td>Hawaii</td>
<td>MacDill Air Force Base</td>
<td>$7,000,000</td>
</tr>
<tr>
<td>Maryland</td>
<td>Robins Air Force Base</td>
<td>$6,950,000</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>Warner-Robins Air Force Base</td>
<td>$22,000,000</td>
</tr>
<tr>
<td>Mississippi</td>
<td>Hickam Air Force Base</td>
<td>$1,350,000</td>
</tr>
<tr>
<td>Nebraska</td>
<td>Hanscom Air Force Base</td>
<td>$3,500,000</td>
</tr>
<tr>
<td>Nevada</td>
<td>Keesler Air Force Base</td>
<td>$2,200,000</td>
</tr>
<tr>
<td>New Mexico</td>
<td>Offutt Air Force Base</td>
<td>$11,000,000</td>
</tr>
<tr>
<td>North Carolina</td>
<td>Nellis Air Force Base</td>
<td>$56,850,000</td>
</tr>
<tr>
<td>North Dakota</td>
<td>McDuff Air Force Base</td>
<td>$24,601,000</td>
</tr>
<tr>
<td>Ohio</td>
<td>Cannon Air Force Base</td>
<td>$4,650,000</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>Holloman Air Force Base</td>
<td>$4,650,000</td>
</tr>
<tr>
<td>South Carolina</td>
<td>Kirtland Air Force Base</td>
<td>$21,900,000</td>
</tr>
<tr>
<td>South Dakota</td>
<td>Pope Air Force Base</td>
<td>$9,700,000</td>
</tr>
<tr>
<td>Texas</td>
<td>Seymour Johnson Air Force Base</td>
<td>$10,600,000</td>
</tr>
<tr>
<td>Utah</td>
<td>Minot Air Force Base</td>
<td>$18,000,000</td>
</tr>
<tr>
<td>Virginia</td>
<td>Wright-Patterson Air Force Base</td>
<td>$35,400,000</td>
</tr>
<tr>
<td>Wyoming</td>
<td>Altus Air Force Base</td>
<td>$14,800,000</td>
</tr>
<tr>
<td></td>
<td>Vance Air Force Base</td>
<td>$4,800,000</td>
</tr>
<tr>
<td></td>
<td>Shaw Air Force Base</td>
<td>$6,660,000</td>
</tr>
<tr>
<td></td>
<td>Ellsworth Air Force Base</td>
<td>$13,200,000</td>
</tr>
<tr>
<td></td>
<td>Goodfellow Air Force Base</td>
<td>$10,600,000</td>
</tr>
<tr>
<td></td>
<td>Lackland Air Force Base</td>
<td>$41,500,000</td>
</tr>
<tr>
<td></td>
<td>Sheppard Air Force Base</td>
<td>$16,000,000</td>
</tr>
<tr>
<td></td>
<td>Hill Air Force Base</td>
<td>$16,500,000</td>
</tr>
<tr>
<td></td>
<td>Lackland Air Force Base</td>
<td>$17,500,000</td>
</tr>
<tr>
<td></td>
<td>F.E. Warren Air Force Base</td>
<td>$15,000,000</td>
</tr>
</tbody>
</table>
(b) OUTSIDE THE UNITED STATES.—Using amounts appropriated pursuant to the authorization of appropriations in section 2304(a)(2), the Secretary of the Air Force may acquire real property and carry out military construction projects for the installations and locations outside the United States, and in the amounts, set forth in the following table:

<table>
<thead>
<tr>
<th>Country</th>
<th>Installation or location</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>Ramstein Air Base</td>
<td>$71,783,000</td>
</tr>
<tr>
<td>Guam</td>
<td>Andersen Air Force Base</td>
<td>$31,080,000</td>
</tr>
<tr>
<td>Italy</td>
<td>Aviano Air Base</td>
<td>$6,600,000</td>
</tr>
<tr>
<td>Japan</td>
<td>Kadena Air Base</td>
<td>$6,000,000</td>
</tr>
<tr>
<td>Korea</td>
<td>Osan Air Base</td>
<td>$15,100,000</td>
</tr>
<tr>
<td>Spain</td>
<td>Naval Station, Rota</td>
<td>$31,818,000</td>
</tr>
<tr>
<td>Turkey</td>
<td>Incirlik Air Base</td>
<td>$1,550,000</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Diego Garcia</td>
<td>$17,100,000</td>
</tr>
<tr>
<td></td>
<td>Royal Air Force, Fairford</td>
<td>$19,000,000</td>
</tr>
<tr>
<td></td>
<td>Royal Air Force, Lakenheath</td>
<td>$3,400,000</td>
</tr>
<tr>
<td></td>
<td>Wake Island</td>
<td>$29,400,000</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>$238,251,000</td>
</tr>
</tbody>
</table>

(c) UNSPECIFIED WORLDWIDE.—Using amounts appropriated pursuant to the authorization of appropriations in section 2304(a)(3), the Secretary of the Air Force may acquire real property and carry out military construction projects for the installation and location, and in the amount, set forth in the following table:

<table>
<thead>
<tr>
<th>Location</th>
<th>Installation or location</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unspecified Worldwide</td>
<td>Classified Locations</td>
<td>$24,995,000</td>
</tr>
</tbody>
</table>

SEC. 2302. FAMILY HOUSING.

(a) CONSTRUCTION AND ACQUISITION.—Using amounts appropriated pursuant to the authorization of appropriations in section 2304(a)(6)(A), the Secretary of the Air Force may construct or acquire family housing units (including land acquisition and supporting facilities) at the installations, for the purposes, and in the amounts set forth in the following table:

<table>
<thead>
<tr>
<th>State or Country</th>
<th>Installation or location</th>
<th>Purpose</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona</td>
<td>Luke Air Force Base</td>
<td>140 Units</td>
<td>$18,954,000</td>
</tr>
<tr>
<td>California</td>
<td>Travis Air Force Base</td>
<td>110 Units</td>
<td>$24,320,000</td>
</tr>
<tr>
<td>Colorado</td>
<td>Peterson Air Force Base</td>
<td>2 Units</td>
<td>$959,000</td>
</tr>
<tr>
<td>Delaware</td>
<td>United States Air Force Academy</td>
<td>71 Units</td>
<td>$12,424,000</td>
</tr>
<tr>
<td>Florida</td>
<td>Eglin Air Force Base</td>
<td>112 Units</td>
<td>$19,615,000</td>
</tr>
<tr>
<td>Hawaii</td>
<td>MacDill Air Force Base</td>
<td>96 Units</td>
<td>$18,086,000</td>
</tr>
<tr>
<td>Idaho</td>
<td>Mountain Home Air Force Base</td>
<td>96 Units</td>
<td>$20,050,000</td>
</tr>
<tr>
<td>Kansas</td>
<td>McConnell Air Force Base</td>
<td>96 Units</td>
<td>$21,392,000</td>
</tr>
<tr>
<td>Maryland</td>
<td>Andrews Air Force Base</td>
<td>53 Units</td>
<td>$9,838,000</td>
</tr>
<tr>
<td>Mississippi</td>
<td>Columbus Air Force Base</td>
<td>52 Units</td>
<td>$8,807,000</td>
</tr>
<tr>
<td>Missouri</td>
<td>Whiteman Air Force Base</td>
<td>22 Units</td>
<td>$3,977,000</td>
</tr>
<tr>
<td>Montana</td>
<td>Malmstrom Air Force Base</td>
<td>18 Units</td>
<td>$4,717,000</td>
</tr>
<tr>
<td>New Mexico</td>
<td>Holloman Air Force Base</td>
<td>101 Units</td>
<td>$30,161,000</td>
</tr>
<tr>
<td>North Carolina</td>
<td>Pope Air Force Base</td>
<td>Housing Maintenance Facility</td>
<td>$981,000</td>
</tr>
<tr>
<td>North Dakota</td>
<td>Seymour Johnson Air Force Base</td>
<td>126 Units</td>
<td>$16,615,000</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>Vance Air Force Base</td>
<td>59 Units</td>
<td>$11,423,000</td>
</tr>
<tr>
<td>South Dakota</td>
<td>Ellsworth Air Force Base</td>
<td>Housing Maintenance Facility</td>
<td>$447,000</td>
</tr>
<tr>
<td>Texas</td>
<td>Ellsworth Air Force Base</td>
<td>22 Units</td>
<td>$4,794,000</td>
</tr>
<tr>
<td>Virginia</td>
<td>Langley Air Force Base</td>
<td>Housing Maintenance Facility</td>
<td>$4,325,000</td>
</tr>
<tr>
<td>Germany</td>
<td>Ramstein Air Force Base</td>
<td>Housing Office</td>
<td>$1,193,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$8,534,000</td>
</tr>
</tbody>
</table>
(b) PLANNING AND DESIGN.—Using amounts appropriated pursuant to the authorization of appropriations in section 2304(a)(6)(A), the Secretary of the Air Force may carry out architectural and engineering services and construction design activities with respect to the construction or improvement of military family housing units in an amount not to exceed $226,068,000.

SEC. 2303. IMPROVEMENTS TO MILITARY FAMILY HOUSING UNITS.

Subject to section 2825 of title 10, United States Code, and using amounts appropriated pursuant to the authorization of appropriations in section 2304(a)(6)(A), the Secretary of the Air Force may improve existing military family housing units in an amount not to exceed $226,068,000.

SEC. 2304. AUTHORIZATION OF APPROPRIATIONS, AIR FORCE.

(a) IN GENERAL.—Funds are hereby authorized to be appropriated for fiscal years beginning after September 30, 2002, for military construction, land acquisition, and military family housing functions of the Department of the Air Force in the total amount of $2,597,272,000, as follows:

1. For military construction projects outside the United States authorized by section 2301(a), $709,431,000.

2. For military construction projects outside the United States authorized by section 2301(b), $238,251,000.

3. For the military construction projects at unspecified worldwide locations authorized by section 2301(c), $24,993,000.

4. For unspecified minor construction projects authorized by section 2303 of title 10, United States Code, $11,500,000.

5. For architectural and engineering services and construction design under section 2307 of title 10, United States Code, $31,416,000.

6. For military housing functions:
   - (A) For construction and acquisition, planning and design, and improvement of military family housing and facilities, $676,694,000.
   - (B) For support of military family housing, including functions described in section 2303 of title 10, United States Code, $874,650,000.
   - (b) LIMITATION ON TOTAL COST OF CONSTRUCTION PROJECTS.—Notwithstanding the cost variations authorized by section 2805 of title 10, United States Code, and any other cost variation authorized by law, the total cost of all projects carried out under section 2301 of this Act may not exceed—
     - (1) the total amount authorized to be appropriated under paragraphs (1), (2) and (3) of subsection (a);
     - (2) $7,100,000 (the balance of the amount authorized under section 2301(a) for construction of a consolidated base engineer complex at Altus Air Force Base, Oklahoma); and
     - (3) $5,000,000 (the balance of the amount authorized under section 2301(a) for construction of a storm drainage system at F.E. Warren Air Force Base, Wyoming).

(b) AUTHORIZATION OF APPROPRIATIONS.—The amount authorized to be appropriated by section 2304(a), and by paragraph (1) of that section, is hereby increased by $7,500,000.

(c) OFFSET.—The amount authorized to be appropriated by section 2304(a), and by paragraph (1) of that section, is hereby reduced by $226,068,000.

SEC. 2305. AUTHORITY FOR USE OF MILITARY CONSTRUCTION FUNDS FOR CONSTRUCTION OF PUBLIC ROAD NEAR AVIANO AIR BASE, ITALY, CLOSED FOR FORCE PROTECTION PURPOSES.

(a) AUTHORIZED TO USE FUNDS.—The Secretary of the Air Force may, using amounts authorized to be appropriated by section 2304(b), carry out a project to provide a public road, and associated improvements, to facilitate access to Aviano Air Base, Italy, that has been closed for force protection purposes.

(b) SCOPE OF AUTHORITY.—(1) The authority of the Secretary to carry out the project referred to in subsection (a) shall include authority as follows:
   - (A) To acquire property for the project for transfer to a host nation authority.
   - (B) To provide funds to a host nation authority to acquire property for the project.
   - (C) To make a contribution to a host nation authority for purposes of carrying out the project.
   - (D) To provide vehicle and pedestrian access to landowners effected by the project.
   - (2) The acquisition of property using authority in subparagraph (A) or (B) of paragraph (1) may be made regardless of whether or not ownership of such property will vest in the United States.

(c) INAPPLICABILITY OF CERTAIN REAL PROPERTY MANAGEMENT REQUIREMENT.—Section 2672(a)(1)(B) of title 10, United States Code, shall not apply with respect to any acquisition of interests in land for purposes of the project authorized by this section.

SEC. 2306. ADDITIONAL PROJECT AUTHORIZATION FOR AIR TRAFFIC CONTROL FACILITIES AT DOVER AIR FORCE BASE, DELAWARE.

(a) PROJECT AUTHORIZED.—In addition to the projects authorized by section 2301(a), Defense Agencies: Inside the United States

<table>
<thead>
<tr>
<th>Agency</th>
<th>Installation or location</th>
<th>Purpose</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Missile Defense Agency</td>
<td>Kauai, Hawaii</td>
<td>Housing Supply Warehouse</td>
<td>$23,400,000</td>
</tr>
<tr>
<td>Defense Intelligence Agency</td>
<td>Boiling Air Force Base, District of Columbia</td>
<td>Housing Office</td>
<td>$121,056,000</td>
</tr>
<tr>
<td>Defense Logistics Agency</td>
<td>Defense Supply Center, Richmond, Virginia</td>
<td>Maintenance Facility</td>
<td>$3,021,000</td>
</tr>
<tr>
<td></td>
<td>Naval Air Station, New Orleans, Louisiana</td>
<td></td>
<td>$9,500,000</td>
</tr>
<tr>
<td></td>
<td>Travis Air Force Base, California</td>
<td></td>
<td>$16,000,000</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Royal Air Force Lakenheath</td>
<td></td>
<td>$2,203,000</td>
</tr>
</tbody>
</table>

The amount authorized to be appropriated for the Air Force operation and maintenance is hereby reduced by $2,800,000, with the amount of the reduction to be allocated to Recruiting and Advertising.

(2) Of the amount authorized to be appropriated by section 2304(b), and paragraph (1) of that section, for the Air Force and available for military construction projects at Wright–Patterson Air Force Base, Ohio, $15,200,000 may be available for a military construction project for the construction of a new air traffic control facility at Dover Air Force Base, Delaware, in the amount of $7,500,000.

(b) AUTHORIZATION OF APPROPRIATIONS.—The amount authorized to be appropriated by section 2304(b), and by paragraph (2) of that section, is hereby reduced by $10,400,000; and

(c) OFFSET.—The amount authorized to be appropriated by section 2304(b), and by paragraph (2) of that section, is hereby reduced by $10,400,000; and

(c) OFFSET.—

TITLE XXIV—DEFENSE AGENCIES

SEC. 2401. AUTHORIZED DEFENSE AGENCIES CONSTRUCTION AND LAND ACQUISITION PROJECTS.

(a) INSIDE THE UNITED STATES.—Using amounts appropriated pursuant to the authorization of appropriations in section 2304(a)(1), the Secretary of Defense may acquire real property and carry out military construction projects for the installations and locations inside the United States, and in the amounts, set forth in the following table:
**SEC. 2402. IMPROVEMENTS TO MILITARY FAMILY HOUSING UNITS.**

Subject to section 2825 of title 10, United States Code, and using amounts appropriated pursuant to the authorization of appropriations in section 2401(a)(8)(A), the Secretary of Defense may improve existing military family housing units in an amount not to exceed $5,480,000.

**SEC. 2403. ENERGY CONSERVATION PROJECTS.**

Using amounts appropriated pursuant to the authorization of appropriations in section 2401(a)(4), the Secretary of Defense may carry out energy conservation projects under section 2807 of title 10, United States Code, in the amount of $50,531,000.

**SEC. 2404. AUTHORIZATION OF APPROPRIATIONS, DEFENSE AGENCIES.**

(a) In General.—Funds are hereby authorized to be appropriated for fiscal years beginning after September 30, 2002, for military construction, land acquisition, and military family housing functions of the Department of Defense (other than the military departments) in the total amount of $3,136,972,000, as follows:

1. For military construction projects outside the United States authorized by section 2401(a), $367,896,000.
2. For military construction projects outside the United States authorized by section 2401(b), $225,583,000.
3. For unspecified minor construction projects under section 2806 of title 10, United States Code, $16,593,000.
4. For contingency construction projects of the Secretary of Defense under section 2804 of title 10, United States Code, $10,000,000.

(b) Outside the United States.—Using amounts appropriated pursuant to the authorization of appropriations in section 2401(a)(8)(A), the Secretary of Defense may acquire real property and carry out military construction projects for the installations and locations outside the United States, and in the amounts, set forth in the following table:

<table>
<thead>
<tr>
<th>Agency</th>
<th>Installation or location</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joint Chiefs of Staff</td>
<td>Command</td>
<td>$18,000,000</td>
</tr>
<tr>
<td>National Security Agency</td>
<td>Special Operations Command</td>
<td>$2,500,000</td>
</tr>
<tr>
<td>TRICARE Management Activity</td>
<td>Washington Headquarters Services</td>
<td>$404,496,000</td>
</tr>
</tbody>
</table>

**SEC. 2405. AUTHORIZATION OF APPROPRIATIONS, DEFENSE AGENCIES—Outside the United States.**

<table>
<thead>
<tr>
<th>Agency</th>
<th>Installation or location</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defense Logistics Agency</td>
<td>Andersen Air Force Base, Guam</td>
<td>$17,586,000</td>
</tr>
<tr>
<td>Department of Defense Dependents Schools</td>
<td>Lajes Field, Azores, Portugal</td>
<td>$19,000,000</td>
</tr>
<tr>
<td></td>
<td>Naval Station, Rota, Spain</td>
<td>$6,000,000</td>
</tr>
<tr>
<td></td>
<td>Royal Air Force, Fairford, United Kingdom</td>
<td>$17,000,000</td>
</tr>
<tr>
<td></td>
<td>Yokota Air Base, Japan</td>
<td>$23,000,000</td>
</tr>
<tr>
<td></td>
<td>Kaiserslautern, Germany</td>
<td>$597,800</td>
</tr>
<tr>
<td></td>
<td>Vicenza, Italy</td>
<td>$2,117,000</td>
</tr>
<tr>
<td></td>
<td>Mons, Belgium</td>
<td>$1,573,000</td>
</tr>
<tr>
<td></td>
<td>Spangdahlem Air Base, Germany</td>
<td>$4,484,000</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>$225,583,000</td>
</tr>
</tbody>
</table>

**SEC. 2501. AUTHORIZED NATO CONSTRUCTION AND LAND ACQUISITION PROJECTS.**

The Secretary of Defense may make contributions for the North Atlantic Treaty Organization Security Investment Program as provided in section 2806 of title 10, United States Code, in an amount not to exceed the sum of the amounts authorized to be appropriated for this purpose in section 2502 and the amount collected from the North Atlantic Treaty Organization as a result of construction previously financed by the United States.
TITLES XXV—GUARD AND RESERVE FORCES FACILITIES

SEC. 2601. AUTHORIZED GUARD AND RESERVE CONSTRUCTION AND LAND ACQUISITION PROJECTS.

There are authorized to be appropriated for fiscal years beginning after September 30, 2002, for the costs of acquisition, architectural and engineering services, and construction of facilities for the Guard and Reserve Forces, and for contributions therefor for under chapter 1803 of title 10, United States Code (including the cost of acquisition of land for those facilities), the following amounts:

(a) For the Department of the Army—
   (1) For the Army National Guard of the United States, $186,588,000; and
   (2) For the Army Reserve, $212,459,000.

(b) For the Department of the Navy—
   (1) For the Navy, $186,588,000; and
   (2) For the Marine Corps, $186,588,000.

(c) For the Department of the Air Force—
   (1) For the Air Force Reserve, $59,883,000.
   (2) For the Air National Guard of the United States, $10,000,000.
   (3) For the Air National Guard of the United States, $250,000.
   (4) For the Air Force Reserve, $59,883,000.

DISTRIBUTIONS TO STATES

The table referred to in subsection (a) is as follows:

<table>
<thead>
<tr>
<th>State</th>
<th>Installation or location</th>
<th>Project</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oklahoma</td>
<td>Tinker Air Force Base</td>
<td>Replace Family Housing</td>
<td>$6,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>41 Unites</td>
<td></td>
</tr>
<tr>
<td>Texas</td>
<td>Lackland Air Force Base</td>
<td>Dormitory</td>
<td>$5,300,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Army National Guard: Extension of 2000 Project Authorization

<table>
<thead>
<tr>
<th>State</th>
<th>Installation or location</th>
<th>Project</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Virginia</td>
<td>Fort Pickett</td>
<td>Multi-Purpose Heavy House</td>
<td>$13,500,000</td>
</tr>
</tbody>
</table>

SEC. 2702. EXTENSION OF AUTHORIZATIONS OF CERTAIN FISCAL YEAR 2000 PROJECTS.

(a) Extension—Notwithstanding section 2701 of the Military Construction Authorization Act for Fiscal Year 2000 (division B of Public Law 106-89; 113 Stat. 841), authorizations set forth in the tables in subsection (b), as provided in section 2302 of that Act and extended by section 2702 of the Military Construction Authorization Act for Fiscal Year 2002 (division B of Public Law 107-107; 115 Stat. 1301), shall remain in effect until October 1, 2003, or the date of the enactment of an Act authorizing funds for military construction for fiscal year 2004, whichever is later.

(b) Tables.—The table referred to in subsection (a) is as follows:

<table>
<thead>
<tr>
<th>State</th>
<th>Installation or location</th>
<th>Project</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delaware</td>
<td>Dover Air Force Base</td>
<td>Replace Family Housing</td>
<td>$8,988,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>55 Unites</td>
<td></td>
</tr>
<tr>
<td>Florida</td>
<td>Patrick Air Force Base</td>
<td>Replace Family Housing</td>
<td>$9,692,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46 Unites</td>
<td></td>
</tr>
</tbody>
</table>
SEC. 2704. EFFECTIVE DATE.
Titles XXI, XXII, XXIII, XXIV, XXV, XXVI, and XXVII of this Act shall take effect on the effective dates provided for in the titles of this Act—
(1) October 1, 2002; or
(2) the date of the enactment of this Act.

TITLE XVIII—GENERAL PROVISIONS

Subtitle A—Military Construction Program and Military Family Housing Changes

SEC. 2801. LEASE OF MILITARY FAMILY HOUSING IN KOREA

(a) INCREASE IN NUMBER OF UNITS AUTHORIZED FOR LEASE AT CURRENT MAXIMUM AMOUNT.—Paragraph (3) of section 2829(e) of title 10, United States Code, is amended by striking “800 units” and inserting “1,175 units”.

(b) AUTHORITY TO LEASE ADDITIONAL NUMBER OF UNITS AT INCREASED MAXIMUM AMOUNT.—That section is further amended—
(1) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively;
(2) by inserting after paragraph (3) the following new paragraph (4):—
“(4) In addition to the units of family housing referred to in paragraph (1) for which the maximum lease amount is $25,000 per unit per year, the Secretary of the Army may lease not more than 2,400 units of family housing in Korea subject to a maximum lease amount of $35,000 per unit per year;”;
(3) in paragraph (5), as so redesignated, by striking “and (3)” and inserting “(3), and (4)”; and
(4) in paragraph (6), as so redesignated, by striking “55,000” and inserting “55,775”.

SEC. 2802. REPEAL OF SOURCE REQUIREMENTS FOR FAMILY HOUSING CONSTRUCTION OVERSEAS.


SEC. 2803. MODIFICATION OF LEASE AUTHORITY UNDER ALTERNATIVE AUTHORITY FOR ACQUISITION AND IMPROVEMENT OF MILITARY HOUSING.

(a) LEASING OF HOUSING.—Subsection (a) of section 2874 of title 10, United States Code, is amended to read as follows:

“§ 2874. Leasing of housing.

(1) The Secretary concerned may enter into contracts for the lease of housing units that the Secretary determines are suitable for use as military family housing or military unaccompanied housing.

(2) The Secretary concerned shall utilize housing units leased under paragraph (1) as military family housing or military unaccompanied housing, as appropriate.”.

(b) REPEAL OF INTRACOMPONENT LEASE AUTHORITY.—Section 2879 of such title is repealed.

(c) CONFORMING AND CLERICAL AMENDMENTS.—(1) The heading for section 2874 of such title is amended to read as follows:

“§ 2874. Leasing of housing”.

(2) The table of sections at the beginning of chapter 1 of subtitle A of such title is amended by striking “Section 2874. Leasing of housing”.

SEC. 2804. SUBTITLE B—REAL PROPERTY AND FACILITIES ADMINISTRATION

SEC. 2811. AGREEMENTS WITH PRIVATE ENTITIES TO ENHANCE MILITARY HOUSING, TESTING, AND OPERATIONS.

(a) IN GENERAL.—Chapter 159 of title 10, United States Code, is amended by inserting after section 2806 the following new section:

“§ 2807. Agreements with private entities to enhance military training, testing, and operations.

(a) AGREEMENTS WITH PRIVATE ENTITIES AUTHORIZED.—The Secretary of Defense or the Secretary of a military department may enter into an agreement with a private entity described in subsection (b) to address the use or development of real property in the vicinity of an installation under the jurisdiction of such Secretary for purposes of—
(1) limiting any development or use of such property that would otherwise be incompatible with the mission of such installation; or
(2) preserving habitat on such property in a manner that is compatible with both—
(A) current or anticipated environmental requirements that would or might otherwise restrict, impede, or otherwise interfere, whether directly or indirectly, with current or anticipated military training, testing, or operations on such installation; and
(B) current or anticipated military training, testing, or operations on such installation.

(b) COVERED PRIVATE ENTITIES.—A private entity described in this subsection is any private entity that has as its principal organizational purpose or goal the conservation, restoration, or preservation of land and natural resources, or a similar purpose or goal.

(c) INAPPLICABILITY OF CERTAIN CONTRACT REQUIREMENTS.—Chapter 63 of title 31 shall not apply to any agreement entered into under this section.

(d) ACQUISITION AND ACCEPTANCE OF PROPERTY AND INTERESTS.—Subject to the provisions of this subsection, an agreement with a private entity may provide for—
(1) the acquisition and transfer to the United States of any real property or interests therein, as appropriate for purposes of this section; and
(2) the Secretary concerned may accept any property or interest to be transferred to the United States under paragraph (1)(B).

(e) ADDITIONAL TERMS AND CONDITIONS.—The Secretary concerned may, for purposes of the acceptance of property or interests under this subsection, accept an appraisal or title documents prepared or adopted by a non-Federal entity as satisfying the applicable requirements of section 301 of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4651) or section 355 of the Revised Statutes (40 U.S.C. 2503). Where the Secretary finds that such appraisal or title documents substantially comply with such requirements.

(f) FUNDING.—(1) Except as provided in paragraph (2), amounts authorized to be appropriated for research, development, test, and evaluation, funds authorized to be appropriated for the Department of Defense, or the military department concerned, for research, development, test, and evaluation are available for purposes of an agreement under this section.

(2) In the case of an installation operated primarily by funds authorized to be appropriated for the Department of Defense, or the military department concerned, for research, development, test, and evaluation are available for purposes of an agreement under this section with respect to such installation.

(g) MANDATORY LIMITATIONS.—Amounts in the fund that are made available for a grant agreement in support of a military department under this section shall be made available for purposes of the applicable operation and maintenance account of the military department, including the operation and maintenance account for the active component, or for the reserve component, of the military department.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 2696 the following new item:

“§ 2697. Agreements with private entities to enhance military training, testing, and operations.”

SEC. 2812. CONVEYANCE OF SURPLUS REAL PROPERTY FOR NATURAL RESOURCE CONSERVATION.

(a) AUTHORITY TO CONVEY.—Subject to subsection (c), the Secretary of a military department may, in the sole discretion of the Secretary, convey to the United States, any local government or instrumentality thereof, or private entity that has as its primary purpose or goal the conservation of open space or natural resources, all right, title, and interest of the United States in and to any real property, including any
improvements thereon, under the jurisdiction of such Secretary that is described in subsection (b).

(b) Covered Real Property.—Real property covered under this subsection is any property that—

(1) is suitable, as determined by the Secretary concerned, for use for the conservation of open space or natural resources, unless otherwise provided for under subsection (e); and

(2) may be subsequently conveyed only if—

(A) the Secretary concerned approves in writing such subsequent conveyance; and

(B) the Secretary concerned notifies the appropriate committees of Congress of the subsequent conveyance not later than 21 days before the subsequent conveyance; and

(C) after such subsequent conveyance, shall be used and maintained for the conservation of open space or natural resources in perpetuity, unless otherwise provided for under subsection (e).

(d) Use for Incidental Production of Revenue.—Real property covered under this section may be used for the incidental production of revenue, as determined by the Secretary concerned, if such production of revenue is compatible with the use of such property for the conservation of open space or natural resources, as so determined.

(e) Reversion.—If the Secretary concerned determines at any time that real property conveyed under this section is not being used and maintained in accordance with the agreement of the conveyee under subsection (c), the property, or any part thereof, shall revert to the United States, and the United States shall have the right of immediate entry thereon.

(f) Property Under Base Closure Laws.—The Secretary concerned may not make a conveyance under this section of any real property to be disposed of under a base closure law in a manner that is inconsistent with the requirements and conditions of such base closure law.

(g) Additional Terms and Conditions.—The Secretary concerned may establish such additional terms and conditions in connection with a conveyance of real property under this section as such Secretary considers appropriate to protect the interests of the United States.

(h) Definitions.—In this section:

(1) The term ‘appropriately committees of Congress’ has the meaning given that term in section 2801(c)(4) of this title.

(2) The term ‘State’ includes the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, and the territories and possessions of the United States.

(3) The term ‘base closure law’ means the following:

(A) Section 2807 of this title.


(D) Any other similar authority for the closure or realignment of military installations that the Secretary determines to be appropriate in the public interest.

(e) Additional Terms and Conditions.—The Secretary of the Army may convey to the State of Alaska, or any governmental entity, Native Corporation, or Indian tribe within the State of Alaska, all right, title, and interest of the United States in and to any parcel of real property, including any improvements thereon, described in subsection (b) that the Secretary considers appropriate in the public interest.

(f) Definitions.—In this subsection:


(2) ‘Nanortalik’ means the city or other community of Nanortalik, Greenland; and

(3) ‘State’ means the State of Alaska.
(2) The term “Native Corporation” has the meaning given such term in section 3 of the Alaska Native Claims Settlement Act (43 U.S.C. 1602).

SEC. 2822. LAND CONVEYANCE, PORT CAMPBELL, KENTUCKY.

(a) CONVEYANCE AUTHORIZED.—The Secretary of the Army may convey, without consideration, to the City of Hopkinsville, Kentucky (in this section referred to as the “City”), all right, title, and interest of the United States in and to a parcel of real property consisting of approximately 50 acres and containing an abandoned railroad spur for the purpose of permitting the City to use the property for storm sewer drainage, water management, recreation, and other public purposes.

(b) REIMBURSEMENT OF TRANSACTION COSTS.—(1) The City shall reimburse the Secretary for any costs incurred by the Secretary in carrying out the conveyance authorized by subsection (a).

(2) Any reimbursement for costs that is received under paragraph (1) shall be credited to the fund or account providing funds for such costs. Amounts so credited shall be merged with amounts in such fund or account and shall be available for the same purposes, and subject to the same conditions and limitations, as amounts in such fund or account.

(c) DESCRIPTION OF PROPERTY.—The acreage of the real property to be conveyed under subsection (a) has been determined by the Secretary and is described in such manner as to enable an existing description to be augmented or clarified. No further survey of the property is required before conveyance under that subsection.

(d) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection (a) as the Secretary determines to protect the interests of the United States.

SEC. 2823. MODIFICATION OF AUTHORITY FOR LAND ACQUISITION, WINTER HARBOR AND EASTERN MAINE, NAVAL SECURITY GROUP ACTIVITY, WINTER HARBOR, RHODE ISLAND.

(a) MODIFICATION OF CONVEYANCE AUTHORITY FOR COREA AND WINTER HARBOR PROPERTY.—Section 2845 of the Military Construction Authorization Act for Fiscal Year 2002 (division B of Public Law 107–107, 115 Stat. 1319) is amended—

(1) by striking subsection (b) and inserting the following new subsection (b):

(b) CONVEYANCE AND TRANSFER OF COREA AND WINTER HARBOR PROPERTIES AUTHORIZED.—(1) The Secretary of the Navy may convey, without consideration, to the State of Maine, any political subdivision of the State of Maine, any tax-supported agency in the State of Maine, all right, title, and interest of the United States in and to parcels of real property, including any improvements thereon, consisting of approximately 54 acres at the former Naval Security Group Activity, Winter Harbor, in the State of Maine, as follows:

(A) A parcel consisting of approximately 50 acres located in Melville, Rhode Island, and known as the Watkins Communications Site in Arapahoe County, Colorado.

(B) A parcel consisting of approximately 7.2 acres and known as the Melville Maritime Site.

(2) As used in this section, the term “Secretary” means the Secretary of the Navy.

(b) CONSIDERATION.—(1) As consideration for the conveyance of real property under subsection (a), the United States shall pay the Secretary an amount equal to the fair market value of the real property, as determined by the Secretary based on an appraisal of the real property acceptable to the Secretary.

(2) Any consideration received under paragraph (1) shall be deposited in the account established under section 2401, acquire all right, title, and interest of the United States in and to a parcel of real property, together with improvements thereon, consisting of approximately 34 acres located in Melville, Rhode Island, and known as the Melville Maritime Site.

(3) All or part of the Watkins Communications Site in Arapahoe County, Colorado, shall be included in the Pentagon Reservation, as that term is defined in section 2674(f)(1) of title 10, United States Code.

(c) REIMBURSEMENT OF TRANSACTION COSTS.—(1) The Secretary may require the conveyee of the real property under subsection (a) to reimburse the United States for any costs incurred by the Secretary in carrying out the conveyance.

SEC. 2824. LAND CONVEYANCE, WESTOVER AIR RESERVE BASE, MASSACHUSETTS.

(a) CONVEYANCE AUTHORIZED.—The Secretary of the Navy may convey, without consideration, to the City of Chicopee, Massachusetts (in this section referred to as the “City”), all right, title, and interest of the United States in and to a parcel of real property, including any improvements thereon, consisting of approximately 33.38 acres located at Westover Air Reserve Base in Chicopee, Massachusetts. The City may use the property for economic development and other public purposes.

(b) ADMINISTRATIVE EXPENSES.—(1) The Secretary may require such additional terms and conditions in connection with the conveyance under subsection (a) as the Secretary determines to protect the interests of the United States.

(2) The Secretary shall be reimbursed for the costs incurred by the Secretary to carry out the conveyance under subsection (a), including survey costs, costs related to environmental documentation (other than the environmental baseline survey), and other administrative costs related to the conveyance.

(3) Upon conveyance to the United States of title 10, United States Code, shall apply to any amount received under this subsection.

(c) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of the real property to be conveyed under subsection (a) shall be determined by a survey satisfactory to the Secretary.

(d) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection (a) as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2825. LAND ACQUISITION, BOUNDARY CHANDELLE SITE, ARLINGTON, VIRGINIA.

(a) ACQUISITION AUTHORIZED.—The Secretary of Defense may acquire all or part of the parcel of real property to be conveyed under section 603 of title 10, United States Code, for the purposes, and subject to the same conditions and limitations, as amounts in such fund or account.

(b) REIMBURSEMENT OF TRANSACTION COSTS.—The exact acreage and legal description of the real property to be conveyed under section 603 of title 10, United States Code, shall be determined by a survey satisfactory to the Secretary.

(c) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of the real property to be conveyed under section 603 of title 10, United States Code, shall be included in the Pentagon Reservation, as that term is defined in section 2674(f)(1) of title 10, United States Code.

SEC. 2826. LAND EXCHANGE, BUCKLEY AIR FORCE BASE, COLORADO.

(a) EXCHANGE AUTHORIZED.—Subject to subsection (b), the Secretary of the Air Force may convey to the State of Colorado (in this section referred to as the “State”) all right, title, and interest of the United States in and to a parcel of real property, including improvements thereon, consisting of all or part of the Watkins Communications Site in Arapahoe County, Colorado.

(b) LIMITATION.—The conveyance under subsection (a) of the parcel of the real property to be conveyed under subsection (a) shall be determined by a survey satisfactory to the Secretary.

(c) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of the real property to be conveyed under subsection (a) shall be included in the Pentagon Reservation, as that term is defined in section 2674(f)(1) of title 10, United States Code.
property to be acquired under subsection (a) shall be determined by a survey satisfactory to the Secretary.

(d) Terms and Conditions.—The Secretary may require such terms and conditions in connection with the acquisition under this section as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2828. LAND CONVEYANCES, WENDEOVER AIR FORCE BASE AUXILIARY FIELD, NEVADA.

(a) Conveyances Authorized to West Wendover, Nevada.—(1) The Secretary of the Interior may convey, without consideration, to the City of West Wendover, Nevada, all right, title, and interest of the United States in and to the following:

(A) The lands at Wendover Air Force Base Auxiliary Field, Nevada, identified in Easement No. AFMC-HL-2-00-334 that are determined by the Secretary of the Air Force to be no longer required.

(B) The lands at Wendover Air Force Base Auxiliary Field identified for disposition on the map entitled “West Wendover, Nevada—Excess”, dated January 5, 2001, that are determined by the Secretary of the Air Force to be no longer required.

(2) The purposes of the conveyances under this subsection are—

(A) to permit the establishment and maintenance of runway protection zones; and

(B) to provide for the development of an industrial and transportation infrastructure.

(3) The map referred to in paragraph (1)(B) shall be on file and available for public inspection in the offices of the Director of the Bureau of Land Management and the Elko District Office of the Bureau of Land Management.

(b) Conveyance Authorized to Tooele County, Utah.—(1) The Secretary of the Interior may convey, without consideration, to Tooele County, Utah, all right, title, and interest of the United States in and to the lands at Wendover Air Force Base Auxiliary Field identified in Easement No. AFMC-HL-2-00-318 that are determined by the Secretary of the Air Force to be no longer required.

(2) The purpose of the conveyance under this subsection is to permit the establishment and maintenance of runway protection zones and an aircraft accident potential protection zone associated with nonmilitary aircraft operations at the Utah Test and Training Range.

(c) Management of Conveyed Lands.—The lands described in subsections (a) and (b) shall be managed by the City of West Wendover, Nevada, City of Wendover, Utah, Tooele County, Utah, and Elko County, Nevada—

(1) in accordance with the provisions of an Interlocal Memorandum of Agreement entered into between the Cities of West Wendover, Nevada, and Wendover, Utah, Tooele County, Utah, and Elko County, Nevada, providing for the coordinated management and development of the lands for the economic benefit of both communities;

(2) in a manner that is consistent with such provisions of the easements referred to subsections (a) and (b) that, as jointly determined by the Secretary of the Air Force and Secretary of the Interior, remain applicable and relevant to the operation and management of the lands following conveyance and are consistent with the provisions of this section.

(d) Additional Terms and Conditions.—The Secretary may require such additional terms and conditions in connection with the conveyances required by subsections (a) and (b) as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2829. LAND CONVEYANCE, FORT HOOD, TEXAS.

(a) Conveyance Authorized.—The Secretary of the Interior may convey, without consideration, to the Veterans Land Board of the State of Texas (in this section referred to as the “Board”), all right, title, and interest of the United States in and to a parcel of real property, including any improvements thereon, consisting of approximately 174 acres at Fort Hood, Texas, for the purpose of permitting the Board to establish a State-run cemetery for veterans.

(b) Reversionary Interest.—(1) If at the end of the five-year period beginning on the date of the conveyance by subsection (a), the Secretary determines that the property conveyed under that subsection is not being used for the purpose specified in subsection (a), the interest in and to the property, including any improvements thereon, shall revert to the United States, and the United States shall have the right of immediate entry thereon.

(2) Any determination of the Secretary under this subsection shall be made on the record after an opportunity for a hearing.

(c) Description of Property.—(i) The exact acreage and legal description of the real property to be conveyed under subsection (a) shall be determined by a survey satisfactory to the Secretary, and the survey shall be borne by the Board.

(ii) Additional Terms and Conditions.—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection (a) as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2830. LAND CONVEYANCES, ENGINEER PROVING GROUND, FORT BELVOIR, VIRGINIA.

(a) Conveyance to Fairfax County, Virginia, Authorized.—(1) The Secretary of the Army may convey, without consideration, to Fairfax County, Virginia, all right, title, and interest of the United States in and to a parcel of real property, including any improvements thereon, consisting of approximately 135 acres, located in the northwest portion of the Engineer Proving Ground (EPG) at Fort Belvoir, Virginia, in order to permit the County to use such property for park and recreational purposes.

(2) The parcel of real property authorized to be conveyed by paragraph (1) is generally described as that portion of the Engineer Proving Ground located west of Accotink Road, south of Powhatan Parkway, and north of Cisna Road to the northern boundary, but excludes a parcel of land consisting of approximately 15 acres located in the southeast corner of such portion of the Engineer Proving Ground.

(b) Reversionary Interest.—(1) The land excluded under paragraph (2) from the parcel of real property authorized to be conveyed by paragraph (1) shall be reserved for an access road to be constructed in the future.

(2) Conveyance of Balance of Property Authorized.—The Secretary may convey to any competitively selected grantee all right, title, and interest of the United States in and to the real property, including any improvements thereon, at the Engineering Proving Ground, not conveyed under the authorization in subsection (a).

(c) Consideration.—(1) As consideration for the conveyance authorized by subsection (b), the grantee shall provide the United States, whether by cash payment, in-kind contribution, or a combination thereof, an amount that is not less than the fair market value, as determined by the Secretary, of the property conveyed under that subsection.

(2) Additional Terms and Conditions.—(i) The Secretary may require such additional terms and conditions as the Secretary considers appropriate to protect the interests of the United States.
SEC. 2832. LAND CONVEYANCE, SUNFLOWER ARMY AMMUNITION PLANT, KANSAS.

(a) CONVEYANCE AUTHORIZED.—The Secretary of the Army may convey, without consideration, to the Johnson County Park and Recreation District, Kansas (in this section referred to as the "District"), all right, title, and interest of the United States in and to a parcel of real property, including any improvements thereon, in the State of Kansas consisting of approximately 2,000 acres, a portion of the Sunflower Army Ammunition Plant. The purpose of the conveyance is to permit the District to use the parcel for public recreational purposes.

(b) DESCRIPTION OF PROPERTY.—The exact acreage, location, and legal description of the real property to be conveyed under subsection (a) shall be determined by a survey satisfactory to the official making the conveyance. The cost of such legal description, survey, or both shall be borne by the District.

(c) ADDITIONAL TERMS AND CONDITIONS.—The Secretary of the Army may convey, without consideration, to the Johnson County Park and Recreation District, Kansas (in this section referred to as the "District"), all right, title, and interest of the United States in and to a parcel of real property, including any improvements thereon, in the State of Kansas consisting of approximately 2,000 acres, a portion of the Sunflower Army Ammunition Plant. The purpose of the conveyance is to permit the District to use the parcel for public recreational purposes.

(d) EFFECTIVE DATE.—This section shall take effect on January 31, 2003.

SEC. 2833. LAND CONVEYANCE, BLUEGRASS ARMY DEPOT, RICHMOND, KENTUCKY.

(a) CONVEYANCE AUTHORIZED.—The Secretary of the Army may convey, without consideration, to Madison County, Kentucky (in this section referred to as the "County"), all right, title, and interest of the United States in and to a parcel of real property, including any improvements thereon, consisting of approximately 10 acres at the Bluegrass Army Depot, Richmond, Kentucky, for the purpose of facilitating the construction of a veterans' center on the parcel by the County.

(b) EFFECTIVE DATE.—This section shall take effect on January 31, 2003.

SEC. 2834. TERRESTRIAL FUNDS FOR ACQUISITION OF REPLACEMENT PROPERTY FOR NATIONAL WILDLIFE REFUGE IN VIRGINIA.

(a) TRANSFER OF FUNDS AUTHORIZED.—(1) The Secretary of the Air Force may, using amounts authorized to be appropriated by section 230(a), transfer to the United States Fish and Wildlife Service $15,000,000 to fulfill the obligations of the Air Force under section 301(b)(5)(F) of the Military Lands Withdrawal Act of 1999 (title XXX of Public Law 106-65; 113 Stat. 889).

(2) Upon receipt by the Service of the funds transferred under paragraph (1), the obligations of the Air Force referred to in that paragraph shall be considered fulfilled.

(b) CONVEYANCE TO FOUNDATION.—(1) The United States Fish and Wildlife Service may grant funds received by the Service under subsection (a) in a lump sum to the National Wildlife Refuge System Foundation for use in accomplishing the purposes of section 301(b)(5)(F) of the Military Lands Withdrawal Act of 1999.

(2) Funds received by the Foundation under paragraph (1) shall be subject to the provisions of the National Wildlife and Fish and Wildlife Establishment Act (16 U.S.C. 701 - Req.), other than section 10(a) of that Act (16 U.S.C. 3790(a)).

DIVISION C—DEPARTMENT OF ENERGY NATIONAL SECURITY AUTHORIZATIONS AND OTHER PROVISIONS

TITLE XXXI—DEPARTMENT OF ENERGY NATIONAL SECURITY PROGRAMS

Subtitle A—National Security Programs Authorization

SEC. 3101. NATIONAL NUCLEAR SECURITY ADMINISTRATION.

Funds are hereby authorized to be appropriated to the Secretary of Energy for fiscal year 2003 for the activities of the National Nuclear Security Administration in carrying out programs necessary for national security in the amount of $8,160,043,000, to be allocated as follows:

(1) WEAPONS ACTIVITIES.—For weapons activities, $5,988,188,000, to be allocated as follows:

(A) For directed stockpile work, $1,219,967,000.

(B) For campaigns, $2,090,528,000, to be allocated as follows:

(i) Operation and maintenance, $1,740,983,000.

(ii) For construction, $349,545,000, to be allocated as follows:

(A) Project 01—terascale simulation facility, Lawrence Livermore National Laboratory, Livermore, California, $13,305,000.

(B) Project 02—terascale simulation facility, Lawrence Livermore National Laboratory, Livermore, California, $35,030,000.

(C) Project 03—terascale simulation facility, Lawrence Livermore National Laboratory, Livermore, California, $224,045,000.

(C) For readiness in technical base and facilities, $1,735,120,000, to be allocated as follows:

(i) For operation and maintenance, $1,461,783,000.

(ii) For plant projects (including maintenance, restoration, planning, construction, acquisition, modification of facilities, and the continuation of projects authorized in prior years, and land acquisition related thereto), $270,346,000, to be allocated as follows:

(A) Project 03—D11, national ignition facility (NIF), Lawrence Livermore National Laboratory, Livermore, California, $224,045,000.

(B) For federal facilities, $461,000.

(ii) For plant projects (including maintenance, restoration, planning, construction, acquisition, modification of facilities, and the continuation of projects authorized in prior years, and land acquisition related thereto), $8,900,000, to be allocated as follows:

Project 99—D13, stockpile management restructuring initiative, nuclear material safeguards and security upgrades project, Los Alamos National Laboratory, Los Alamos, New Mexico, $8,900,000.

(iii) For facilities and infrastructure, $242,512,000.

(2) DEFENSE NUCLEAR NONPROLIFERATION.—For defense nuclear nonproliferation activities, $1,120,130,000, to be allocated as follows:

(A) For operation and maintenance, $1,037,130,000, to be allocated as follows:

(i) For nonproliferation research and development, $286,907,000.

(ii) For nonproliferation programs, $464,221,000.

(iii) For fissile materials, $292,600,000.

(B) For nuclear facility modernization, $1,460,000.

(C) For other nuclear defense programs, $73,800,000.
the continuation of projects authorized in prior years, and land acquisition related thereto), $156,000,000, to be allocated as follows:

Project 01–D–407, highly enriched uranium blend-down, Savannah River Site, Aiken, South Carolina, $30,000,000.

Project 99–D–141, pit disassembly and conversion facility, Savannah River Site, Aiken, South Carolina, $33,000,000.

Project 99–D–143, mixed oxide fuel fabrication facility, Savannah River Site, Aiken, South Carolina, $43,000,000.

(3) NAVAL REACTORS.—For naval reactors, $707,020,000, to be allocated as follows:

(A) For nuclear reactor development, $682,955,000, to be allocated as follows:

(i) For operation and maintenance, $767,296,000.

(ii) For plant projects (including maintenance, restoration, planning, construction, acquisition, modification of facilities, and the continuation of projects authorized in prior years, and land acquisition related thereto), $11,300,000, to be allocated as follows:

Project 03–D–201, cleanroom technology facility, Bettis Atomic Power Laboratory, West Mifflin, Pennsylvania, $7,200,000.

Project 01–D–200, major office replacement building, Schenectady, New York, $2,100,000.

Project 90–N–102, expended core facility dry cell project, Naval Reactors Facility, Idaho, $2,000,000.

(B) For program direction, $24,430,000.

(4) OFFICE OF ADMINISTRATOR FOR NUCLEAR SECURITY.—For the Office of the Administrator for Nuclear Security, and for program direction for the National Nuclear Security Administration (other than for naval reactors and secure transportation assets), $335,705,000.

SEC. 3102. DEFENSE ENVIRONMENTAL MANAGEMENT.

Funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 2003 for environmental management activities in carrying out programs necessary for national security in the amount of $6,710,774,000, to be allocated as follows:

(1) CLOSURE PROJECTS.—For closure projects carried out in accordance with section 202 of the Nuclear Waste Policy Act of 1982 (42 U.S.C. 10222), $158,399,000, to be allocated as follows:

(A) For environment, safety, and health (E, S, and H) activities, $2,100,000.

(B) For safeguards and security, $22,656,000.

(C) For operation and maintenance, $226,256,000.

(2) NUCLEAR REACTOR COMPLETION.—For site completion and project completion in carrying out environmental management activities necessary for national security programs, $779,706,000, to be allocated as follows:

(A) For operation and maintenance, $779,706,000.

(B) For plant projects (including maintenance, restoration, planning, construction, acquisition, modification of facilities, and the continuation of projects authorized in prior years, and land acquisition related thereto), $14,244,000, to be allocated as follows:

Project 02–D–402, Intec catherodic protection system expansion, Idaho National Engineering and Environmental Laboratory, Idaho Falls, Idaho, $119,000.

Project 02–D–420, plutonium stabilization and packaging, Savannah River Site, Aiken, South Carolina, $2,000,000.

Project 01–D–414, project engineering and design (PED), various locations, $5,125,000.

Project 86–D–103, decontamination and waste treatment facility, Lawrence Livermore National Laboratory, Livermore, California, $6,000,000.

(3) POST–2006 COMPLETION.—For post-2006 completion projects in carrying out environmental restoration and waste management activities necessary for national security programs, $2,617,199,000, to be allocated as follows:

(A) For operation and maintenance, $1,709,341,000.

(B) For plant projects (including maintenance, restoration, planning, construction, acquisition, modification of facilities, and the continuation of projects authorized in prior years, and land acquisition related thereto), $14,870,000, to be allocated as follows:

Project 93–D–187, high-level waste removal from filled waste tanks, Savannah River Site, Aiken, South Carolina, $14,870,000.

(C) For the Office of River Protection in carrying out environmental restoration and waste management activities necessary for national security programs, $897,988,000, to be allocated as follows:

(i) For operation and maintenance, $226,256,000.

(ii) For plant projects (including maintenance, restoration, planning, construction, acquisition, modification of facilities, and the continuation of projects authorized in prior years, and land acquisition related thereto), $671,732,000, to be allocated as follows:

Project 03–D–403, immobilized high-level waste interim storage facility, Richland, Washington, $6,363,000.

Project 01–D–402, advanced treatment and immobilization plant, Richland, Washington, $619,000.

Project 97–D–402, tank farm restoration and safe operations, Richland, Washington, $25,424,000.

Project 94–D–407, initial tank retrieval systems, Richland, Washington, $20,945,000.

(4) SCIENCE AND TECHNOLOGY DEVELOPMENT.—For science and technology development in carrying out environmental management activities necessary for national security programs, $92,000,000.

(5) EXCESS FACILITIES.—For excess facilities in carrying out environmental management activities necessary for national security programs, $1,300,000.

(6) SAFEGUARDS AND SECURITY.—For safeguards and security in carrying out environmental management activities necessary for national security programs, $778,260,000.

(7) URANIUM ENRICHMENT DECONSTRUCTION AND DECOMMISSIONING FUNDS.—For contributions to the Uranium Enrichment Deconstruction and Decommissioning Fund under chapter 28 of the Atomic Energy Act of 1942 (42 U.S.C. 2141 et seq.), $1,000,000,000.

(8) ENVIRONMENTAL MANAGEMENT CLEANUP REFORM.—For accelerated environmental restoration and waste management activities, $1,000,000,000.

(9) PROGRAM DIRECTION.—For program direction in carrying out environmental restoration and waste management activities necessary for national security programs, $396,098,000.

SEC. 3103. OTHER DEFENSE ACTIVITIES.

Funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 2003 for other defense activities in carrying out programs necessary for national security in the amount of $895,883,000, to be allocated as follows:

(1) INTELLIGENCE.—For intelligence, $43,559,000.

(2) COUNTERINTELLIGENCE.—For counterintelligence, $49,085,000.

(3) OFFICE OF SECURITY.—For the Office of Security for security, $252,218,000, to be allocated as follows:

(A) For nuclear safeguards and security, $156,102,000.

(B) For security investigations, $45,870,000.

(C) For program direction, $50,246,000.

(D) For independent oversight and performance assurance.—For independent oversight and performance assurance, $22,615,000.

(4) OFFICE OF ENVIRONMENT, SAFETY, AND HEALTH.—For the Office of Environment, Safety, and Health, $104,910,000, to be allocated as follows:

(A) For environment, safety, and health (E, S, and H) activities, $86,892,000.

(B) For program direction, $18,018,000.

(7) OFFICE OF HEARINGS AND APPEALS.—For the Office of Hearings and Appeals, $3,156,000.

SEC. 3104. DEFENSE ENVIRONMENTAL MANAGEMENT PRIVATIZATION.

Funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 2003 for the activities and projects listed in section 302(c) of the Nuclear Waste Policy Act of 1982 (42 U.S.C. 10272(c)) in the amount of $158,399,000.

Subtitle B—Recurring General Provisions

SEC. 3211. REPROGRAMMING.

(a) IN GENERAL.—Until the Secretary of Energy submits to the congressional defense committees the report required under section 2(b) and a period of 30 days has elapsed after the date on which such committees receive the report, the Secretary shall not use amounts appropriated pursuant to this title for any program—

(1) in amounts that exceed, in a fiscal year, $115 percent of the amount authorized for that program by this title; or

(2) $5,000,000 more than the amount authorized for that program by this title; or

(b) REPORT.—(1) The report referred to in subsection (a) is a report containing a full and complete statement of the action proposed to be taken and the facts and circumstances relied upon in support of the proposed action.

(2) In the computation of the 30-day period under subsection (a), there shall be excluded any day on which either House of Congress is not in session because of an adjournment of more than 3 days to a certain day.

(3) LIMITATIONS.—(1) In no event may the total amount of funds obligated pursuant to this title exceed the total amount authorized to be appropriated by this title.

(2) Funds appropriated pursuant to this title may not be used for an item for which Congress has specifically denied funds.

SEC. 3112. LIMITS ON MINOR CONSTRUCTION PROJECTS.

(a) AUTHORITY.—The Secretary of Energy may carry out any minor construction project using operation and maintenance funds, or facilities and infrastructure funds, authorized by this title.

(b) ANNUAL REPORT.—The Secretary shall submit to the congressional defense committees on an annual basis a report on each exercise of the authority in subsection (a) during the preceding year. The report shall provide a brief description of each minor construction project covered by the report.
(c) Cost Variation Reports to Congressional Committees.—If, at any time during the construction of any minor construction project authorized by this title, the estimated cost of the portion of the project is revised and the increased cost of the project exceeds $5,000,000, the Secretary shall immediately submit to the congressional defense committees a report explaining the reasons for the cost variation.

SEC. 3123. LIMITS ON CONSTRUCTION PROJECTS.

(a) In General.—(1) Except as provided in (2), construction on a construction project that has not been or additional obligations incurred in connection with the project above the total estimated cost, whenever the current estimated cost of the construction project, authorized by section 3101, 3102, or 3103, or which is in support of national security programs of the Department of Energy and was authorized by any previous law, exceeds by more than 5 percent the higher of—

(A) the amount authorized for the project; or

(B) the amount of the total estimated cost for the project as shown in the most recent budget justification data submitted to Congress.

(2) An action described in paragraph (1) may be taken if—

(A) the Secretary of Energy has submitted to the congressional defense committees a report on the actions and the circumstances making such action necessary; and

(B) a period of 30 days has elapsed after the date on which the report is received by the committees.

(b) Exception.—Subsection (a) does not apply to a construction project with a current estimated cost of less than $5,000,000.

SEC. 3124. FUND TRANSFER AUTHORITY.

(a) Transfer to Other Federal Agencies.—The Secretary of Energy may transfer funds authorized to be appropriated to the Department of Energy pursuant to this title to other Federal agencies for the performance of work for which the funds were authorized.
Subtitle C—Program Authorizations, Restrictions, and Limitations

SEC. 3131. AVAILABILITY OF FUNDS FOR ENVIRONMENTAL MANAGEMENT CLEAN-UP REFORM.

SEC. 3132. ROBUST NUCLEAR EARTH PENE TRATOR.

SEC. 3133. DATABASE TO TRACK NOTIFICATION AND ANALYSIS OF CHANGES OF SIGNIFICANT FINDING INVESTIGATIONS.

SEC. 3134. REQUIREMENTS FOR SPECIFIC REQUIREMENTS FOR NEW OR MODIFIED NUCLEAR WEAPONS.
SEC. 3135. REQUIREMENT FOR AUTHORIZATION BY LAW FOR FUNDS OBLIGATED OR EXPENDED FOR DEPARTMENT OF ENERGY NUCLEAR SECURITY ACTIVITIES.

Section 660 of the Department of Energy Organization Act (42 U.S.C. 7270) is amended—

(a) by inserting “(a)” before “Appropriations”; and

(b) by striking at the end the following new subsection:

“(b)(1) No funds for the Department may be obligated or expended for—

(A) national security programs and activities of the Department; or

(B) activities under the Atomic Energy Act of 1954 (42 U.S.C. 2021 et seq.); unless funds theretofore have been specifically authorized by law.

“(2) Nothing in paragraph (1) may be construed to preclude the requirement under subsection (a) or any other provision of law, for an authorization of appropriations for programs and activities of the Department (other than programs and activities covered by that paragraph) as a condition to the obligation and expenditure of funds for programs and activities of the Department (other than programs and activities covered by that paragraph).

SEC. 3136. LIMITATION ON AVAILABILITY OF FUNDS FOR PROGRAM TO ELIMINATE WEAPONS GRADE PLUTONIUM PRODUCTION IN RUSSIA.

(a) LIMITATION.—Of the amounts authorized to be appropriated by this title for the program to eliminate weapons grade plutonium production, the Administrator for Nuclear Security may not obligate or expend more than $100,000,000 for that program until—

(A) the provision of technology and assistance for the safe disposal of radioactive waste; and

(B) the date on which the Administrator for Nuclear Security shall carry out a program on research and technology for protection from nuclear or radiological terrorism, including technology for the detection (particularly as border crossings and ports of entry), identification, assessment, control, disposition, consequence management, and consequence mitigation of the dispersal of radiological materials or of nuclear terrorism.

(b) PROGRAM ELEMENTS.—The Administrator for Nuclear Security shall carry out a program—

(1) to develop new means for the safe disposal of radioactive waste; and

(2) to develop new means for the management and treatment of radioactive waste.

SEC. 3151. ADMINISTRATION OF PROGRAM TO ELIMINATE WEAPONS GRADE PLUTONIUM PRODUCTION IN RUSSIA.

(a) TRANSFER OF PROGRAM TO DEPARTMENT OF ENERGY.—The program to eliminate weapons grade plutonium production in the Russian Federationshall be transferred from the Department of Defense to the Department of Energy.

(b) TRANSFER OF ASSOCIATED FUNDS.—(1) Notwithstanding any restriction or limitation in law on the availability of Cooperative Threat Reduction funds specified in paragraph (a), the Cooperative Threat Reduction funds specified in that paragraph that are available for the program referred to in subsection (a) shall be transferred from the Department of Defense to the Department of Energy.

(2) The Cooperative Threat Reduction funds specified in this paragraph are the following:


(c) AVAILABILITY OF TRANSFERRED FUNDS.—(1) Notwithstanding any restriction or limitation in law on the availability of Cooperative Threat Reduction funds specified in subsection (b), the Cooperative Threat Reduction funds transferred under subsection (b) for the program referred to in subsection (a) shall be available for activities as follows:

(A) To design and construct, refurbish, or both, fossil fuel energy plants in Russia that produce weapons grade plutonium that produce weapons grade plutonium in Russia that produce weapons grade plutonium and are used in nuclear weapons production.

(B) To carry out limited safety upgrades of not more than three energy plants in Russia that produce weapons grade plutonium in order to permit the shutdown of such energy plants and eliminate the production of weapons grade plutonium in such energy plants.

(2) Amounts available under paragraph (1) for activities referred to in that paragraph shall remain available for such activities until expended.

SEC. 3152. REQUIREMENT OF REPORT ON OBLIGATION OF FUNDS FOR PROGRAMS ON FISSILE MATERIALS PROTECTION, CONTROL, AND ACCOUNTING PROGRAMS.

(a) COVERED PROGRAMS.—Subsection (a) of section 3331 of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104–106; 110 Stat. 617; 22 U.S.C. 5992 note) is amended—

(1) in subsection (a), by striking “(a) Authority.—”; and

(2) by striking subsection (b).

(b) REPORT CONTENTS.—Subsection (b) of that section is amended—

(1) in paragraph (1), by inserting “in each country covered by subsection (a)” after “locations,”;

(2) in paragraph (2), by striking “in Russia” and inserting “in Russia and inserting such country;”;

(3) in paragraph (3), by inserting “in each such country” after “subsection (a)” and in paragraph (4), by striking “by total amount managed” and inserting “by total amount per country and by amount per fiscal year per country”.

SEC. 3154. TESTING OF PREPAREDNESS FOR EMERGENCIES INVOLVING NUCLEAR, RADIOLOGICAL, CHEMICAL, OR BIOLOGICAL WEAPONS.


(1) in subsection (a)(2), by striking “of five successive fiscal years beginning with fiscal years 1997 and inserting “of fiscal years 1997 through 2013”;

(2) in subsection (b)(2), by striking “of five successive fiscal years beginning with fiscal years 1997 and inserting “of fiscal years 1997 through 2013”.

(b) CONSTRUCTION OF EXTENSION WITH DESIGNATION OF ATTORNEY GENERAL AS LEAD OFFICIAL.—The amendment made by subsection (a) may not be construed as modifying the designation of the President entitled “Designation of the Attorney General as the Lead Official for the Emergency Response Assistance Program Under Sections 1412 and 1415 of the National Defense Authorization Act for Fiscal Year 1997”, dated April 6, 2000, designating the Attorney General to assume programmatic and funding responsibilities for the Emergency Response Assistance Program under sections 1412 and 1415 of the Defense Against Weapons of Mass Destruction Act of 1996.
not under current accounting programs in the report of the Inspector General of the Department of Energy entitled “Accounting for Sealed Sources of Nuclear Material Provided to the Former Republics of the Soviet Union,” and in identifying and controlling radiological sources that represent significant risks; and

(5) in coordination with the Office of Environmental Health and Safety, the Secretary of the Department of Energy, the Department of Commerce, and the International Atomic Energy Agency, develop consistent criteria for screening international transfers of radiological materials.

(c) Requirements for International Elements of the Program.—(1) In carrying out activities in accordance with paragraphs (3) and (4) of subsection (b), the Administrator shall consult with—

(A) the Secretary of Defense, Secretary of State, and Secretary of Commerce; and

(B) the International Atomic Energy Agency.

(2) The Administrator shall encourage joint leadership between the United States and the Russian Federation of activities on the development of technologies under subsection (b).

(d) Incorporation of Results in Emergency Response Assistance Program.—To the maximum practicable, the technologies and information developed under the program required by subsection (a) shall be incorporated into the program on response to terrorist attacks other than terrorist attacks involving radiological and weapons-carrying materials carried out under section 1415 of the Defense Against Weapons of Mass Destruction Act of 1994 (title XIV of Public Law 104-201; 50 U.S.C.C. 2315).

(e) Amount for Activities.—Of the amount authorized to be appropriated by section 3151(2) for the Department of Energy, the Department of Commerce, and the International Atomic Energy Agency for the National Nuclear Security Administration for defense nuclear nonproliferation and available for the development of a new generation of radiation detection systems for homeland defense, up to $15,000,000 shall be available for carrying out this section.

SEC. 3156. EXPANSION OF INTERNATIONAL MATERIALS PROTECTION, CONTROL, AND ACCOUNTING PROGRAM.

(a) Expansion of Program to Additional Countries Authorized.—The Secretary of Energy may expand the International Materials Protection, Control, and Accounting (MPC&A) program of the Department of Energy to the independent countries outside the Russian Federation and the independent states of the former Soviet Union.

(b) Notice to Congress of Use of Funds for Additional Countries.—Not later than 30 days after the Secretary obligates funds for the International Materials Protection, Control, and Accounting program, as expanded under subsection (a), for activities in or with respect to a country outside the Russian Federation and the independent states of the former Soviet Union, the Secretary shall submit to Congress a notice of the obligation of such funds for such activities.

(c) Assistance to Department of State for International Nuclear Security Assurance Programs.—(1) As part of the International Materials Protection, Control, and Accounting program, the Secretary of Energy may provide assistance to the Department of State in the efforts of the Secretary of State to assist other nuclear weapons states to review and improve their nuclear materials security.

(2) The technical assistance provided under paragraph (1) may include the sharing of technology or methodologies to the states referred to in that paragraph. Any such sharing shall—

(A) be consistent with the treaty obligations of the United States; and

(B) take into account the sovereignty of the state concerned and its weapons programs, as well the sensitivity of any information involved regarding United States weapons or weapons systems.

(3) The Secretary of Energy may include the Russian Federation and other countries under paragraph (1) if the Secretary determines that the experience of the Russian Federation under the International Materials Protection, Control, and Accounting program with the Russian Federation would make the participation of the Russian Federation in such activities under that paragraph in providing technical assistance under that paragraph.

(d) Plan for Accelerated Conversion or Return of Weapons-Usable Nuclear Materials.—The Secretary shall develop an accelerated plan to accelerate the conversion or return to the country of origin of all weapons-usable nuclear materials located in research reactors and other facilities outside the country of origin.

(2) The plan under paragraph (1) for nuclear materials of origin in the Soviet Union shall be developed in consultation with the Russian Federation.

(3) As part of the plan under paragraph (1), the Secretary shall identify the funding and schedules required to assist the research reactors and facilities referred to in that paragraph in implementing appropriate security procedures until the weapons-usable nuclear materials in such reactors and facilities are converted or returned in accordance with that plan.

(4) The provision of assistance under paragraph (3) shall be closely coordinated with ongoing efforts of the International Atomic Energy Agency for the same purpose.

(e) Radiological Dispersal Device Materials Protection, Control, and Accounting Program.—(1) The Secretary shall establish within the International Materials Protection, Control, and Accounting program a program on the protection, accounting, and management of facilities containing materials usable in radiological dispersal devices.

(2) The program under paragraph (1) shall include—

(A) an identification of vulnerabilities regarding radiological materials worldwide;

(B) the mitigation of vulnerabilities so identified through appropriate security enhancements; and

(C) an acceleration of efforts to recover and control dispersed radiation sources and to ‘organize’ those facilities that are of sufficient strength to represent a significant risk.

(f) Study of Program to Secure Certain Radiological Materials.—(1) The Secretary, acting through the Administrator for Nuclear Security, shall conduct a study to determine the feasibility and advisability of developing a program to secure radioactive materials outside the United States that pose a threat to the national security of the United States.

(2) The study under paragraph (1) shall include the following:

(A) an identification of the categories of radiological materials that are covered by that program; and

(B) an examination of the number of sites at which such radiological materials are present.

(g) Amendment of Convention on Physical Protection of Nuclear Material.—(1) It is the sense of Congress that the President should encourage amendment of the Convention on Physical Protection of Nuclear Material in order to provide that the Convention—

(A) apply to both the domestic and international use and transport of nuclear materials; and

(B) incorporate fundamental practices for the physical protection of such materials; and

(h) Address Protection against Sabotage Involving Nuclear Materials.—(1) It is the sense of Congress that the President, in cooperation with the Secretary of Defense, should develop a comprehensive program of activities to encourage all countries with nuclear materials to adopt appropriate standards equivalent to, the International Atomic Energy Agency standard on The Physical Protection of Nuclear Material and Nuclear Facilities (MPC&A: INFCIRC/225/Rev.4), relating to the security of stockpiles of highly enriched uranium (HEU) and plutonium (Pu).

(2) To the maximum extent practicable, the program should be developed in consultation with the Russian Federation, other Group of 8 countries, and other allies of the United States.

(3) Activities under the program should include specific, targeted incentives intended to—
to encourage countries that cannot undertake the expense of conforming to the standard referred to in paragraph (1) to relinquish their highly enriched uranium (HEU) or plutonium and receive incentives in which a country, group of countries, or international body—

(A) purchase such materials and provide for their disposal (including by removal to another location);

(B) undertake the costs of decommissioning facilities that house such materials;

(C) convert such reactors to low-enriched uranium reactors; or

(D) upgrade the security of facilities that house such materials in order to meet stringent security standards that are established for purposes of the program based upon agreed best practices.

(b) Program on Accelerated Disposition of HEU Authorized. — (1) The Secretary of Energy may carry out a program to pursue the solidification and conversion of HEU, and any other material that possesses highly enriched uranium, options for blending such uranium so that the concentration of U-235 in such uranium does not exceed 20 percent.

(2) The options pursued under paragraph (1) shall include expansion of the Material Conversion and Solidification program of the Department of Energy to include—

(A) additional facilities for the blending of highly enriched uranium; and

(B) additional centralized secure storage facilities for highly enriched uranium designated for blending.

(c) Incentives Regarding Highly Enriched Uranium in Russia. — As part of the options pursued under subsection (b), the Secretary may provide financial and other incentives for the removal of all highly enriched uranium from any nation in the Russian Federation if the Secretary determines that such incentives will facilitate the consolidation of highly enriched uranium in the Russian Federation to the best-secured facilities.

(d) Construction With HEU Disposition Agreement. — Nothing in this section may be construed as terminating, modifying, or otherwise affecting requirements for the disposition of highly enriched uranium under the Agreement between the Government of the United States of America and the Government of the Russian Federation Concerning the Disposition of Highly Enriched Uranium Extraneous Weapons, signed at Washington on February 18, 1993.

(e) Priority in Blending Activities. — In pursuing options under this section, the Secretary shall give priority to the blending of highly enriched uranium from weapons, though highly enriched uranium from sources other than weapons may also be blended.

(f) Transfer of Highly Enriched Uranium and Plutonium to United States. — (1) As part of the program under subsection (b), the Secretary may, upon the request of any nation—

(A) purchase highly enriched uranium or weapons grade plutonium from the nation at a price determined by the Secretary;

(B) transport any uranium or plutonium so purchased to the United States; and

(C) store any uranium or plutonium so transported at the United States.

(2) The Secretary is not required to blend any highly enriched uranium purchased under paragraph (1)(A) in order to reduce the concentration of U-235 in such uranium to below 20 percent. Amounts authorized to be appropriated by subsection (m) may not be used for blending such uranium.

(g) Transfer of Highly Enriched Uranium to Russia. — (1) As part of the program under subsection (b), the Secretary may encourage nations with highly enriched uranium to transfer such uranium to the Russian Federation for disposition under this section.

(2) The Secretary may pay any nation that transfers highly enriched uranium to the Russian Federation under this subsection an amount determined appropriate by the Secretary.

(3) The Secretary may pay the cost of any blending and storage of uranium transferred to the Russian Federation under this subsection, including any costs of blending and storage under a contract under subsection (g). Any site selected for such storage shall have undergone complete materials protection, control, and accounting upgrades before the commencement of such storage.

(b) Coordination for Blending and Storage of Highly Enriched Uranium in Russia. — (1) As part of the program under subsection (b), the Secretary may enter into one or more contracts with the Russian Federation—

(A) to blend in the Russian Federation highly enriched uranium of the Russian Federation and highly enriched uranium transferred to the Russian Federation under subsection (g); or

(B) to store in the Russian Federation highly enriched uranium before blending or the blending of such uranium.

(2) Any site selected for the storage of uranium or blended material under paragraph (1)(B) shall have undergone complete materials protection, control, and accounting upgrades before the commencement of such storage.

(i) Limitation on Release for Sale of Blended Uranium. — Uranium blended under this section may not be released for sale until the earlier of—

(1) January 1, 2014; or

(2) the date on which the Secretary certifies that such uranium can be absorbed into the global market without undue disruption to the uranium mining industry in the United States.

(j) Proceeds of Sale of Uranium Blended by Russia. — Upon the sale by the Russian Federation of uranium blended under this section by the Russian Federation, the Secretary may elect to receive from the proceeds of such sale an amount not to exceed 75 percent of the export price paid to the Department of Energy under subsections (c), (g), and (h).

(k) Report on Status of Program. — Not later than July 1, 2003, the Secretary shall submit to Congress a report on the status of the program carried out under the authority in subsection (b). The report shall include—

(1) a description of international interest in the program;

(2) schedules and operational details of the program; and

(3) recommendations for future funding for the program.

(l) Highly Enriched Uranium Defined. — In this section, the term "highly enriched uranium" means uranium with a concentration of U-235 of 20 percent or more.

(m) Amount for Activities. — Of the amount to be appropriated by section 3102(2) for the Department of Energy for the National Nuclear Security Administration for defense nuclear nonproliferation, up to $40,000,000 shall be available for carrying out this section.

SEC. 3158. DISPOSITION OF PLUTONIUM IN RUSSIA.

(a) Negotiations With Russian Federation. — (1) The Secretary of Energy is encouraged to continue to support the Secretary of State in negotiations with the Ministry of Atomic Energy in the Russian Federation to finalize the plutonium disposition program of the Russian Federation (as established under the agreement described in subsection (b)).

(2) As part of the negotiations, the Secretary of Energy may consider providing additional financial support to the Russian Federation in order to reach a successful agreement.

(b) As part of such an agreement, the requirements in subsection (a) may be met with the Ministry of Atomic Energy, which requires additional funds for the Russian work, the Secretary shall either seek authority to use funds available for another purpose, or request supplemental appropriations, for such work.

(c) Requirement for Disposition Program. — The plutonium disposition program under subsection (a) shall include transparent verifiable steps;

(2) shall proceed at a rate approximately equivalent to the rate of the United States program for the disposition of plutonium;

(3) shall provide for cost-sharing among a variety of countries;

(4) shall provide for contributions by the Russian Federation;

(5) shall include steps over the near term to provide high confidence that the schedules for the disposition of plutonium of the Russian Federation will be met in accordance with law;

(6) may include research on more speculative long-term options for the future disposition of the plutonium of the Russian Federation.

(d) Transfer of Highly Enriched Uranium and Plutonium. — Nothing in this section may be construed as terminating, modifying, or otherwise affecting requirements in subsection (a) is the Agreement Between the Government of the United States of America and the Government of the Russian Federation Concerning the Management and Disposition of Plutonium Designated As No Longer Required For Defense Purposes and Related Cooperation, signed August 29, 2000, and September 1, 2000.

(e) Requirement for Disposition Program. — The plutonium disposition program under subsection (a) —

(1) the Secretary of Energy in order to reach a successful agreement.

SEC. 3159. STRENGTHENED INTERNATIONAL SECURITY FOR NUCLEAR MATERIALS AND PROTECTION AGAINST NUCLEAR OPERATIONS.

(a) Report on Options for International Program to Strengthen Security and Safety. — (1) Not later than 270 days after the date of the enactment of this Act, the Secretary of Energy shall submit to Congress a report on options for an international program to develop strengthened security for all nuclear materials and safety and security for current nuclear operations.

(b) The Secretary shall consult with the Office of Nuclear Energy Science and Technology of the Department of Energy in the development of options for purposes of the report.

(3) In evaluating options for purposes of the report, the Secretary shall consult with the Nuclear Regulatory Commission and the International Atomic Energy Agency on the feasibility and advisability of actions to reduce the risks associated with terrorist attacks on nuclear power plants outside the United States.

(4) Each option for an international program under paragraph (1) may provide that the program is jointly led by the United States, the Russian Federation, and the International Atomic Energy Agency.

(5) The Secretary shall include with the report on options for an international program under paragraph (1) a description and assessment of various management alternatives for the international program. If any option requires Federal funding or legislation to implement, the report shall also include recommendations for such funding or legislation, as the case may be.

(c) Options Pursued Under Paragraph (1) May Include —

(1) the development of strengthened security measures for all nuclear materials;

(2) the development of strengthened security measures for current nuclear operations; and

(3) the development of strengthened security measures for future nuclear operations.

(d) Review of Options With Russia on proliferation Resistant Nuclear Energy Technologies. — The Director of the Office of
Nuclear Energy Science and Technology Energy shall, in coordination with the Secretary, pursue with the Ministry of Atomic Energy of the Russian Federation joint programs to strengthen the United States and the Russian Federation on the development of proliferation resistant nuclear energy technologies, including advanced fuel cycles.

SEC. 3102(2). NATIONAL TECHNICAL EXPERTS.—In developing options under subsection (a), the Secretary shall, in consultation with the Nuclear Regulatory Commission, the Russian Federation, and the International Atomic Energy Agency, convene and consult with an appropriate group of international technical experts on the development options for technologies to provide strengthened security for nuclear materials and safety and security for current nuclear operations, including the implementation of the plan.

(d) ASSISTANCE REGARDING HOSTILE INSIDERS AND AIRCRAFT IMPACTS.—(1) The Secretary may, utilizing appropriate expertise of the Department of Energy and the National Nuclear Security Administration, provide assistance to nuclear facilities abroad on the interdiction of hostile insiders at such facilities in order to prevent incidents arising from the disablement of the vital systems of such facilities.

(2) The Secretary may carry out a joint program with the Russian Federation and other countries to address and mitigate concerns on the impact of aircraft with nuclear facilities under subsection (c).

(e) ASSISTANCE TO IAEA IN STRENGTHENING INTERNATIONAL NUCLEAR SAFETY AND SECURITY.—The Secretary may expand and accelerate the program of the Department of Energy to support the International Atomic Energy Agency in strengthening international nuclear safety and security.

(f) AMOUNT FOR ACTIVITIES.—Of the amount authorized to be appropriated by section 3102(2) for the Department of Energy for the National Nuclear Security Administration for defense nuclear nonproliferation, up to $35,000,000 shall be available for carrying out this section as follows:

(1) For activities under subsections (a) through (d), $20,000,000, of which—

(A) $5,000,000 shall be available for sabotage protection for nuclear power plants and other nuclear facilities abroad; and

(B) $10,000,000 shall be available for development of proliferation resistant nuclear energy technologies under subsection (b).

(2) For activities under subsection (e), $15,000,000.

SEC. 3160. EXPORT CONTROL PROGRAMS.

(a) AUTHORITY TO PURSUE OPTIONS FOR STRENGTHENING EXPORT CONTROL PROGRAMS.—The Secretary of Energy may pursue in the former Soviet Union and other regions of concern, principally in South Asia, the Middle East, and the Far East, options for accelerating programs that assist countries in such regions in improving their domestic export control programs for materials, in acquiring expertise relevant to the construction or use of a nuclear or radiological dispersal device.

(b) AMOUNT FOR ACTIVITIES.—Of the amount authorized to be appropriated by section 3102(2) for the Department of Energy for the National Nuclear Security Administration for defense nuclear nonproliferation, up to $35,000,000 shall be available for carrying out this section.

SEC. 3161. IMPROVEMENTS TO NUCLEAR MATERIALS PROTECTION, CONTROL, AND ACCOUNTING PROGRAM OF THE RUSSIAN FEDERATION.

(a) REVISED FOCUS FOR PROGRAM.—The Secretary shall work cooperatively with the Russian Federation to update and improve the Joint Action Plan for the Materials Protection, Control, and Accounting programs of the Department and the Russian Federation Ministry of Atomic Energy.

(b) The updated plan shall shift the focus of the upgrades of the nuclear materials protection, control, and accounting program of the Russian Federation in order to assist the Russian Federation, as soon as practicable but not later than January 1, 2012, a sustainable nuclear materials protection, control, and accounting system for the nuclear facilities under the Russian Federation, and that is supported solely by the Russian Federation.

(c) TRANSPARENCY OF PROGRAM.—The Secretary shall work with the Russian Federation, including applicable institutes in Russia, to pursue acceleration of the nuclear materials protection, control, and accounting programs at nuclear defense facilities in the Russian Federation.

(d) PACE OF PROGRAM.—The Secretary shall work with the Russian Federation, including applicable institutes in Russia, to pursue acceleration of the nuclear materials protection, control, and accounting programs at nuclear defense facilities in the Russian Federation.

(e) FUNDING.—The Administrator shall ensure that the work of a national laboratory or site requested under this section is performed exquisitely and to the satisfaction of the head of the department or agency submitting the request.

(f) SECURITY.—The Department of Energy shall, in coordination with the Secretary of Energy, shall work cooperatively with the National Nuclear Security Administration on the performance of such work as if such site were a federally funded research and development center under section 35.017(a)(4) of the Federal Acquisition Regulation.

SEC. 3162. COMPREHENSIVE ANNUAL REPORT TO CONGRESS ON COORDINATION AND INTEGRATION OF ALL UNITED STATES NONPROLIFERATION ACTIVITIES.

Section 1205 of the National Defense Authorization Act for Fiscal Year 2002 (Public Law 107-170; 115 Stat. 1247) is amended by adding at the end the following new subsection:

"(d) ANNUAL REPORT ON IMPLEMENTATION OF PLAN.—(1) Not later than January 31, 2003, and each year thereafter, the President shall submit to Congress a report on the implementation of the plan required by subsection (a) during the preceding year.

"(2) Each report under paragraph (1) shall include—

"(A) a discussion of progress made during the year covered by such report in the matters of the plan required by subsection (a);

"(B) a discussion with foreign nations, and in particular the Russian Federation, during such year on joint programs to implement the plan;

"(C) a discussion regarding coordination, integration, and implementation of the plan among the various departments and agencies of the United States government and other entities that share objectives similar to the objectives of the plan; and

"(D) any recommendations that the President considers should be made, including modifications to law or regulations, or to the administration or organization of any Federal department or agency, in order to improve the effectiveness of such efforts carried out under the plan during such year in the implementation of the plan."

SEC. 3163. UTILIZATION OF DEPARTMENT OF ENERGY NATIONAL LABORATORIES AND SITES IN SUPPORT OF COUNTERTERRORISM AND HOMELAND SECURITY ACTIVITIES.

(a) AGENCIES AS JOINT SPONSORS OF LABORATORIES FOR WORK ON ACTIVITIES.—Each department or agency of the Federal Government, or of a State or local government, that carries out work on counterterrorism and homeland security activities at a Department of Energy national laboratory or site may be a joint sponsor, under a multiple agency sponsorship arrangement with the Department, of such laboratory in the performance of such work.

(b) AGENCIES AS JOINT SPONSORS OF SITES FOR WORK ON ACTIVITIES.—Each department or agency of the Federal Government, or of a State or local government, that carries out work on counterterrorism and homeland security activities at a Department of Energy site may be a joint sponsor of such site in the performance of such work as if such site were a federally funded research and development center under a multiple agency sponsorship arrangement with the Department of Energy.

(c) PRIMARY SPONSORSHIP.—The Department of Energy shall be the primary sponsor under a multiple agency sponsorship arrangement required under subsection (a) or (b).

(d) WORK.—(1) The Administrator for National Security shall act as the lead agent in coordinating the formation and performance of a joint sponsors agreement between a requesting agency and a Department of Energy national laboratory or site for work on counterterrorism and homeland security.

(2) A request for work may not be submitted to a national laboratory or site under this section unless approved in advance by the Administrator.

(3) Any work performed by a national laboratory or site under this section shall comply with the policy on the use of federally funded research and development centers under section 35.017(a)(4) of the Federal Acquisition Regulation.

(e) FUNDING.—(1) Subject to paragraph (2), a joint sponsor of a Department of Energy national laboratory or site under this section shall provide funds for the performance of work at such national laboratory or site, as the case may be, under this section under the same terms and conditions as apply to the primary sponsor of such national laboratory under section 303(b)(1)(C) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253(b)(1)(C)) or of such site to the extent such section applies to such site as a federally funded research and development center under reason of subsection (b).

(2) The total amount of funds provided a national laboratory or site in a fiscal year under this subsection by joint sponsors other than the Department of Energy shall not exceed an amount equal to 25 percent of the total research and development funds provided to a laboratory or site, as the case may be, in such fiscal year from all sources.

Subtitle E—Other Matters

SEC. 3171. INDEMNIFICATION OF DEPARTMENT OF ENERGY CONTRACTORS.

SEC. 3172. WORKER HEALTH AND SAFETY RULES FOR DEPARTMENT OF ENERGY FACILITIES.

The Atomic Energy Act of 1946 is amended by inserting in subsection 221B (42 U.S.C. 2226b) the following:

"SEC. 234C. WORKER HEALTH AND SAFETY RULES FOR DEPARTMENT OF ENERGY NUCLEAR FACILITIES.

"(a) PERSONS SUBJECT TO PENALTY.—

"(1) CIVIL PENALTY.—

"(A) IN GENERAL.—A person (or any sub-contractor or supplier of the person) who has entered into or is in receipt of indemnification under section 221B(d) (or any subcontractor or supplier of the person) that violates (or is the employer of a person that violates) the regulations promulgated under this section to the extent necessary to avoid serious impairment of the health and safety promulgated by the Secretary of Energy (referred to in this section as the "Secretary") after public notice and opportunity for comment under section 553 of title 5, United States Code (commonly known as the "Administrative Procedure Act"), shall be subject to a civil penalty of not more than $100,000 for each such violation.

"(B) CONTINUING VIOLATIONS.—If any violation of a regulation is the result of a continuing violation, each day of the violation shall constitute a separate violation for the purpose of computing the civil penalty under subparagraph (A).

"(2) REGULATIONS.—

"(A) IN GENERAL.—Not later than 270 days before January 1, 2004, the Secretary shall promulgate regulations for industrial and construction health and safety that incorporate the provisions and requirements contained in Department of Energy Order No. 440.1A (1998).

"(B) EFFECTIVE DATE.—The regulations promulgated under subparagraph (A) shall take effect on the date that is 1 year after the promulgation date of the regulations.

"(3) VARIANCES OR EXEMPTIONS.—

"(A) IN GENERAL.—The Secretary may provide in the regulations promulgated under paragraph (2) a procedure for granting variances or exemptions to the extent necessary to avoid serious impairment of the health and safety.

"(B) DETERMINATION.—In determining whether to provide a variance or exemption under subparagraph (A), the Secretary shall assess—

"(i) the impact on national security of not providing a variance or exemption; and

"(ii) the benefits or detriments to worker health and safety of providing a variance or exemption.

"(C) PROCEDURE.—Before granting a variance or exemption, the Secretary of Energy shall—

"(i) notify affected employees; and

"(ii) provide an opportunity for a hearing on the record; and

"(iii) notify Congress of any determination to grant a variance at least 60 days before the proposed effective date of the variance or exemption.

"(4) ADJUDICABILITY.—This subsection does not apply to any facility that is a component of, or any activity conducted under, the Naval Nuclear Propulsion Program.

"(5) GUIDANCE ON STRUCTURES TO BE DISPOSED OF.—

"(A) IN GENERAL.—In enforcing the regulations under paragraph (2), the Secretary of Energy may, by case-by-case basis, determine whether a building, facility, structure, or improvement of the Department of Energy that is permanently closed and that is expected to be transferred to another entity for reuse, should undergo major retrofitting to comply with specific general industry standards.

"(B) NO EFFECT ON HEALTH AND SAFETY ENFORCEMENT.—This subsection does not diminish or otherwise affect—

"(i) the enforcement of any worker health and safety regulations under this section with respect to the maintenance and modernization of similar or comparable Federal facilities or the demolition of buildings, facilities, structures, or improvements; or

"(ii) the application of any other law (including regulations), order, or contractual obligation.

"(b) CONTRACT PENALITIES.—

"(1) IN GENERAL.—The Secretary shall include in each contract of the Department providing for the promotion of health and safety that incorporate the provisions and requirements contained in the regulations promulgated under subparagraph (A).

"(2) DETERMINATION.—The provisions shall specify various degrees of violations and the amount of the reduction attributable to each degree of violation.

"(3) POWERS AND LIMITATIONS.—The powers and limitations applicable to the assessment of civil penalties under section 234A, except for subsection (c), shall apply to the assessment of civil penalties under this section.

"(4) TOTAL AMOUNT OF PENALTIES.—In the case of an entity described in subsection (a), the total amount of civil penalties under subsection (a) or under subsection (a) of section 234B in a fiscal year may not exceed the amount paid by the Department of Energy to that entity in that fiscal year.

"SEC. 3173. ONE-YEAR EXTENSION OF AUTHORITY OF DEPARTMENT OF ENERGY TO PAY VOLUNTARY SEPARATION INCENTIVE PAYMENTS.

"(a) IN GENERAL.—The Secretary of Energy may authorize amounts to be used under section 502 of the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106-79; U.S.C. 2500 note) by the Alamos National Laboratory Foundation, a not-for-profit foundation chartered in accordance with section 3167(a) of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85; 111 Stat. 2532).

"(b) USE OF FUNDS.—The foundation referred to in subsection (a) shall—

"(1) utilize funds provided under this section as a contribution to the endowment fund for the foundation; and

"(2) use the income generated from investments in the endowment fund that are attributable to amounts provided under this section to fund programs to support the educational needs of children in the public schools in the vicinity of Los Alamos National Laboratory in New Mexico.

"(c) REPEAL OF SUPERSEDED AUTHORITY AND MODIFICATION OF AUTHORITY TO EXTEND CONSTRUCTION.—(1) Subsection (b) of section 3136 of the National Defense Authorization Act for Fiscal Year 2002 (Public Law 107-107; 115 Stat. 1238) is amended to read as follows:

"(i) the enforcement of any worker health and safety regulations under this section with respect to the maintenance and modernization of similar or comparable Federal facilities or the demolition of buildings, facilities, structures, or improvements; or

"(ii) the application of any other law (including regulations), order, or contractual obligation.

"(2) The amendment made by paragraph (1) shall take effect on October 1, 2002.

"SEC. 3180. DISPOSITION OF WEAPONS-USEABLE Plutonium at Savannah River Site, South Carolina.

"SEC. 3181. FINDINGS.

Congress makes the following findings:

"(1) On September 29, 2002, the United States and the Russian Federation signed a Plutonium Management and Disposition Agreement by which each agreed to dispose of 34 metric tons of weapons-grade plutonium.

"(2) The agreement with Russia is a significant step toward safeguarding nuclear materials and preventing their diversion to rogue states and terrorists.

"(3) The Department of Energy plans to dispose of 34 metric tons of weapons-grade plutonium in the United States before the end of 2003.

"SEC. 3182. DISPOSITION OF WEAPONS-USEABLE Plutonium at Savannah River Site.

"(a) PLAN FOR CONSTRUCTION AND OPERATION OF MOX FACILITY.—(1) Not later than February 1, 2003, the Secretary of Energy shall submit to Congress a plan for the construction and operation of the MOX facility at the Savannah River Site, Aiken, South Carolina.

"(2) The plan under paragraph (1) shall include—

"(A) a schedule for construction and operations so as to achieve, as of January 1, 2009, and thereafter, the MOX production objectives and the mixed-oxide fuel fabrication facility, the so-called MOX facility, and a pit disassembly and conversion facility at the Savannah River Site, the MOX facility will be economically beneficial to the State of South Carolina, and that economic benefit will not be fully realized unless the MOX facility is built.

"(B) The State of South Carolina desires to ensure that all plutonium transferred to the State of South Carolina is stored safely; that the full benefits of the MOX facility are realized as soon as possible; and, specifically, that a plutonium disposition facility at the Savannah River Site either be processed or be removed expeditiously.

"SEC. 3183. SUPPORT FOR PUBLIC EDUCATION IN THE STATE OF SOUTH CAROLINA.
(i) an assessment of compliance with the schedules included with the plan under paragraph (2); and
(ii) a certification by the Secretary whether or not the MOX production objective can be met by January 2009.
(C) Each report under subparagraph (A) for years after 2008 shall—
(i) address whether the MOX production objective has been met; and
(ii) assess progress toward meeting the obligations of the United States under the Plutonium Management and Disposition Agreement.
(D) For years after 2017, each report under subparagraph (A) shall also include an assessment of compliance with the MOX production objective and, if not in compliance, the plan of the Secretary for achieving one of the following—
(i) Compliance with such objective.
(ii) Removal of all remaining defense plutonium and defense plutonium materials from South Carolina.
(b) Corrective Actions.—(1) If a report under subsection (a)(3) indicates that construction or operation of the MOX facility is behind the applicable schedule under subsection (a)(2) by 12 months or more, the Secretary shall submit to Congress, not later than 12 months after in which such report is submitted, a plan for corrective actions to be implemented by the Secretary to ensure that the MOX facility project is capable of meeting the MOX production objective by January 1, 2009.
(2) If a plan is submitted under paragraph (1) in any year after 2008, the plan shall include—
(i) corrective actions to be implemented by the Secretary to ensure that the MOX production objective is met.
(ii) a schedule for corrective actions under paragraph (1) or (2) shall include milestones under such plan for achieving compliance with the MOX production objective.
(3) If, before January 1, 2009, the Secretary determines that there is a substantial and material risk that the MOX production objective will not be achieved by 2009 because of a failure to achieve milestones set forth in the most recent corrective action plan under this subsection, the Secretary shall suspend further transfers of defense plutonium and defense plutonium materials to be processed by the MOX facility until such risk is addressed and certified by the Secretary that the MOX production objective can be met by 2009.
(4) If, after January 1, 2009, the Secretary determines that the MOX production objective has not been achieved because of a failure to achieve milestones set forth in the most recent corrective action plan under this subsection, the Secretary shall suspend further transfers of defense plutonium and defense plutonium materials to be processed by the MOX facility until the Secretary certifies that the MOX production objective can be met by 2009.
(5) (A) Upon making a determination under paragraph (4) or (5), the Secretary shall submit to Congress a report on the options for removing from the State of South Carolina an amount of defense plutonium or defense plutonium materials equal to the amount of defense plutonium or defense plutonium materials transferred to the State of South Carolina after April 15, 2002.
(B) The report under subsection (A) shall include an analysis of each option set forth in the report, including the cost and schedule for implementation of such option, and any requirements under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) relating to consideration or selection of such option.
(C) Upon submittal of a report under paragraph (A), the Secretary shall commence any analysis that may be required under the National Environmental Policy Act of 1969 in order to select among the options set forth in the report.
(d) Economic and Impact Assistance.—(1) If the MOX production objective is not achieved as of January 1, 2009, the Secretary shall submit to Congress a report on the options for removal of mixed-oxide fuel or defense plutonium materials equal to the amount of defense plutonium or defense plutonium materials transferred to the Savannah River Site between April 15, 2002 and January 1, 2017, but not processed by the MOX facility.
(2) The report under subsection (a)(2) by 12 months or more, the Secretary shall suspend the MOX production objective is met.
(c) Economic and Impact Assistance.—(1) If the MOX production objective is not achieved as of January 1, 2011, the Secretary shall submit to Congress a report on the options for removal of mixed-oxide fuel or defense plutonium materials equal to the amount of defense plutonium or defense plutonium materials transferred to the Savannah River Site between April 15, 2002 and January 1, 2017, but not processed by the MOX facility.
(2) The report under subsection (a)(2) by 12 months or more, the Secretary shall suspend the MOX production objective is met.
(d) Economic and Impact Assistance.—(1) If the MOX production objective is not achieved as of January 1, 2011, the Secretary shall submit to Congress a report on the options for removal of mixed-oxide fuel or defense plutonium materials equal to the amount of defense plutonium or defense plutonium materials transferred to the Savannah River Site between April 15, 2002 and January 1, 2017, but not processed by the MOX facility.
(2) The report under subsection (a)(2) by 12 months or more, the Secretary shall suspend the MOX production objective is met.
(e) Economic and Impact Assistance.—(1) If the MOX production objective is not achieved as of January 1, 2011, the Secretary shall submit to Congress a report on the options for removal of mixed-oxide fuel or defense plutonium materials equal to the amount of defense plutonium or defense plutonium materials transferred to the Savannah River Site between April 15, 2002 and January 1, 2017, but not processed by the MOX facility.
(2) The report under subsection (a)(2) by 12 months or more, the Secretary shall suspend the MOX production objective is met.
(f) Economic and Impact Assistance.—(1) If the MOX production objective is not achieved as of January 1, 2011, the Secretary shall submit to Congress a report on the options for removal of mixed-oxide fuel or defense plutonium materials equal to the amount of defense plutonium or defense plutonium materials transferred to the Savannah River Site between April 15, 2002 and January 1, 2017, but not processed by the MOX facility.
(2) The report under subsection (a)(2) by 12 months or more, the Secretary shall suspend the MOX production objective is met.
AUTHORIZING TESTIMONY, DOCUMENT PRODUCTION, AND LEGAL REPRESENTATION

Mr. REID. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of S. Res. 299 submitted earlier today by the majority and the Republican leaders.

The PRESIDING OFFICER. The Senate will proceed to its consideration.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report the resolution by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 299) to authorize testimony, document production, and legal representation in City of Columbus versus Jacqueline Downing, et al. and City of Columbus versus Vincent Ramos.

There being no objection, the Senate proceeded to consider the resolution.

Mr. DASCHLE. Mr. President, this resolution concerns requests for testimony in criminal actions in Franklin County Municipal Court in Ohio. In the cases of City of Columbus versus Jacqueline Downing, et al. and City of Columbus versus Vincent Ramos, the city prosecutor has charged the defendants with criminal trespass for refusing to leave Senator DeWine's Columbus office after the building was closed for the night, and with resisting arrest. Pursuant to subpoenas issued on behalf of the city prosecutor, the resolution authorizes an employee in Senator DeWine's office to whom testimony may be required to testify and produce documents in the cases of City of Columbus versus Jacqueline Downing, et al. and City of Columbus versus Vincent Ramos, except concerning matters for which a privilege should be asserted.

Sect. 2. The Senate Legal Counsel is authorized to represent Michael Dawson and any other employee of Senator DeWine's office in connection with the testimony and document production authorized in section one of this resolution.

EXPRESSING SENSE OF SENATE THAT SMALL BUSINESS PARTICIPATION IS VITAL TO DEFENSE OF OUR NATION

Mr. REID. Mr. President, I ask unanimous consent that the Small Business and Entrepreneurship Committee be discharged from further consideration of S. Res. 264 and the Senate now proceed to its consideration.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report the resolution by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 264) expressing the sense of the Senate that small business participation is vital to the defense of our Nation, and that Federal, State, and local governments should aggressively seek out and purchase innovative technologies and services from, and promote research opportunities for, American small businesses to help in homeland defense and the fight against terrorism.

As the Senate stand in adjournment under the control or in the possession of the Senate may, by the judicial or administrative process, be taken from such control or possession but by permission of the Senate;

Whereas, when it appears that evidence under the control or in the possession of the Senate may promote the administration of justice, the Senate will take such action as will promote the ends of justice consistent with the privileges of the Senate: Now, therefore, be it

Resolved, That Michael Dawson and any other employee of Senator DeWine's office from whom testimony may be required are authorized to testify and produce documents in the cases of City of Columbus versus Jacqueline Downing, et al. and City of Columbus versus Vincent Ramos, except concerning matters for which a privilege should be asserted.

SEC. 2. The Senate Legal Counsel is authorized to represent Michael Dawson and any other employee of Senator DeWine's office in connection with the testimony and document production authorized in section one of this resolution.

ORDERS FOR TUESDAY, JULY 9, 2002

Mr. REID. Mr. President, I ask unanimous consent that when the Senate completes its business today, it adjourn until 9:30 a.m., Tuesday, July 9, that following the prayer and the pledge, the Journal of Proceedings be approved to date, the morning hour be deemed expired, the time for the two leaders be reserved for their use later in the day, and there be a period for morning business until 10:15 a.m., with Senators permitted to speak for up to 10 minutes each, with the first half of the time under the control of the Republican leader or his designee, and the second half of the time under the control of the Democratic leader or his designee; that at 10:15 a.m., the Senate resume consideration of the accounting reform bill.

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

ADJOURNMENT UNTIL 9:30 A.M. TOMORROW

Mr. REID. Mr. President, if there is no further business to come before the Senate, I ask unanimous consent that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 6:38 p.m., adjourned until Tuesday, July 9, 2002, at 9:30 a.m.
EXTENSIONS OF REMARKS

MEDICARE MODERNIZATION AND PRESCRIPTION DRUG ACT OF 2002

SPEECH OF
HON. DARRELL E. ISSA
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Thursday, June 27, 2002

Mr. ISSA. Mr. Speaker, I rise today to commend Chairman Thomas, Chairman Tauzin, and the House Republican leadership for their work on H.R. 4954, a bill which attempts to balance the needs of two national objectives: ensuring that all Americans have access to affordable prescription drugs and exercising fiscal responsibility.

No American should be denied needed prescription drugs because he or she cannot afford them. This bill, if adopted, will ensure that low income seniors, who cannot afford them will receive the prescription drugs they need. H.R. 4954 takes a new approach to providing Medicare beneficiaries with prescription drugs and improves the mechanisms for paying healthcare providers. Under this approach, the federal government will pay some of the costs and private insurance plans will be expected to pick up the tab for others. This setup will encourage participants to seek out cost effective ways of addressing potential health problems through preventive measures and competitive bidding. Rival proposals that do not include the participation of the private sector choke out the innovation of competition and often lead to price gouging.

According to Congressional Budget Office estimates, H.R. 4954 should fit within the framework of the budget resolution this House agreed to this year. The Democratic alternative to H.R. 4954 would burn the seams of the budget resolution and is in no way a fiscally responsible plan. Nonetheless, I harbor ominous concerns about the wisdom of spending $350 billion on a new entitlement program at a time when we are already running a deficit. Although I have not seen any specific plan that takes a better approach to helping needy Americans obtain prescription drug benefits, I hesitate to lend my support to H.R. 4954 because I believe that a more thoughtful process might result in a better and more fiscally responsible proposal than any this body is scheduled to consider today.

Mr. Speaker, in our lifetimes we have seen too many government programs expanded to the detriment of our nation. The actual cost of entitlement programs has sometimes doubled, tripled, and even quadrupled that of the original estimate. The authors of this bill have taken many precautions to preserve the private medical insurance system and have attempted to limit government aid to Americans who actually need assistance. My greatest concern about this bill, however, is that it may lure Americans who can afford prescription drugs away from private plans and into the black hole of dependency on the taxpayers. If this Congress adopts this bill we must all remain vigilant and turn away from all temptations to morph this entitlement program into a monster that will take a trillion dollar bite out of the general revenues.

This Congress will be credited or held responsible for the results of this initiative for many years to come. I, nevertheless, recognize that our nation’s seniors are in need and know that we must respond. H.R. 4954 is the best prescription drug benefit plan before us and I support its passage.

PERSONAL EXPLANATION

HON. MICHAEL M. HONDA
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Monday, July 8, 2002

Mr. HONDA. Mr. Speaker, on rollcall No.’s 249, 250, 251 and 252, I was unavoidably detained. Had I been present, I would have voted “yea” on rollcall No. 249, “yea” on rollcall No. 250, “yea” on rollcall No. 251 and “yea” on rollcall No. 252.

THE REDEDICATION OF THE CARROLL COUNTY COURTHOUSE

HON. SAM GRAVES
OF MISSOURI
IN THE HOUSE OF REPRESENTATIVES
Monday, July 8, 2002

Mr. GRAVES. Mr. Speaker, I rise today to recognize the re-rededication of the Carroll County Courthouse on June 29th, 2002, located in Carrollton, Missouri. This year will mark the 100th year that the courthouse has served the good people of Carroll County. Serving as a place for the community to gather and for the dispensation of justice, the courthouse has stood the test of time. Within its walls, juries have served, county government has convened, and elections have been held that the will of the people of Carroll County is carried out.

Although age and time have been kind to the courthouse, it was not until recently that the courthouse was renovated to include new elevators and restrooms that make it fully accessible to all the people of the county. Mr. Speaker, please join me in celebrating the Rededication of the Carroll County Courthouse.

IN RECOGNITION OF HOWARD BERNSTEIN

HON. E. CLAY SHAW, JR.
OF FLORIDA
IN THE HOUSE OF REPRESENTATIVES
Monday, July 8, 2002

Mr. SHAW. Mr. Speaker, I rise today to pay tribute to my constituent and friend, Howard Bernstein, of Boca Raton, Florida. In 1945, instead of being at home with his family, Howard Bernstein was on a ship near Okinawa, Japan, “engulfed in the fight for freedom.” He was fighting a war where the enemy had threatened the security and liberty of his home, a war in which he wondered if “there would even be a tomorrow.”

On April 2nd, while going about his duties, his ship encountered a group of Japanese kamikaze planes, bent on destroying his fleet. During the attack, Howard was hit by a piece of shrapnel, injuring his right eye. Not noticing the blood, he continued fighting, seeking medical attention only when the battle had ended. After receiving treatment, he told both the Captain’s Yeoman and the medical Corpsman not to report his injury, as he did not want to alarm his mother, who had another son fighting in the Pacific, in addition to having lost her husband unexpectedly.

Howard Bernstein returned home after the war, enjoying the freedom he and his comrades had worked so hard to preserve. Only recently did he want to commemorate his injury with a Purple Heart, as he wanted to have the medal “as part of [his] heritage.” However, since Howard had not reported his injury, he was initially denied a Purple Heart. It took two sworn affidavits of support from his former comrades for him to finally be given the tribute he so richly deserves.

Today, we recognize Howard Bernstein for his courage and bravery in battle and his unflagging devotion to home and family. In honoring Howard, we honor all those who would risk their lives to preserve the liberty of all people, and all those who would sacrifice personal gain for the consideration of others.

TRIBUTE TO COLONEL BRENT SWART

HON. BOB RILEY
OF ALABAMA
IN THE HOUSE OF REPRESENTATIVES
Monday, July 8, 2002

Mr. RILEY. Mr. Speaker, I rise today to commemorate the retirement of Colonel Brent Swart, the Garrison Commander of the United States Army Aviation and Missile Command (AMCOM) at Redstone Arsenal in Alabama. His unwavering patriotism and dedication to the armed services is truly commendable.

Colonel Swart’s 26 years of meritorious service in the Army represent his loyalty to the United States of America. This milestone is one many strive for, but few reach. Colonel Swart is a decorated officer and has received the Army Meritorious Service Medal with four Oak Leaf Clusters, the Parachutist Badge and the Army Commendation and the Army Achievement medals, both with Oak Leaf Clusters. On July 1, 2002, when Colonel Swart retires from 26 years of service, it will truly be a day worthy of commendation.

As the Garrison Commander at AMCOM, it was Colonel Swart’s duty to allocate the base’s operating budget of over $130 million. Under his command were 1,649 military, civilian, and contract employees who came to serve on H.R. 4954, a bill which attempts to provide the people of Carroll County on June 29th, 2002, located in Carrollton, Missouri. Serving as a place for the community to gather and for the dispensation of justice, the courthouse has stood the test of time. Within its walls, juries have served, county government has convened, and elections have been held that the will of the people of Carroll County is carried out.

Although age and time have been kind to the courthouse, it was not until recently that the courthouse was renovated to include new elevators and restrooms that make it fully accessible to all the people of the county. Mr. Speaker, please join me in celebrating the Rededication of the Carroll County Courthouse.

IN RECOGNITION OF HOWARD BERNSTEIN

HON. E. CLAY SHAW, JR.
OF FLORIDA
IN THE HOUSE OF REPRESENTATIVES
Monday, July 8, 2002

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work each day confident they could put their lives in Colonel Swart’s hands. Through Colo-
nel Swart’s leadership, four separate multi-
functional organizations housed in four sepa-
rate buildings were consolidated under one
roof, therefore increasing effectiveness, pro-
ductivity and communications.
Colonel Swart’s guidance has also been in-
strumental in providing community service to
North Alabama. Over 40 community and fam-
ily service organizations that enhance the
overall quality of life of soldiers, civilians, retir-
es and their families have benefited from Swart’s leadership. The beneficiaries range from
a bowling center that received a
$750,000 renovation, to a significant upgrad-
ing of the Child Development Center, to dras-
tic assistance given to the neighborhood child
rearing center.
Colonel Stewart also took strides during his
tenure at AMCOM to advance an environ-
mental program. Swart improved relationships
with surrounding communities affected by the
Redstone Arsenal Environmental Restoration
Program. Additionally, he spearheaded a ground
breaking water treatment program which eliminated large quantities of hazardous
substances from the water.
Colonel Swart’s family is from Clay County,
Alabama, the same county in which my family
has resided for several generations. During his 26 years of service, Colonel Swart has
made Clay County and all of Alabama proud. We thank him for serving our Nation
during his career in the Army and wish him
well in retirement.

TRIBUTE TO JAMES A. AHRENS
HON. IKE SKELTEN
OF MISSOURI
IN THE HOUSE OF REPRESENTATIVES
Monday, July 8, 2002

Mr. SKELTON. Mr. Speaker, it has come to
my attention that a long and exceptionally dis-
tinguished career has come to an end. Lt. Col. James Ahrens has retired as Director of Insti-
tutional Research from Wentworth Military
Academy and Junior College in Lexington, MO.
Lt. Col. Ahrens has led a life of serving his family, community and country. In 1962, he
graduated from Grinnell College, Iowa, with a
history degree and entered the United States Air
Force as a radar controller and public af-
fairs officer. While in the United States Air
Force, James received a master’s degree in
Public Relations from the School of Public
Communications at Boston University. He re-
tired from all military service in 1995.
Lt. Col. Ahrens arrived at Wentworth in Jan-
uary of 1992 to teach social science courses in
the junior college division. While at Went-
worth, he joined the 418th Civil Affairs Com-
pany in Grandview, MO, after receiving a di-
rect commission in the United States Army Reserve as a Civil Affairs Officer. Lt. Col. Ahrens
mobilized and commanded this unit as it
served in Saudi Arabia, Iraq, and Turkey
during Operations Desert Storm and Provide
Comfort in 1991. He served as a detachment
commander, company executive officer and commis-
sioning officer of his tour.
During his years at Wentworth, he served as
Assistant/Associate Dean, managing the
Junior College from 1989 through academic
year 1994. He served as acting Dean of Con-
tinuing Education until January 1995. He was
also assigned as Director of Institutional Re-
Ahrens also coached soccer, track, was a
sponsor of the Civil War Living History Club and
assisted with academic competition for
high school students of Clay County.
Lt. Col. Ahrens is an accomplished historian
who has completed a history of Wentworth
Military Academy and Junior College from
1947 through 2000. He is also published in
Vertical World magazine, which is a history of
the United States Army Heliocopter School.
Lt. Col. Ahrens has distinguished himself as
a husband, father, grandfather, teacher and
soldier. He has and continues to make his
friends and family proud. I am certain that my
colleagues will join me in wishing Lt. Col.
Ahrens and his family all the best.

SENSE OF HOUSE THAT NEWDOW V. U.S. CONGRESS WAS ERRO-
NEOUSLY DECIDED

SPEECH OF
HON. DARRELL E. ISSA
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Thursday, June 27, 2002

Mr. ISSA. Mr. Speaker, I rise today in sup-
port of H. Res. 459, a resolution condemn-
ing the 9th U.S. Circuit Court of Appeals for ruling
that the phrase “under God” in the Pledge of
Allegiance was unconstitutional.
The ruling by the 9th Circuit Court of Ap-
peals flies directly in the face of Thomas Jef-
ferson’s reasoning for the formation of our Na-
tion. In writing the Declaration of Indepen-
dence, Thomas Jefferson reasoned that all men
have been endowed with inalienable rights by
God and to defend these rights governments
are instituted among men.
Mr. Speaker, Judge Goodwin and Judge
Reinhardt do not understand the irony of their
decision: without God, according to Thomas
Jefferson, there is no American government
and thus no 9th Circuit Court of Appeals.
Judges are supposed to interpret the Con-
stitution and laws passed by Congress: not re-
vice the wisdom of our founding fathers to
their own liking. If this harmful judicial attitude
is not soon corrected, we may find ourselves
condemning judicial decisions to delete text
from the Declaration of Independence.
I would like to assure my colleagues and
the American people that, although the 9th
Circuit Court of Appeals exercises appellate
jurisdiction over the State of California, this
decision is not indicative of the sentiment of
the people of California. The 9th Circuit
Court of Appeals is notorious for the fact that its
decisions are overturned by the U.S. Supreme
Court more often than any other circuit. I am
confident that this decision will, like many oth-
ers, not stand the test of time.

I asked them to say a prayer for the Downey
family.
In their darkest hour, the Downey family
still had hope, still had faith, still had pray-
er. And this is what Osama bin Laden and
those who live in the darkness of nature
don’t understand about our country, who we are,
what our values are, and where we sum-
mom our strength.
When I visited with the President on Sep-
ember 14th I saw the destruction the terror-
ists caused: the twisted metal and the shat-
tered lives of North Alabama. And that’s what
President Bush and the President of the
World Bank said. But I also saw the signs of the true America. Res-
cue workers who had planted tiny American
flags in their battered helmets. Their arms were weary from digging for three straight days and three straight nights, but not so weary that they couldn’t pump their arms into the air and chant USA, USA, USA when the President arrived.

I spoke to two workers: one from Huntington Station and the other from Islip. I said, why are you here, and they said, since the building went down. I said, how long will you stay, they said, we’re not leaving. This is something al Qaeda could never understand or appreciate. When Americans saw bloodshed, we lined up for hours to give blood back. When we feel fear, we turn to our faith. We unfurl our flags. When Ray Downey’s family was in trouble, they responded with hope and with faith.

Because that’s what Ray was all about. When Ray Downey saw a building come down, he headed for it. When Ray Downey saw a building collapse in Oklahoma City, half a country away, he headed for it. That’s what made him special. Not a hero looking for accolades. Just an American doing his job in the best way he could with a courage forged by hope and faith. That will inspire generations of Americans yet unborn.

Ray Downey had a way of bringing us together. In sports . . . in the Fire Department . . . in Deer Park. We could really use him in New York. From Oklahoma. From California. From Oklahoma. From California. From New York.

When I went to the floor weeks later and asked my colleagues to cosponsor the bill that named this post office, they lined up to sign it: Republicans. Democrats. From New York. From Oklahoma. From California. When I asked Senator Clinton to introduce it in the Senate, she rushed it. And when I asked the President to sign it, he said, “how soon.”

The answer will be clear. He was a kind, gentle and loving man who died so that others would live.

He was one of those guys who gave his life to make us the home of the brave . . . and the land of the free. And when I think of him, as I do often, I recall the words from Romeo and Juliet:

And take him and cut him out in little stars,
And he will make the face of heaven so fine
And he will make the face of heaven so fine
And, when he shall die,
Then you shall know what love is.

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unlikely many companies will offer drug benefit policies. What we have learned from the attempt to push Medicare patients into HMOs in order to cut down costs should have been instructive. Many HMOs have found the Medicare-Choice reimbursement rates to be too low and have stopped taking and treating Medicare patients. Many seniors have left the state or now refuse Medicare-Choice plans. Private drug coverage seems even less likely to be successful.

In addition, the bill provides no guaranteed drug benefit and does not distinguish seniors from patients who spend between $2,000 and $3,700 annually on prescription drugs, leaving a substantial portion of seniors with no drug coverage. It is unfair to exclude this group of seniors from coverage solely because their expenditure levels lie in a particular range.

In addition, the proposal fails to provide any coverage to beneficiaries who spend between $2,000 and $3,700 annually on prescription drugs, leaving a substantial portion of seniors with no drug coverage. It is unfair to exclude this group of seniors from coverage solely because their expenditure levels lie in a particular range.

In addition, the bill provides no guaranteed drug benefit, no guaranteed premium, no consistency for seniors in different regions of the country, and no measures to address rapid increases in the costs of prescription drugs. To propose such a benefit knowing it will be ineffective is highly misleading.

I take the struggles of seniors to afford essential drugs too seriously to support a bill that provides rhetoric without real assistance. It is unfortunate that we will not have the chance to debate and vote on a bill that would truly address seniors’ needs, such as the Medicare Rx Drug Benefit and Discount Act. The Democratic plan lowers drugs prices and covers all seniors under Medicare. This plan is also voluntary—if seniors have prescription coverage they can keep it. Under the Democratic plan, seniors will have a deductible of $25 a month, and their expenses are capped at $2,000 per year. There is absolutely no gap in coverage. This is by far the better plan for Michigan’s seniors.

I hope I will have the opportunity to vote for an effective and comprehensive Medicare drug benefit in the future. In the meantime, I will oppose this bill and other proposals that provide ineffective or inadequate drug assistance to seniors.

### MEDICARE MODERNIZATION AND PRESCRIPTION DRUG ACT OF 2002

**SPREAD OF**

**HON. BENJAMIN A. GILMAN**

**OF NEW YORK**

**IN THE HOUSE OF REPRESENTATIVES**

**Thursday, June 27, 2002**

Mr. GILMAN. Mr. Speaker, I rise today in qualified support of H.R. 4954, the Medicare Modernization and Prescription Drug Act. I urge my colleagues to carefully consider this issue before making a final decision.

Mr. Speaker, we are all aware of the explosion in costs for prescription drugs in recent years. This phenomenon has in part been linked to the rapid proliferation of the number of new drugs that have become available in the past decade. We are currently enjoying a period of revolutionary advances in the fields of medicine and medical technology. Yet at the same time, a significant portion of our elderly population is unable to benefit from these new advances, due to the high costs that are associated with them. This is ironic, when one realizes that senior citizens are the primary group that these new advances are targeting.

One fact that has become increasingly apparent is that Medicare is woefully inadequate in meeting the medical needs of today’s senior citizens. When Medicare was created in 1965, outpatient drugs were not a large component of health care. For this reason, Medicare did not provide coverage for self-administered medicine.

Today’s health care environment is vastly different from that of 1965. The majority of care is now provided in an outpatient setting, and dozens of new prescription drugs enter the market every year to treat the common ailments of the elderly, including cancer, heart disease, arthritis and osteoporosis.

But while the health care environment has made remarkable progress since 1965, Medicare has stood in place. Consequently, along with most of my colleagues, I have heard from constituents who are now facing the dilemma of paying for these expensive new drugs while living on a fixed income. The story of the individual forced to choose between food and medicine is no exaggeration. It is an all too common occurrence across the country.

The high cost of prescription drugs have become a threat to the retirement security of our Nation’s senior citizens.

It is for this reason that I am pleased to learn that both the Ways and Means and Energy and Commerce Committees have completed their work on a proposal to provide prescription drug coverage for Medicare beneficiaries. What concerns me, however, is the process by which this measure was brought to the full House for consideration.

Mr. Speaker, the decision to add prescription drug coverage will result in the largest change to the Medicare program since its creation. This is not something that should be done lightly or in haste, or in response to an arbitrarily imposed political deadline. Given that, I have serious reservations about bringing such major policy-changing legislation to the floor for final passage less than three weeks after it was introduced.

With that said, I would like to comment on the positive points of the bill as well as highlight some of my specific concerns with the legislation.

In my view, any proposal to offer prescription drug coverage under Medicare needs to contain the following characteristics: be voluntary, have universal eligibility under Medicare, contain stop-loss protections to guard against catastrophic expenses, offer choices in the type of coverage provided, and remain a good value over time.

The proposal outlined in H.R. 4954 clearly meets these requirements. In fact, it is an improvement over the first attempt by Congress to deal with this issue back in 2000. It contains a lower premium, lower catastrophic protection threshold, greater savings for the average user, and higher subsidies for low-income individuals and couples.

H.R. 4954 establishes a comprehensive, permanent prescription drug benefit for those eligible under Medicare. Specifically, the measure provides $310 billion over ten years for a voluntary plan with the following standards: beneficiary pays the first $251–$1,000 spent on prescription drugs, the senior pays 20 percent; for the next $1,001–$2,000 spent on prescription drugs, the senior pays 50 percent; it provides 100 percent coverage for every out of pocket dollar spent over $3700; it contains a premium of around $33 per month.

This measure avoids a one-size-fits-all government imposed solution by offering senior citizens a choice in the types of plans in which to enroll. The legislation strives to ensure that there would be an adequate base of healthy seniors to offset the portion in greatest need of the benefit.

As I noted, I do have some reservations about certain aspects of this bill. My chief concern is that this legislation is not adequate to address the matter of those drug companies which are raising the prices on their products annually at rates three to ten times the rate of inflation.

While it is true that this measure exempts the new plan from the Medicaid “best prices requirement,” whereby any savings achieved through this plan would need to be extended to Medicaid as well, I am unsure whether this in itself is enough to deter the drug companies from trying to take advantage of the perceived windfall that they might see in the Federal Government assuming a large portion of the costs of drugs used by senior citizens.

We also need to be cognizant of the viability of private insurers underwriting plans in areas where it is not profitable for them to do so. Recent experience with Medicare + Choice plans in my district have borne out this concern. In such cases, the government would step in as the “insurer of last resort,” assuming a share of the risk as well as subsidizing the cost of offering service in a rural area. My chief concern with this is that it has the potential to become a costly venture for the government, where the premium subsidies hold out in order to secure a greater level of government funding.

In spite of these reservations, I firmly believe that this legislation is an important first
Medicare health care providers have waited for my colleagues to give it their careful and increased Medicare payment adjustment rates for physicians, reduced paperwork burdens for community hospitals, which serve rural areas, in-creased Medicare payment adjustment rates for physicians, reduced paperwork burdens for all providers, and stabilization for the Medicare Part B system. These include, but are not limited to: repeal of the 15% reim-bursement cut for home health care providers, which was scheduled to go into effect in Octo-ber 2002, increased payments to sole commu-nity hospitals, which serve rural areas, in-creased Medicare payment adjustment rates for physicians, reduced paperwork burdens for all providers, and stabilization for the Medicare + Choice system, which has bled out recently.

Mr. Speaker, this issue is too serious for party politics, and, as I stated at the outset, I urge my colleagues to give it their careful and thoughtful consideration. Our seniors and Medicare health care providers have waited long enough for relief. It is past time for the Congress to act.

MEDICARE MODERNIZATION AND PRESCRIPTION DRUG ACT OF 2002

SPEECH OF
HON. CYNTHIA A. MCKINNEY
OF GEORGIA
IN THE HOUSE OF REPRESENTATIVES
Thursday, June 27, 2002

Ms. MCKINNEY. Mr. Speaker, I rise in support of a strong and comprehensive prescrip-tion drug benefit for all Americans. As the prices for prescription drugs have risen at twice as the inflation rate, this issue is of the utmost importance to Americans in need of prescription drugs.

Unfortunately, in the House there is only one prescription drug coverage proposal that will truly serve America’s seniors and medi-cally dependent populations. The Democrat prescription drug plan is the only proposal that is under Medicare, that gives consumers choices in coverage, that has legitimate drug cost controls, and that will truly assist American’s with the exorbitantly rising costs of prescription drugs.

The health of our nation depends on a strong drug proposal such as this.

The Republican’s bill would not provide the American people with an assured, reliable or substantive prescription drug benefit.

The Republican bill would cover less than 25 percent of Medicare beneficiaries drug costs, leave millions of Americans with much of the high drug costs they now face.

The Republican bill includes a “hole” in the middle, where there is no coverage for drug costs between $2000 and $5600. Perhaps the other side didn’t do their research, as nearly half of all seniors have drug costs over $2000, and would receive no coverage under the Re-publican plan for part of the year.

Where is the benefit of this drug plan? Isn’t the point of a prescription drug benefit to al-leviate costs? Well, the Republican plan will hardly alleviate costs. Nor will it insure that a plan exists for all Americans.

The Republican bill would rely on private in-surance companies to provide a yet-to-exist prescription drug-only plan. This proposal in-cludes no guarantee for stable coverage by private insurance companies but merely sug-gests what plans private firms may offer. Under this plan, costs of the plans may vary, and seniors on fixed incomes will have less opportunity to plan for their drug expenditures and personal budgets.

As for consumer choice, the Republican proposal stops well short of providing any choices. Under the Republican plan, if a drug is not on a formulary, then it is not covered, and even when a drug is on the formulary, this bill permits private insurance not to cover it.

The Republican plan does not let people choose their own pharmacies, and instead creates private networks for drug delivery, in-creasing the time, trouble and travel seniors, caregivers and the disabled must go through to obtain necessary medication.

Finally, the people that this program should most benefit—America’s low-income senior population—are left out in the cold. In the Re-publican plan, low-income seniors will be re-quired to pay up to $3600 out-of-pocket ex-penses per year to cover the “hole” in cov-erage, which would leave seniors with no protection from high medicine copayments, and worse, could face denial of medicine if they are unable to cover the co-pay.

The Democrat bill is not deficient in these ways.

The Democrat plan has no hole in the cov-erage, and would not stick seniors with the $3600 potential bill that the Republican plan would.

The Democrat plan limits out-of-pocket costs to just $2000 per year—as much as 47 percent less than the limit under the Repub-lican plan.

The Democrat plan gives consumers choice, allowing them the freedom to use the phar-macy of choice, instead of the restrictive “pri-ivate network” limitations of the Republican plan.

Nor does the Democrat plan limit the access to specific medicines, and instead pays some coverage for all drugs, regardless if they are on the formulary or not. The Democrat plan would not steer, limit or channel America’s to specific drugs as the Republican plan would.

And perhaps most importantly, the Demo-cratt has a method for controlling the ac-tual costs for drugs. It is the dramatic increase in prescription drugs that has brought us to this juncture, and the Democrat plan would enable the Health and Human Services Secretary to negotiate prices on behalf of all Americans, thereby saving American con-sumers, taxpayers, and the government mil-lions in drug costs. Under the Republican plan, there is no collective effort towards cost controls, and therefore there will be no control of spiraling drug costs.

Mr. Speaker, I am not alone in my opposi-tion to the Republican bill and my support for a strong and true prescription drug benefit. The National Association of Chain Drug Stores, the AFL-CIO, the Medical Group Man-age ment Association, the National Education Association and the American Federation of Teachers, Families USA, the National Council on Aging, and perhaps most importantly, the American Association of Retired Persons all either oppose the Republican plan, or endorse the Democrat prescription drug plan.

America’s senior community—what has been called “America’s Greatest Genera-tion”—deserves no less than a substantive and strong prescription drug benefit bill. I urge my colleagues not to fall for the smoke and mirrors, and to realize that the Republican plan will not provide the relief and benefit that is needed to combat the rising costs of pre-scription drugs. Our seniors do not deserve limited choices on drugs and pharmacies, and should not be made to shoulder the high costs of the Republican plan.

Don’t be duped America—there is only one bill that works for America, only one bill that will provide Americans affordable access to drugs, and that is the Democrat prescription drug bill.

MEDICARE MODERNIZATION AND PRESCRIPTION DRUG ACT OF 2002

SPEECH OF
HON. NANCY L. JOHNSON
OF CONNECTICUT
IN THE HOUSE OF REPRESENTATIVES
Thursday June 27, 2002

Mrs. JOHNSON of Connecticut. Mr. Speaker, I rise in strong support of H.R. 4954 be-cause it provides prescription drugs for all seniors as an entitlement under Medicare. Equally important, it prepares Medicare to de-liver state-of-the-art health care to our seniors in the decades to come. Without passage of this bill, Medicare will continue to deny seniors the care they need and will continue to force the diversion of critical care hours from pa-tients to paper work. Seniors would continue to be held hostage to an antiquated benefit structure while the rest of America benefits from advances in medicine, technology, and best practices.

First, in the area of prescription drugs, this bill captures deep discounts on drug prices, and then further reduces the cost of drugs to patients through direct subsidies of 50 to 80%—up to $2000 of costs. Two-thirds of seniors use less than $2000 in prescription drugs a year, so this bill will provide them with tre-mendous relief. For low-income seniors—up to 150% of the federal poverty level (in 2005, $15,965 for individuals and $19,392 for couples)—the savings would be paid a 100 percent up to $2000 a year (this includes premiums, co-pays, and the deductible). I want to stress that because twice as many women as men have
low incomes in their elder years, this is a tremendous boon to women’s health and does what Americans want: helps those most who need the most help!

The bill also provides catastrophic protections to all. It assures that no senior need fear that cancer or another dread disease will consume their life savings and leave them destitute.

You’ve all been hearing from pharmacists. This bill recognizes the expertise of pharmacists more specifically and constructively than anyone, including me, has. It requires that drug plans establish medication therapy management programs for patients with chronic health conditions. Pharmacists must be paid adequately to provide their services. Pharmacists must be involved in developing formulations.

And access to local pharmacies is encouraged, not discouraged. To encourage face-to-face visits, all drug plans must provide convenient access to “bricks and mortar” pharmacy in their network, as defined by Medicare; all drug plans must offer a point-of-service option that allows beneficiaries to go to any pharmacy they desire (for an additional charge); and no mail-order only plans are permitted.

Second, this bill provides better access to preventive health care by offering an annual physical examination under Medicare, cholesterol screenings, and new choices in Medigap plans that have no co-payment for preventive care. In addition, the bill revitalizes Medicare-Choice plans that have the flexibility to cover far more preventive services than traditional Medicare, from simple, useful annual physicals to disease management programs.

Third, by strengthening the Medicare-Choice plans so that they can once again grow, this bill prepares Medicare to meet the growing challenge of helping seniors manage chronic illness—to dramatically improve their health and quality of life and manage their health care costs. As the majority of our seniors have multiple chronic illnesses and theMedicare-Medicaid problem grows, preventive care is the key.

Fourth, passage of this bill will reduce Medicaid to the full extent that it allows, and without forcing small providers out of Medicare, because we want to keep Medicare as the artery of our health care system. Medicaid is a challenge because we cannot pay the pharmacists enough to pay them the rate in carriers answering basic questions from physicians was 85 percent, compared with the rates of 85 percent.

This is a good, solid, balanced bill. It modernizes Medicare to meet the future. It provides prescription drugs as an entitlement to all seniors under Medicare. It provides total benefits to those on Medicaid and—with states—will provide such total coverage to seniors under 125 percent of the poverty level, 44 percent of the population over 65. And for all others, this bill provides deep discounts, generous subsidies, and the peace of mind of catastrophic protection against high-cost drugs.

Mr. CASTLE. Mr. Speaker, it is with great pride that I rise today to congratulate two employees of the Delaware Fish and Wildlife Division for their heroic rescue on Sunday, June 30, 2002 of three boaters whose boat sunk in the Delaware Bay. Corporal Tom Penuel and Agent First Class Drew Aydelotte rescued Richard and Beth Owens and their friend, Beth Mariani, who were stranded in Delaware Bay for an hour after their boat sunk.

Mr. and Mrs. Owens and Ms. Mariani had been returning in a 17-foot Grady White boat from a fishing trip and stopped to check two crab pots a half-mile from Kitts Hummock. At that time, a wave crashed over the bow and filled up a live-bait well. Within 30 seconds, the boat sunk to the bottom of the Delaware Bay. Through quick thinking they were able to radio for help before the boat was lost. The Fish and Wildlife officers were dispatched from Bowers Beach 15 minutes later. This quick action was essential because the boat was submersion was not expected. The seat, the boat, the motor, and the boat sunk were retrieved.

Corporal Penuel and Agent First Class Aydelotte found the boat 1 hour later floating in the Delaware Bay a half-mile off shore. These two officers deserve our utmost gratitude and respect for their courageous efforts. Mr. and Mrs. Owens and Ms. Mariani also deserve recognition for their quick thinking and tremendous courage in surviving this tragic event. I wish them a full and speedy recovery.

Corporal Tom Penuel and Agent First Class Drew Aydelotte of the Delaware Fish and Wildlife Division for their role models of dedication for all officials, not only in Delaware, but throughout the country. I commend them for their immense bravery in executing their lifesaving training.

TRIBUTE TO DR. WILLIAM F. GUNN, JR.

HON. JAMES E. CLYBURN
OF SOUTH CAROLINA
IN THE HOUSE OF REPRESENTATIVES
Monday, July 8, 2002

Mr. CLYBURN. Mr. Speaker, I rise today to pay tribute to my fellow South Carolinian, Dr. William F. Gunn, Jr. Dr. Gunn is a graduate of Morehouse College, where he earned a Bachelor of Science in Physical Education. He then continued his educational quest for knowledge at Indiana University receiving a Masters in Physical Education, and later a Doctorate in Education Administration at the University of South Carolina.

Dr. Gunn began his South Carolina teaching experience at Benedict College in Columbia in 1964, where he remained until 1999, when he retired as Professor of Health, Physical Education and Recreation and the Chair of the Health, Physical Education and Recreation Department. While at Benedict his commitment to the school extended out of the classroom onto the athletic field as coach of the tennis, cross-country, and soccer teams throughout the years.

Dr. Gunn is also a member of the American Alliance of Health, Physical Education, Recreation and Dance, the American Association of University Professors, Phi Delta Kappa, the Association for the Study of African American Civilizations, and the South Carolina Parks Recreation Association. Dr. Gunn is also a member of Alpha Phi Alpha fraternity. He has also served as Chairman of the Saint Luke’s Center Community Council, the Ethnic Minorities Committee for South Carolina Association of Health, Physical Education and dance, and the South Carolina Governor’s Council on Physical Fitness from 1984—1987. Additionally, he has served on the United Black Fund of Midlands Board of Directors, and on the Richland County Board of the Tuberculosis Association.

Dr. Gunn’s many accomplishments include being recipient of a United Negro College Fund Study Grant, 1972; University Year Academic Grant, 1976, Who’s Who in South and Southeast, 1976—1977; and recipient of Alpha Phi Alpha “Man of the Year” for South Carolina by the Ethnic Minorities Committee, 1985; and the recipient of a ten, fifteen, twenty, and thirty year awards for excellence in teaching from Benedict College.

Throughout his career, Dr. Gunn has also written and published numerous papers and books on community health related projects, the Health profession, and African American Education/Group Leadership. Some of his more notable publications include the Hip-Hop Culture: A Suggested Leisure Counseling Model for Young Clients, 1998; “Leisure and Spiritual Well-Being: Vital for Maximizing Human Potential,” 1999; and “Healing the Body and Mind Through Cosmic Rhythms in Music and Dance,” 2002.

Mr. Speaker. I ask you and my colleagues to join me today in honoring Dr. William F. Gunn, Jr., a man who’s contributions to his community and the educational system will leave lasting impressions on the numerous lives he has touched. I wish him continued success and Godspeed!
IN RECOGNITION OF THE EFFORTS TO ELIMINATE THE WORST FORMS OF CHILD LABOR IN WEST AFRICA

HON. ELIOT L. ENGEL
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Monday, July 8, 2002

Mr. ENGEL. Mr. Speaker, I rise today to inform you and our colleagues about the progress that has been made toward ending a shameful practice of child slavery. Just one year ago on June 28th, the House of Representatives voted 291–115 to set aside funding within the Food and Drug Administration to develop a labeling program for products made with cocoa. The label was intended to distinguish between cocoa products made with child slave labor and those that were not.

As you may recall, last summer we all became aware of this problem through media reports, such as those in the Knight-Ridder Newspapers, that told the stories of children being kidnapped from their home countries, such as Mali, and then sold into slavery in the Ivory Coast. The stories were horrifying. Children as young as 9 years of age are being forced to work without pay, live in squalor, and fear for their physical safety.

Last year, the House of Representatives resoundingly said "This is not acceptable." Chocolate is one of our most beloved treats, but it doesn't taste as sweet with the bitterness of child slavery in its mix.

Since that day last year much has happened. I am pleased with and proud of the enormous progress that has been made toward ending this terrible situation. First, let me congratulate the chocolate industry for so quickly deciding to tackle this problem head on. The industry joined a number of non-governmental organizations in signing an agreement, now known as the "Harkin-Engel Protocol," which set up a framework for dealing with the problem of child slavery in the cocoa fields. The protocol is a serious commitment by the stakeholders to create an historic effort to end child slavery in this industry. This effort is not just the result of the United States Congress but our colleagues in the parliament of Great Britain have also been working on this issue. On May 20, 2002 the House of Commons held what we would call a special session on the specific issue of child slavery in the cocoa fields of West Africa. During the debate, the Honorable Tony Colman of Putney quoted his constituent who is an expert on the problems of child trafficking and slavery, Professor Kevin Bales, as saying "The best thing that happened is the first time that an industry has taken social, moral and economic responsibility for their entire product chain. The Anti-Slavery movement has been seeking such an agreement for 160 years. Throughout the past year, the world's cocoa producers and users have met and signed onto agreements that commit everyone to ending this practice. For example, on November 30, 2001 a wide array of organizations from around the globe signed a joint statement regarding their efforts toward eliminating child slave labor in their fields. The list of organizations is very impressive: the Association of the Chocolate, Biscuit, and Confectionary Industries of the European Union; the Confectionary Manufacturers of the USA; the Confectionary Manufacturers of Canada; the Cocoa Association of London and the Federation for Cocoa Commerce; the Cocoa Merchants Association of America; the European Cocoa Association; the International Office of Confectionary; the World Cocoa Foundation; the Child Labor Coalition; Free The Slaves; the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers Associations; the National Consumers League; and the Government of the Ivory Coast. The Government of the Ivory Coast recognized the "urgent need to identify and eliminate child labour in violation of the International Labour Organization (ILO) Convention 182 with respect to the growing and processing of cocoa beans and their derivative products. Furthermore, in January of this year the Government of the Ivory Coast ratified two important international labor agreements governing child labor—Conventions 138 and 182 of the International Labor Organization. By becoming signatories to these conventions, the Government of the Ivory Coast took a huge step forward toward implementing responsible labor standards for their own workers. In part, because of this step, the Bush Administration in May 2002 granted the Ivory Coast eligibility status under the African Growth and Opportunity Act.

Finally, last week the efforts of dozens of organizations and hundreds of people culminated in the creation of an international foundation that will coordinate and sustain efforts to eliminate abusive child labor practices in the growing of cocoa. In future years, the foundation, with assistance from the governments of the world, will put in place "credible standards of public certification that cocoa beans have been grown without any of the worst forms of child labor."

These are not easy problems to remedy. Many of these children do not speak French, the main language of the Ivory Coast. Many parents willingly let them go, believing their children will be learning a trade as part of an apprenticeship. Many children are orphaned. It is now clear that when children on their own members of their families will be retrained to take the jobs of adults in the industry. The United Nations has estimated that 10-20% of all children in cocoa growing areas are employed in child labor. There is now a whole new generation of child laborers who have never known any other life. There is a movement in these countries to send children to school. It will take hard work on the part of the governments to make sure that these rights are respected and enforced.

In declaring our own independence and throwing off the shackles of tyranny, our forefathers wrote "We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness."

And that is exactly what we have to do to protect our children from the worst forms of child labor in the world today.

Mr. CRAMER. Mr. Speaker, I rise today to recognize a great member of the North Alabama community, Mr. Konrad K. Dannenberg. On August 6th, Mr. Dannenberg will celebrate his 90th birthday. Throughout his ninety years, Mr. Dannenberg has been a leader in our nation's space program, retiring from Marshall Space Flight Center in 1973 as Deputy Director of Program Development's Mission and Payload Planning Office. Today, Mount Hope Elementary School in Decatur, Alabama is honoring Mr. Dannenberg for his service to their school, the North Alabama community, and the nation.

Konrad Dannenberg, born in Weissenfels, Germany, worked with Wernher von Braun in Peenemunde, Germany and came to the United States after World War II under "Project Paperclip." He later helped develop and produce the Redstone and Jupiter missile systems for the Army Ballistic Missile Agency at Redstone Arsenal. In 1960, he joined NASA's Marshall Space Flight Center as Deputy Manager of the Saturn program, where he received the NASA Exceptional Service Medal.

Mr. Dannenberg is a Fellow of the American Institute of Aeronautics and Astronautics and was past president of the Alabama/Mississippi Chapter. He was the recipient of the 1960 DURAND Lectureship and the 1995 Herrmann Obersch Award. Additionally, the NASA Alumni League, the Herrmann Obersch Society of Germany, and the L-5 Society (now the National Space Society) have the benefit of Mr. Dannenberg's membership. In 1992, the Alabama Space and Rocket Center created a scholarship in his name to allow one student to attend a Space Academy session. Mr. Speaker, as you can tell, during Mr. Dannenberg's career, he was a valuable player in the advancement of our space program and was appreciated by co-workers and important organizations throughout the industry. Following his retirement, he has remained a major influence in the North Alabama community and still serves as a consultant for the Alabama Space and Rocket Center in Huntsville. I want to congratulate Mr. Konrad Dannenberg on his 90th birthday and thank him for the important contributions he has made to our community in North Alabama and the entire United States.

H.R. 4623—CHILD OBSCENITY AND PORNOGRAPHY PREVENTION ACT

SPEECH OF
HON. EARL POMEROY
OF NORTH DAKOTA
IN THE HOUSE OF REPRESENTATIVES
Tuesday, June 25, 2002

Mr. POMEROY. Mr. Speaker, I rise today in support of the bill I cosponsored, H.R. 4623, the Child Obscenity and Pornography Prevention Act. This bill marks a truly important step forward in protecting our Nation's kids from the scourge of pedophiles and child exploitation.
Tribute to Dr. I. Miley Gonzalez

HON. TOM UDALL
OF NEW MEXICO
IN THE HOUSE OF REPRESENTATIVES
Monday, July 8, 2002

Mr. UDALL of New Mexico. Mr. Speaker, I rise today to recognize Dr. I. Miley Gonzalez who has been serving in the capacity of Interim Vice Provost of Research at New Mexico State University. Dr. Gonzalez will be leaving NMSU after an impressive record as an admiral, lecturer and counselor. As a member of the community of Las Cruces, the state of New Mexico and our nation.

Dr. Gonzalez rejoined the university in 2001 after nearly four years as U.S. Under-Secretary of Agriculture for Research, Education and Economics. Before accepting former President Clinton's appointment to the Department of Agriculture in 1997, he served as assistant dean and deputy director of the Cooperative Extension Service from 1994 to 1996, head of the agricultural and extension education department from 1991 to 1994, and director of the college's international programs from 1992 to 1994. He began his professional career as a high school vocational agriculture teacher in 1970.

Prior to Dr. Gonzalez joining the faculty at New Mexico State University he served as a State 4-H Specialist at Pennsylvania State University and participated in Extension Program activities. He taught numerous undergraduate and graduate courses including guest lectures in Spanish.

He is a member of several academic and professional organizations, and has published journal articles and instructional materials in Spanish and English. Dr. Gonzalez received a B.S. and an M.S. from the University of Arizona and a Ph.D. from Pennsylvania State University in Agricultural Economics. In 1999 Dr. Gonzalez was one of six people to receive the Outstanding Alumni awards from Penn State's College of Agricultural Sciences. The award recognizes outstanding graduates and provides opportunities for interaction among the college's alumni, students and faculty.

Mr. Speaker, Dr. Gonzalez has had a prosperous career while at NMSU. During his tenure Dr. Gonzalez was always known for taking time to meet with any student who needed to talk to him. It is often said that if our children are our future, the quality of our schools and their teachers will largely determine the quality of the future that our children will or will not enjoy. Dr. Gonzalez's interest in the well being of his students can be found in the communities throughout New Mexico, the country, as well as in the halls of Congress. Several of those former students, who worked with Dr. Gonzalez in either the academic or extra-curricular environment, have worked or are currently working in my office or in the offices of Representative SKELLY, Senator BINGMAN, Senator DOMENICI, or President's Cabinet. He has also been named as one of the top 100 Hispanic Leaders in the country.
While serving as Under Secretary of Agriculture, Dr. Gonzalez was known for his strong efforts to forging a closer, more personal link between land-grant and research institutions and the U.S. Department of Agriculture, an agency that we all know provides funding for innovative research into the production of food and fiber, and the preservation of the environment. The Under Secretary of Agriculture for Research, Education, and Economics provides centralized organization and management of the research, education, and economic programs administered by the U.S. Department of Agriculture. In his role Dr. Gonzalez oversaw the Agricultural Research Service, the Cooperative State Research, Education, and Extension Service, the Economic Research Service and the National Statistics Service.

Mr. Speaker, I would like to extend my best wishes to Dr. I. Miley Gonzalez in his future endeavors. The community of Las Cruces and New Mexico State University will greatly miss Dr. Gonzalez’s presence—but the product of his work can be found in the faces of our current and future graduates. I ask that my colleagues in the House join me in honoring the achievements and contributions of this outstanding educator, administrator, public servant and New Mexican.

FEDERAL BILL TO MAKE SURVIVOR BENEFITS TO ALL BENEFICIARIES OF SLAIN LAW ENFORCEMENT OFFICERS TAX FREE

HON. ELEANOR HOLMES NORTON
OF THE DISTRICT OF COLUMBIA
IN THE HOUSE OF REPRESENTATIVES

Monday, July 8, 2002

Ms. NORTON. Mr. Speaker, today I am introducing a bill to make benefits received by the beneficiaries (who are not a spouse or child) of law enforcement officers killed in the line of duty tax-free. My bill amends the Officer Compensation and Tax Free Pension Equity Act that I introduced in 1997 after a District of Columbia police officer was killed in Ward 4, to relieve the spouses and children of law enforcement officers killed in the line of duty from taxation on death benefits. The law now applies to all law enforcement officers in the United States. I wrote the bill after I discovered that officers received disability benefits tax-free while the death benefits of survivors were taxed. I decided to amend my bill after the Mychal Judge Police and Fire Chaplains Public Safety Officers’ Benefit Act of 2002, allowing domestic partners to receive Federal death benefits, was enacted and signed by the President last month. That bill was stimulated by September 11th and the discovery that the domestic partners of police and fire officers killed in the Twin Towers tragedy were being denied death benefits.

The bill I introduce today is the logical companion bill to the 9–11 public safety officers bill that is now law because it simply allows the same exemption from taxation that other beneficiaries will now receive. Without this new bill, the very inequity Congress clearly intended to avoid between the spouses and relatives of slain officers on the one hand and other beneficiaries on the other would be reintroduced. If the death benefits of these beneficiaries of slain officers are tax exempt, it follows that the same benefits to other congressionally recognized beneficiaries should be similarly exempt. I believe that this remaining difference was not deliberate, but resulted from the fact that my earlier bill amended the tax code and was not immediately apparent to the author of the recent bill.

I ask all of my colleagues to support this corrective measure.

CELEBRATING THE GRUNION GAZETTE’S 25TH ANNIVERSARY

HON. STEPHEN HORN
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES

Monday, July 8, 2002

Mr. HORN. Mr. Speaker, today I rise to pay tribute to the Grunion Gazette for providing Long Beach with an outstanding weekly newspaper for 25 years.

The Grunion, named after Long Beach’s famous grunion runs, was founded by Tedi and Pat Cantalupo who began publishing the Grunion out of their home in the Belmont Shore area of Long Beach in 1977. In 1981, the Cantalupos sold the Grunion to Fran and John Blowitz who built the paper into what it is today—one of the finest weekly newspapers in California.

The Grunion Gazette has provided its readers with a sense of community and cohesiveness through its in-depth reporting on a variety of local topics. It keeps its readers well informed with news and information from city government, business, education, and the community, and provides a calendar of events, wedding announcements, obituaries, health and fitness advice, and a dining guide. Its opinion columns are based on local insights, along with a lively letters to the editor section and the witty commentary of Charlie the dog (aka Jacques Warshauer) in “Charlie’s Corner,” one of the Gazette’s longest running features. All of this is combined with wonderful photos that capture the personality of the area and a website that opens the Gazette to readers around the world.

Fran and John Blowitz can take great pride in all that they have accomplished as owners of the Grunion Gazette, and as owners of the Downtown Gazette edition that they began publishing in 1997 to relieve the spouses and children of law enforcement officers killed in the line of duty tax-free. My bill amends the Officer Compensation and Tax Free Pension Equity Act that I introduced in 1997 after a District of Columbia police officer was killed in Ward 4, to relieve the spouses and children of law enforcement officers killed in the line of duty from taxation on death benefits. The law now applies to all law enforcement officers in the United States. I wrote the bill after I discovered that officers received disability benefits tax-free while the death benefits of survivors were taxed. I decided to amend my bill after the Mychal Judge Police and Fire Chaplains Public Safety Officers’ Benefit Act of 2002, allowing domestic partners to receive Federal death benefits, was enacted and signed by the President last month. That bill was stimulated by September 11th and the discovery that the domestic partners of police and fire officers killed in the Twin Towers tragedy were being denied death benefits.

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I ask all of my colleagues to support this corrective measure.

PAYOUT TRIBUTE TO JUNE RENFRO

HON. SCOTT McNINIS
OF COLORADO
IN THE HOUSE OF REPRESENTATIVES

Monday, July 8, 2002

Mr. McNINIS. Mr. Speaker, it is my honor to bring to the attention of this House the inspiring accomplishments of June Renfro. June was recently awarded the Rifle (Colorado) Chamber of Commerce’s ‘Person of the Year’ award for her dedication to her community. The selfless love with which she has promoted the betterment of the Rifle area has been a moving reminder of the affection many in my state have for their communities.

June Renfro was born on a ranch just northeast of Gunnison, Colorado. She spent 18 years in the upholstery business in Greeley while actively pursuing a career with Home Interiors and Gifts, an at-home interior decorating service. However, when Mrs. Renfro’s husband tragically passed away, June decided it was time to escape the cold winters in that area and moved to Rifle in 1997 to spend more time with her daughter Judy.

The joy with which June has embraced her new community later in life has been an inspiration to her new neighbors. At the age of 68 June threw herself wholeheartedly into the Rifle community, utilizing her love of people and inquisitive nature to become Rifle’s biggest cheerleader. She became involved with the Chamber of Commerce ambassadors and began taping local business profiles for Rifle’s Community Access Channel 13. June did everything in her power to share her talents and infectious spirit with her new neighbors in Rifle.

Mr. Speaker it is my privilege to pay tribute to June Renfro for her contributions to the rifle community. I applaud her receipt of the Rifle Chamber of Commerce’s ‘Person of the Year’ award recognizing her significant achievements for the good of the community. At the age of 73, June’s commitment to her neighborhood should be a lesson to all of us that we can continue to affect our communities for the public. For this unwavering dedication, as well as her infectious love of her newfound home, I bring June Renfro’s example to the attention of this body of Congress.

PAYOUT TRIBUTE TO GENE TAYLOR

HON. SCOTT McNINIS
OF COLORADO
IN THE HOUSE OF REPRESENTATIVES

Monday, July 8, 2002

Mr. McNINIS. Mr. Speaker, it is my honor today to pay tribute to a model citizen of the Grand Junction, Colorado community. Gene Taylor has gained widespread and admiration of the community through his company, Gene Taylor’s Sporting Goods, and has provided professional and quality service to the city for over forty years. Gene’s secret to success is simple; he values the customer and is dedicated to providing quality products in his establishment. He is a pillar of the Grand Junction community and I am honored to bring forth his accomplishments before this body of Congress, and this nation.
As the market for sporting goods and competition for the community’s business increased, Gene has managed to stay successful through his hard work and dedication to his community. As an active business and civic member and provider of financial assistance to worthy causes, Gene’s stores are covered with banners from local schools thanking him for his help and support to their causes. His latest contribution to the city was the donation of five and one half acres for a new skating rink in Grand Junction, the Charlene Glebler Community Ice Arena. This donation, along with Gene’s life-long belief in community service, is one of the many admirable qualities of this man and I am grateful for their service.

As a family friend and admirer of Gene, let me point out that the entire family is involved in the operation and all carry Gene’s commitment to excellence in their daily lives. Gene is well known as a loving husband to his wife Beverly, and a devoted father to his six children Roseanne, Duke, Marshall, Amy, Tony, and Jenny.

Mr. Speaker, it is with great pride and satisfaction that I bring the life and accomplishments of Gene Taylor to the attention of this nation today. Gene’s success story serves as a model example of hard work and perseverance for a member of the business and civic community and I am honored to represent Gene and his family before this body of Congress. Gene and his family have been well-respected members of the Grand Junction community for many years and I am grateful for their service.

PAYING TRIBUTE TO HENRY H. CAIRNS, SR.
HON. SCOTT McINNIS
OF COLORADO
IN THE HOUSE OF REPRESENTATIVES
Monday, July 8, 2002

Mr. McINNIS. Mr. Speaker, I would like to take this opportunity to pay tribute to the life and memory of Henry H. Cairns Sr. of San Diego, California. Henry Cairns, known as Hank, honorably devoted his life to defending the freedoms of our nation. He upheld America’s liberty and has earned a place amongst our country’s leaders. Today we mourn the loss of a courageous father, grandfather, husband, brother, son, and soldier.

Hank moved to Colorado when he was six weeks old, and he spent most of his adolescent and young adult years in Montrose. When he graduated from high school, Hank with the help of his brother opened his own candy store. Hank found his place, honorably serving in our Air Force, and as the Captain of the 852nd Bombardier, 8th Air Force Squadron, Hank upheld liberty and freedom by bravely fighting and living through his detainment at a prisoner of war camp during World War II. Hank served our nation proudly, and after the war he respectably returned to the United States. Hank has contributed greatly to our country by helping build roads, and runways around neighborhoods, military bases, and cities in our communities.

Mr. Speaker, it is my pleasure to honor an individual who contributed selflessly to the betterment of our nation, and although we will grieve the loss, we will rejoice over a man of great character and conduct. I express my sincerest condolences to his family and friends, and I salute Aaron Romero before this body of Congress and this nation.
SENATE COMMITTEE MEETINGS
Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This rule requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Meetings scheduled for Tuesday, July 9, 2002 may be found in the Daily Digest of today’s RECORD.

MEETINGS SCHEDULED

**JULY 10**

9:30 a.m. Veterans’ Affairs
To hold hearings to examine the continuing challenges of care and compensation due to military exposure.
SR-418

Energy and Natural Resources

Water and Power Subcommittee
To hold oversight hearings to examine water resource management issues on the Missouri River.
SD-366

Commerce, Science, and Transportation
Surface Transportation and Merchant Marine Subcommittee
To hold hearings to examine railway safety.
SR-253

10 a.m. Indian Affairs
To hold hearings to examine Elder Health issues.
SR-485

Judiciary
Business meeting to consider pending calendar business.
SD-226

Health, Education, Labor, and Pensions
Business meeting to consider S. 710, to require coverage for colorectal cancer screenings; S. 2328, to amend the Public Health Service Act and the Federal Food, Drug, and Cosmetic Act to ensure a safe pregnancy for all women in the United States, to reduce the rate of maternal morbidity and mortality, to eliminate racial and ethnic disparities in maternal health outcomes, to reduce pre-term, labor, to examine the impact of pregnancy on the short and long term health of women, to expand knowledge about the safety and dosing of drugs to treat pregnant women with chronic conditions and women who become sick during pregnancy, to expand public health prevention, education and outreach, and to develop improved and more accurate data collection related to maternal morbidity and mortality; S. 812, to amend the Federal Food, Drug, and Cosmetic Act to provide greater access to affordable pharmaceuticals; S. 2489, to amend the Public Health Service Act to establish a program to assist family caregivers in accessing affordable and high-quality respite care; and the nominations of Richard H. Carmona, of Arizona, to be Medical Director in the Regular Corps of the Public Health Service, and to be Surgeon General of the Public Health Service; Naomi Shihab Nye, of Texas, and Michael Pack, of Maryland, each to be a Member of the National Council on the Humanities; Earl A. Powell III, of Virginia, to be a Member of the National Council on the Arts; Robert Davila, of New York, to be a Member of the National Council On Disability; and Peter J. Hurtgen, of Maryland, to be Federal Mediation and Conciliation Director.
SD-430

11 a.m. Printing
To hold hearings to examine federal government printing and public access to government documents.
SR-301

2 p.m. Environment and Public Works
To hold hearings to examine the President’s proposal to establish the Department of Homeland Security.
SD-406

2:30 p.m. Judiciary
Crime and Drugs Subcommittee
To hold hearings to examine issues concerning white collar crime.
SD-226

Energy and Natural Resources
To hold hearings to examine the present and future roles of the Department of Energy/National Security Administration national laboratories in protecting our homeland security.
SD-366

**JULY 11**

9 a.m. Judiciary
To hold hearings to examine oversight of the Department of Justice and the impact of a new Department of Homeland Security.
SD-106

3:30 p.m. Environment and Public Works
To hold hearings to examine the progress of national recycling efforts, focusing on federal procurement of recycled-content products and producer responsibility related to the beverage industry.
SD-406

Commerce, Science, and Transportation
To hold hearings to examine the U.S. Climate Action Report concerning global climate change.
SD-386

10 a.m. Energy and Natural Resources
To hold hearings to examine the Department of Energy’s Environmental Management program, focusing on DOE’s progress in implementing its accelerated cleanup initiative, and the changes DOE has proposed to the EM science and technology program.
SR-253

Judiciary
Business meeting to consider pending calendar business.
SD-226

Indian Affairs
To hold hearings to examine contemporary tribal governments, focusing on challenges in law enforcement related to the rulings of the U.S. Supreme Court.
SR-485

2 p.m. Finance
Social Security and Family Policy Subcommittee
To hold hearings on S. 848, to amend title 18, United States Code, to limit the misuse of social security numbers, to establish criminal penalties for such misuse.
SD-215

2:30 p.m. Foreign Relations
Africa Affairs Subcommittee
To hold hearings to examine implementing United States policy in Sudan.
SD-419

**JULY 16**

9:30 a.m. Governmental Affairs
To hold hearings to examine the nomination of Mark W. Everson, of Texas, to be Deputy Director for Management, Office of Management and Budget.
SD-342

Energy and Natural Resources
To hold hearings to examine the Administration’s plans to request additional funds for wildland firefighting and forest restoration as well as ongoing implementation of the National Fire Plan.
SD-366

10 a.m. Banking, Housing, and Urban Affairs
To hold oversight hearings to examine the Semi-Annual Report on Monetary Policy of the Federal Reserve.
SD-450

**JULY 17**

10 a.m. Indian Affairs
To hold oversight hearings to examine the protection of Native American sacred places.
SR-485

10:30 a.m. Foreign Relations
To resume hearings on the Treaty Between the United States of America and the Russian Federation on Strategic Offensive Reductions, Signed at Moscow on May 24, 2002 (Treaty Doc. 107-10).
SD-419

**JULY 18**

10 a.m. Indian Affairs
To hold hearings to examine proposed legislation to approve the settlement of water rights claims of the Zuni Indian Tribe in Apache County, Arizona.
SR-485

2 p.m. Indian Affairs
To hold hearings on proposed legislation to ratify an agreement to regulate air quality on the Southern Ute Indian Reservation.
SR-485

**JULY 24**

9:30 a.m. Veterans’ Affairs
To hold hearings to examine mental health care issues.
SR-418

10 a.m. Indian Affairs
To hold hearings on S. 1344, to provide training and technical assistance to Native Americans who are interested in commercial vehicle driving careers.
SR-485
<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Committee</th>
<th>Event Description</th>
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<tbody>
<tr>
<td>JULY 30</td>
<td>10 a.m.</td>
<td>Indian Affairs</td>
<td>To hold hearings on proposed legislation concerning the Department of the Interior/Tribal Trust Reform Task Force; and to be followed by S. 2212, to establish a direct line of authority for the Office of Trust Reform Implementations and Oversight to oversee the management and reform of Indian trust funds and assets under the jurisdiction of the Department of the Interior, and to advance tribal management of such funds and assets, pursuant to the Indian Self-Determinations Act.</td>
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<td>9:30 a.m.</td>
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<td>JULY 31</td>
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<td>10 a.m.</td>
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<td>Indian Affairs</td>
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<tr>
<td>AUGUST 1</td>
<td>10 a.m.</td>
<td>Indian Affairs</td>
<td>To hold oversight hearings to examine the Secretary of the Interior's Report on the Hoopa Yurok Settlement Act.</td>
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<td>2 p.m.</td>
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<td>Indian Affairs</td>
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<td>To hold oversight hearings to examine problems facing Native youth.</td>
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HIGHLIGHTS

See Résumé of Congressional Activity.

Senate

Chamber Action

Routine Proceedings, pages S6327–S6432

Measures Introduced: One resolution was submitted, as follows: S. Res. 299.

Page S6361

Measures Reported:

Reported on Wednesday, July 3, during the adjournment:


S. 1946, to amend the National Trails System Act to designate the Old Spanish Trail as a National Historic Trail, with amendments. (S. Rept. No. 107–203)

H.R. 640, to adjust the boundaries of Santa Monica Mountains National Recreation Area, with an amendment. (S. Rept. No. 107–204)

Report to accompany S. 2673, to improve quality and transparency in financial reporting and independent audits and accounting services for public companies, to create a Public Company Accounting Oversight Board, to enhance the standard setting process for accounting practices, to strengthen the independence of firms that audit public companies, to increase corporate responsibility and the usefulness of corporate financial disclosure, to protect the objectivity and independence of securities analysts, to improve Securities and Exchange Commission resources and oversight. (S. Rept. No. 107–205)

S. 2525, to amend the Foreign Assistance Act of 1961 to increase assistance for foreign countries seriously affected by HIV/AIDS, tuberculosis, and malaria. (S. Rept. No. 107–206)

S. 2059, to amend the Public Health Service Act to provide for Alzheimer’s disease research and demonstration grants, with an amendment in the nature of a substitute.

S. 2649, to provide assistance to combat the HIV/AIDS pandemic in developing foreign countries, with an amendment in the nature of a substitute.

Page S6361

Measures Passed:


Page S6432

Small Business Participation in Homeland Defense: Committee on Small Business was discharged from further consideration of S. Res. 264, expressing the sense of the Senate that small business participation is vital to the defense of our Nation, and that Federal, State, and local governments should aggressively seek out and purchase innovative technologies and services from American small businesses to help in homeland defense and the fight against terrorism, and the resolution was then agreed to.

Page S6432

Accounting Reform Act: Senate began consideration of S. 2673, to improve quality and transparency in financial reporting and independent audits and accounting services for public companies, to create a Public Company Accounting Oversight Board, to enhance the standard setting process for accounting practices, to strengthen the independence of firms that audit public companies, to increase corporate responsibility and the usefulness of corporate financial disclosure, to protect the objectivity and independence of securities analysts, to improve Securities and Exchange Commission resources and oversight, taking action on the following amendment proposed thereto:

Adopted:

Sarbanes Amendment No. 4173, to make certain technical and conforming amendments.

Page S6340
A unanimous-consent agreement was reached providing for further consideration of the bill at 10:15 a.m., on Tuesday, July 9, 2002.

Text of S. 2514, as Previously Passed:
(For S. 2515—see Division A of S. 2514)
(For S. 2516—see Division B of S. 2514)
(For S. 2517—see Division C of S. 2514)
(For H.R. 4546—see text of S. 2514, as passed)

Adjournment: Senate met at 2 p.m., and adjourned at 6:38 p.m., until 9:30 a.m., on Tuesday, July 9, 2002. (For Senate's program, see the remarks of the Acting Majority Leader in today's Record on page S6432).

Committee Meetings
No committee meetings were held.

House of Representatives

Chamber Action

Measures Introduced: 8 public bills, H.R. 5062–5069; and 3 resolutions, H. Con. Res. 435 and H. Res. 470–471, were introduced.

Reports Filed: Reports were filed today:

H.R. 4129, to amend the Central Utah Project Completion Act to clarify the responsibilities of the Secretary of the Interior with respect to the Central Utah Project, to redirect unexpended budget authority for the Central Utah Project for wastewater treatment and reuse and other purposes, to provide for prepayment of repayment contracts for municipal and industrial water delivery facilities, and to eliminate a deadline for such prepayment, amended (H. Rept. 107–554); and

H.R. 4635, to amend title 49, United States Code, to establish a program for Federal flight deck officers, amended (H. Rept. 555 part 1).

Speaker Pro Tempore: Read a letter from the Speaker wherein he appointed Representative Kolbe to act as Speaker pro tempore for today.

Twenty-Fifth Amendment to the Constitution—Discharge of the Powers and Duties of the Office of President: In accordance with the provisions of Section 3 of the Twenty-Fifth Amendment to the United States Constitution, read a letter to the Speaker from the President of the United States dated June 29 wherein he declared that he had resumed the powers and duties of President of the United States. Subsequently, read a second letter to the Speaker from the President of the United States dated June 29 wherein he declared that he had resumed the powers and duties of President of the United States.

Recess: The House recessed at 2:08 p.m. and reconvened at 5:02 p.m.

Recess: The House recessed at 5:36 p.m. and reconvened at 6:31 p.m.

Suspensions: The House agreed to suspend the rules and pass the following measures:

**Study of the Rathdrum Prairie/Spokane Valley Aquifer:** H.R. 4609, to direct the Secretary of the Interior to conduct a comprehensive study of the Rathdrum Prairie/Spokane Valley Aquifer, located in Idaho and Washington (agreed to by a yea-and-nay vote of 340 yeas to 9 nays, Roll No. 283);

**Pipeline Right of Way Permits Within Great Smoky Mountains National Park:** H.R. 3380, to authorize the Secretary of the Interior to issue right-of-way permits for natural gas pipelines within the boundary of Great Smoky Mountains National Park; and

**Expansion of the Lewis and Clark Expedition Winter Encampment Memorial:** H.R. 2643, amended, to authorize the acquisition of additional lands for inclusion in the Fort Clatsop National Memorial in the State of Oregon (agreed to by a yea-and-nay vote of 331 yeas to 18 nays, Roll No. 284).
Committee Resignation: Read a letter from Representative Capuano wherein he announced his resignation from the Committee on the Budget.

Committee Election: The House agreed to H. Res. 470, electing Representative Holden to the Committee on Resources and Representative Capuano to the Committee on Transportation and Infrastructure.

Motion to Instruct Conferrees—Help America Vote Act: Representative Langevin announced his intention to offer a motion, on Tuesday, July 9, to instruct conferrees on the disagreeing votes of the two Houses on the Senate amendments to H.R. 3295, Help America Vote Act, to recede from disagreement with the provisions contained in subparagraphs (A) and (B) of section 101 (a)(3) of the Senate amendment to the House bill (relating to the accessibility of voting systems for individuals with disabilities).

Senate Messages: Message received from the Senate appears on page H4329.

Referrals: S. 803 was referred to the Committee on Government Reform and S. 2514, S. 2515, S. 2516, and S. 2517 were held at the desk.

Amendments: Amendments ordered printed pursuant to the rule appear on page H4351.

Quorum Calls—Votes: Two yea-and-nay votes developed during the proceedings of the House today and appear on pages H4335 and H4336. There were no quorum calls.

Adjournment: The House met at 2 p.m. and adjourned at 8:56 p.m.

Committee Meetings

[Omitted from the Congressional Record of Friday, June 28, 2002:]

ANTI- AND COUNTER-TERRORISM OPERATIONS—EFFORTS TO IMPROVE


AMEND TEMPORARY EMERGENCY WILDLIFE SUPPRESSION ACT—ALLOW SHARING PERSONNEL TO FIGHT WILDFIRES

Committee on the Judiciary: Subcommittee on Immigration, Border Security, and Claims held a hearing on H.R. 5017, to amend the Temporary Emergency Wildlife Suppression Act to facilitate the ability of the Secretary of the Interior and the Secretary of Agriculture to enter into reciprocal agreements with foreign countries for the sharing of personnel to fight wildfires. Testimony was heard from Paul Harris, Deputy Associate Attorney General, Department of Justice; and Tim Hartzell, Director, Office of Wildland Fire Policy, Department of the Interior.

[Submitted for the Congressional Record of Monday, July 8, 2002:]

WORLDCOM—ACCOUNTING PROBLEMS

Committee on Financial Services: Held a hearing entitled "Wrong Numbers: The Accounting Problems at WorldCom." Testimony was heard from Melvin Dick, former Senior Global Managing Partner, Technology, Media and Communications Practice, Arthur Andersen LLP; Jack Grubman, Telecommunications Analyst, Salomon Smith Barney; and the following officials of WorldCom: John Sidgmore, President and Chief Executive Officer; and Bert Roberts, Chairman of the Board.

In refusing to give testimony, the following former officials of WorldCom; Bernard J. Ebbers, Chief Executive Director; and Scott Sullivan, Chief Financial Officer, invoked Fifth Amendment privileges.

NEW PUBLIC LAWS

(For last listing of Public Laws, see DAILY DIGEST of June 25, 2002, p. D677)

H.R. 327, to amend chapter 35 of title 44, United States Code, for the purpose of facilitating compliance by small business concerns with certain Federal paperwork requirements, to establish a task force to examine information collection and dissemination. Signed on June 28, 2002. (Public Law 107–198)

CONGRESSIONAL PROGRAM AHEAD

Week of July 9 through July 13, 2002

Senate Chamber

On Tuesday, Senate will continue consideration of S. 2673, Accounting Reform Act. During the balance of the week, Senate will consider any other pending legislative and executive business.

Senate Committees

(Committee meetings are open unless otherwise indicated)

Special Committee on Aging: July 9, to hold hearings to examine public health concerns of counterfeit medicine, focusing on the purchasing of pharmaceuticals, both brand name and generic, from outside the nation’s borders and without the series of checks in place for drugs sold domestically, 2:30 p.m., SDS–562.

Committee on Commerce, Science, and Transportation: July 10, Subcommittee on Surface Transportation and Merchant Marine, to hold hearings to examine railway safety, 9:30 a.m., SR–253.

July 11, Full Committee, to hold hearings to examine the U.S. Climate Action Report concerning global climate change, 9:30 a.m., SR–253.

Committee on Energy and Natural Resources: July 10, Subcommittee on Water and Power, to hold oversight hearings to examine water resource management issues on the Missouri River, 9:30 a.m., SD–366.

July 10, Full Committee, to hold hearings to examine the present and future roles of the Department of Energy/National Security Administration national laboratories in protecting our homeland security, 2:30 p.m., SD–366.

July 11, Full Committee, to hold hearings to examine the Department of Energy’s Environmental Management program, focusing on DOE’s progress in implementing its accelerated cleanup initiative, and the changes DOE has proposed to the EM science and technology program, 10 a.m., SD–366.

Committee on Environment and Public Works: July 9, to hold hearings on sections 2015, 2016, 2017(a) and (b), 2018 and 2019 of S. 2225, the National Defense Authorization Act for Fiscal Year 2003, 2:30 p.m., SD–406.

July 10, Full Committee, to hold hearings to examine the President’s proposal to establish the Department of Homeland Security, 2 p.m., SD–406.

July 11, Full Committee, to hold hearings to examine the progress of national recycling efforts, focusing on federal procurement of recycled-content products and producer responsibility related to the beverage industry, 9:30 a.m., SD–406.

Committee on Finance: July 11, Subcommittee on Social Security and Family Policy, to hold hearings on S. 848, to amend title 18, United States Code, to limit the misuse of social security numbers, to establish criminal penalties for such misuse, 2 p.m., SD–215.

Committee on Foreign Relations: July 9, to hold hearings on the Treaty Between the United States of America and the Russian Federation on Strategic Offensive Reductions, Signed at Moscow on May 24, 2002 (Treaty Doc. 107–08), 10:30 a.m., SD–419.

July 9, Full Committee, to hold hearings on the nominations of John William Blaney, of Virginia, to be Ambassador to the Republic of Liberia, Aurelia E. Brazeal, of Georgia, to be Ambassador to the Federal Democratic Republic of Ethiopia, Martin George Brennan, of California, to be Ambassador to the Republic of Zamb, J. Anthony Holmes, of California, to be Ambassador to Burkina Faso, Vicki Huddleston, of Arizona, to be Ambassador to the Republic of Mali, Donald C. Johnson, of Texas, to be Ambassador to the Republic of Cape Verde, Jimmy Kolker, of Missouri, to be Ambassador to the Republic of Uganda, Gail Dennise Thomas Mathieu, of New Jersey, to be Ambassador to the Republic of Niger, and James Howard Yellin, of Pennsylvania, to be Ambassador to the Republic of Burundi, 2:30 p.m., SD–419.

July 11, Subcommittee on African Affairs, to hold hearings to examine implementing United States policy in Sudan, 2:30 p.m. SD–419.

Committee on Health, Education, Labor, and Pensions: July 9, to hold hearings on the nomination of Richard H. Carmona, of Arizona, to be Medical Director in the Regular Corps of the Public Health Service, and to be Surgeon General of the Public Health Service, 10 a.m., SD–430.

July 9, Full Committee, to hold hearings to examine the President’s Commission on Excellence in Special Education, 2:30 p.m. DD–430.

July 10, Full Committee, business meeting to consider S. 710, to require coverage for colorectal cancer screenings; S. 2328, to amend the Public Health Service Act and the Federal Food, Drug, and Cosmetic Act to ensure a safe pregnancy for all women in the United States, to reduce the rate of maternal morbidity and mortality, to eliminate racial and ethnic disparities in maternal health outcomes, to reduce pre-term, labor, to examine the impact of pregnancy on the short and long term health of women, to expand knowledge about the safety and dosing of drugs to treat pregnant women with chronic conditions and women who become sick during pregnancy, to expand public health prevention, education and outreach, and to develop improved and more accurate data collection related to maternal morbidity and mortality; S. 812, to amend the Federal Food, Drug, and Cosmetic Act to provide greater access to affordable pharmaceuticals; S. 2489, to amend the Public Health Service Act to establish a program to assist family caregivers in accessing affordable and high-quality respite care; and the nominations of Richard H. Carmona, of Arizona, to be Medical Director in the Regular Corps of the Public Health Service, and to be Surgeon General of the Public Health Service; Naomi Shihab Nye, of Texas, and Michael Pack, of Maryland, each to be a Member of the National Council on the Humanities; Earl A. Powell III, of Virginia, to be a Member of the National Council on the Arts; Robert Davila, of New York, to be a Member of the National Council On Disability; and Peter J. Hurtgen, of Maryland, to be Federal Mediation and Conciliation Director, 10 a.m., SD–430.

Committee on Indian Affairs: July 10, to hold hearings to examine Elder health issues; 10 a.m., SR–485.
July 11, Full Committee, to hold hearings to examine contemporary tribal governments, focusing on challenges in law enforcement related to the rulings of the U.S. Supreme Court, 10 a.m., SR–485.

Committee on the Judiciary: July 9, Subcommittee on Technology, Terrorism, and Government Information, to hold hearings on S. 2541, to amend title 18, United States Code, to establish penalties for aggravated identity theft, 2:30 p.m., SD–226.

July 10, Full Committee, business meeting to consider pending calendar business, 10 a.m., SD–226.

July 10, Subcommittee on Crime and Drugs, to hold hearings to examine issues concerning white collar crime, 2:30 p.m., SD–226.

July 11, Full Committee, to hold hearings, to examine oversight of the Department of Justice and the impact of a new Department of Homeland Security, 9 a.m., SD–106.

July 11, Full Committee, business meeting to consider pending calendar business, 10 a.m., SD–226.

Committee on Veterans’ Affairs: July 10, to hold hearings to examine the continuing challenges of care and compensation due to military exposures, 9:30 a.m., SR–418.

House Chamber

Tuesday, July 9, consideration of suspensions:
(1) H.R. 4481, Airport Streamlining Approval Process Act;
(2) H.R. , Armed Services Tax Fairness Act;
(3) H.R. 5017, reciprocal agreements between the Secretary of the Interior and the Secretary of Agriculture with foreign countries for the sharing of personnel to fight wildfires;
(4) H.R. 4878, Improper Payments Reduction Act; and
(5) H. Res. 393, Concerning the rise in anti-Semitism in Europe.

Wednesday, July 10 and the balance of the week, consideration of measures subject to rules being granted:
H.R. 4635, Arming Pilots Against Terrorism, H.R. 4687, National Construction Safety Team; H.R. 2486, Tropical Cyclone Inland Forecasting Improvement and Warning System Development; and H.R. 2733, Enterprise Integration Act.

House Committees

Committee on Agriculture, July 11, to consider recommendations on H.R. 5005, Homeland Security Act of 2002, 9:30 a.m., 1300 Longworth.

Committee on Appropriations, July 9, to consider the following: the Report on the Revised Suballocation of Budget Allocations for fiscal year 2003; the Interior and the Treasury, Postal Service and General Government appropriations for fiscal year 2003, 10 a.m., 2359 Rayburn.

July 10, Subcommittee on Energy and Water Development, to mark up appropriations for fiscal year 2003, 4 p.m., 2362 Rayburn.

July 11, full Committee, to consider the following appropriations for fiscal year 2003: Legislative; and the Agriculture, Rural Development, Food and Drug Administration and Related Agencies,10 a.m., 2359 Rayburn.

Committee on Armed Services, July 10, to mark up H.R. 5005, Homeland Security Act of 2002, 10 a.m., 2118 Rayburn.

July 11, Special Oversight Panel on Terrorism, hearing on Army and Air Force initiatives to improve anti-and counter-terrorism operations, 8:30 a.m., 2212 Rayburn.

Committee on Education and the Workforce, July 9, Subcommittee on Employer-Employee Relations, hearing on Expanding Access to Quality Health Care: Solutions for Uninsured Americans, 2 p.m., 2175 Rayburn.

July 10, full Committee, hearing on Reforming the Individuals with Disabilities Education Act: Recommendations from the Administration’s Commission on Excellence in Special Education, 10:30 a.m., 2175 Rayburn.

Committee on Energy and Commerce, July 9, Subcommittee on Oversight and Investigations, to continue hearings on “Creating the Department of Homeland Security: Consideration of the Administration’s Proposal,” with emphasis on research and development and critical infrastructure activities proposed for transfer to the new Department, 9 a.m., 2123 Rayburn.


July 10, Subcommittee on Telecommunications and the Internet, hearing on Corporation for Public Broadcasting Oversight and a Look Into Public Broadcasting in the Digital Era, 10 a.m., 2322 Rayburn.

July 11, Subcommittee on Health, hearing on “Protecting the Rights of Conscience of Healthy Care Providers and a Parent’s Right to Know,” 3 p.m., 2322 Rayburn.

Committee on Government Reform, July 9, Subcommittee on Technology and Procurement Policy, hearing on “Helping State and Local Governments Move at New Economy Speed: Adding Flexibility to the Federal IT Grant Process,” 10 a.m., 2154 Rayburn.


July 12, Subcommittee on Energy Policy, Natural Resources and Regulatory Affairs, hearing on “California’s Electricity Market: The Case of Perot Systems.,” 2 p.m., 2154 Rayburn.


July 11, Subcommittee on the Middle East and South Asia, hearing on the following bills: H.R. 1795, Middle East Peace Commitments Act of 2001; and H.R. 4693, Arafat Accountability Act, 2:15 p.m., 2172 Rayburn.

Committee on the Judiciary, July 9, Subcommittee on Commercial and Administrative Law, oversight hearing on “Administrative Law, Adjudicatory Issues, and Privacy Ramifications of Creating a Department of Homeland Security, 11:30 a.m., 2141 Rayburn.


July 10 and 11, full Committee, to mark up the following: H.R. 3838, to amend the charter of the Veterans of Foreign Wars of the United States organization to make members of the armed forces who receive special pay for duty subject to hostile fire or imminent danger eligible for membership in the organization; H.R. 3214, to amend the charter of the AMVETS organization; H.R. 3988, to amend title 36, United States Code, to clarify the requirements for eligibility in the American Legion; H.R. 5005, Homeland Security Act of 2002; and private relief measures, 10 a.m., 2141 Rayburn.

Committee on Resources, July 9, Subcommittee on National Parks, Recreation and Public Lands, hearing on the following bills: H.R. 2099, to amend the Omnibus Parks and Public Lands Management Act of 1996 to provide adequate funding authorization for the Vancouver National Historic Reserve; H.R. 3917, to authorize a national memorial to commemorate the passengers and crew of Flight 93 who, on September 11, 2001, courageously gave their lives thereby thwarting a planned attack on our Nation’s Capital; and H.R. 4874, to direct the Secretary of the Interior to disclaim any Federal interest in lands adjacent to Spirit Lake and Twin Lakes in the State of Idaho resulting from possible omission of land from an 1880 survey, 2 p.m., 1334 Longworth.

July 9, Subcommittee on Water and Power, hearing on the following bills: H.R. 4708, Fremont-Madison Conveyance Act; H.R. 4739, to amend the Reclamation Wastewater and Groundwater Study and Facilities Act to authorize the Secretary of the Interior to participate in the design, planning, and construction of a project to reclaim and reuse wastewater within and outside of the service area of the City of Austin Water and Wastewater Utility, Texas; and H.R. 5039, to direct the Secretary of the Interior to convey title to certain irrigation project property in the Humboldt Project, Nevada, to the Pershing County Water Conservation District, Pershing County, Lander County and the State of Nevada, 2 p.m., 1324 Longworth.

July 10, full Committee, to continue markup of H.R. 4749, Magnuson-Stevens Act Amendments of 2002; and to mark up the following measures: H. Con. Res. 419, requesting the President to issue a proclamation in observance of the 100th Anniversary of the founding of the International Association of Fish and Wildlife Agencies; H.R. 3148, to amend the Alaska Native Claims Settlement Act to provide equitable treatment of Alaska Native Vietnam Veterans; H.R. 3476, to protect certain lands held in fee by the Pechanga Band of Luiseño Mission Indians from condemnation until a final decision is made by the Secretary of the Interior regarding a pending fee to trust application for that land; H.R. 3917, Flight 93 National Memorial Act; H.R. 4141, Red Rock Canyon National Conservation Area Protection and Enhancement Act of 2002; H.R. 4620, America’s Wilderness Protection Act; H.R. 4739, to amend the Reclamation Wastewater and Groundwater Study and Facilities Act to authorize the Secretary of the Interior to participate in the design, planning, and construction of a project to reclaim and reuse wastewater within and outside of the service area of the City of Austin Water and Wastewater Utility, Texas; H.R. 4822, Upper Missouri River Breaks Boundary Clarification Act; H.R. 4840, Sound Science for Endangered Species Act Planning Act of 2002; S. 238, Burnt, Malheur, Owyhee, and Powder River Basin Water Optimization Feasibility Study Act of 2001; S. 356, Louisiana Purchase Bicentennial Commission Act; and S. 1057, Pu’uhonua O Honaunau National Historical Park Addition Act of 2001, 10 a.m., 1324 Longworth.

July 11, Subcommittee on Fisheries Conservation, Wildlife and Oceans, oversight hearing on the Developing Crisis Facing Wildlife Species due to Bushmeat Consumption, 11 a.m., 1324 Longworth.

July 11, Subcommittee on Forests and Forest Health, oversight hearing on Wildfire on the National Forest: An Update on the 2002 Wildland Fire Season, 10 a.m., 1334 Longworth.

Committee on Rules, July 9, to consider the following: H.R. 4635, Arming Pilots Against Terrorism Act; H.R. 4687, National Construction Safety Team Act; H.R. 2486, Tropical Cyclone Inland Forecasting Improvement and Warning System Development Act of 2002; and H.R. 2733, Enterprise Integration Act of 2002, 11 a.m., H–313 Capitol.

Committee on Science, July 10, hearing on the Administration’s Climate Change Initiative, 1 p.m., 2318 Rayburn.

Committee on Small Business, July 11, Subcommittee on Regulatory Reform and Oversight, hearing on The Small Business Health Market: Bad Reforms Higher Prices and Fewer Choices, 10 a.m., 2360 Rayburn.

Committee on Transportation and Infrastructure, July 9, Subcommittee on Highways and Transit, hearing on Trucking Safety, 2 p.m., 2167 Rayburn.


Committee on Veterans’ Affairs, July 9, Subcommittee on Benefits, to mark up the following bills: H.R. 4940, the Arlington National Cemetery Burial Eligibility Act; and H.R. 5055, to authorize the placement in Arlington National Cemetery of a memorial honoring the World War II veterans who fought in the Battle of the Bulge, 1 p.m., 334 Cannon.

July 10, Subcommittee on Health, to mark up H.R. 3645, Veterans Health-Care Items Procurement Reform and Improvement Act of 2002, 2 p.m., 334 Cannon.

Committee on Ways and Means, July 10, to mark up H.R. 5005, Homeland Security Act of 2002, 10:30 a.m., 1100 Longworth.

July 11, Subcommittee on Social Security, to continue hearings on Social Security Disability Programs’ Challenges and Opportunities, 10 a.m., B–318 Rayburn.
Select Committee on Homeland Security. July 11, hearing entitled “Transforming the Federal Government to Protect America from Terrorism,” 10 a.m., room to be announced.

Joint Meetings

Joint Committee on Printing: July 10, to hold hearings to examine federal government printing and public access to government documents, 11 a.m., SR–301.
**Résumé of Congressional Activity**

SECOND SESSION OF THE ONE HUNDRED SEVENTH CONGRESS

The first table gives a comprehensive résumé of all legislative business transacted by the Senate and House. The second table accounts for all nominations submitted to the Senate by the President for Senate confirmation.

### DATA ON LEGISLATIVE ACTIVITY

January 23 through June 30, 2002

<table>
<thead>
<tr>
<th></th>
<th>Senate</th>
<th>House</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Days in session</td>
<td>87</td>
<td>71</td>
<td></td>
</tr>
<tr>
<td>Time in session</td>
<td>596 hrs., 42′</td>
<td>435 hrs., 31′</td>
<td></td>
</tr>
<tr>
<td>Congressional Record:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pages of proceedings</td>
<td>6,325</td>
<td>4,327</td>
<td>10,652</td>
</tr>
<tr>
<td>Extensions of Remarks</td>
<td>.</td>
<td>1,197</td>
<td></td>
</tr>
<tr>
<td>Public bills enacted into law</td>
<td>15</td>
<td>48</td>
<td>63</td>
</tr>
<tr>
<td>Private bills enacted into law</td>
<td>.</td>
<td>.</td>
<td>.</td>
</tr>
<tr>
<td>Bills in conference</td>
<td>7</td>
<td>8</td>
<td>15</td>
</tr>
<tr>
<td>Measures passed, total</td>
<td>183</td>
<td>278</td>
<td>461</td>
</tr>
<tr>
<td>Senate bills</td>
<td>33</td>
<td>16</td>
<td>49</td>
</tr>
<tr>
<td>House bills</td>
<td>53</td>
<td>127</td>
<td>180</td>
</tr>
<tr>
<td>Senate joint resolutions</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>House joint resolutions</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Senate concurrent resolutions</td>
<td>19</td>
<td>7</td>
<td>26</td>
</tr>
<tr>
<td>House concurrent resolutions</td>
<td>11</td>
<td>38</td>
<td>49</td>
</tr>
<tr>
<td>Simple resolutions</td>
<td>65</td>
<td>86</td>
<td>151</td>
</tr>
<tr>
<td>Measures reported, total</td>
<td>146</td>
<td>194</td>
<td>340</td>
</tr>
<tr>
<td>Senate bills</td>
<td>76</td>
<td>3</td>
<td>79</td>
</tr>
<tr>
<td>House bills</td>
<td>37</td>
<td>150</td>
<td>187</td>
</tr>
<tr>
<td>Senate joint resolutions</td>
<td>2</td>
<td>.</td>
<td>2</td>
</tr>
<tr>
<td>House joint resolutions</td>
<td>.</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Senate concurrent resolutions</td>
<td>7</td>
<td>.</td>
<td>7</td>
</tr>
<tr>
<td>House concurrent resolutions</td>
<td>3</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td>Simple resolutions</td>
<td>21</td>
<td>51</td>
<td>72</td>
</tr>
<tr>
<td>Special reports</td>
<td>4</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>Conference reports</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Measures pending on calendar</td>
<td>188</td>
<td>78</td>
<td>266</td>
</tr>
<tr>
<td>Measures introduced, total</td>
<td>964</td>
<td>1,730</td>
<td>2,714</td>
</tr>
<tr>
<td>Bills</td>
<td>821</td>
<td>1,451</td>
<td>2,272</td>
</tr>
<tr>
<td>Joint resolutions</td>
<td>9</td>
<td>23</td>
<td>32</td>
</tr>
<tr>
<td>Concurrent resolutions</td>
<td>34</td>
<td>136</td>
<td>170</td>
</tr>
<tr>
<td>Simple resolutions</td>
<td>100</td>
<td>140</td>
<td>240</td>
</tr>
<tr>
<td>Quorum calls</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Yea-and-nay votes</td>
<td>166</td>
<td>165</td>
<td>331</td>
</tr>
<tr>
<td>Recorded votes</td>
<td>.</td>
<td>116</td>
<td>116</td>
</tr>
<tr>
<td>Bills vetoed</td>
<td>.</td>
<td>.</td>
<td>.</td>
</tr>
<tr>
<td>Vetoes overridden</td>
<td>.</td>
<td>.</td>
<td>.</td>
</tr>
</tbody>
</table>

### DISPOSITION OF EXECUTIVE NOMINATIONS

January 23 through June 30, 2002

<table>
<thead>
<tr>
<th>Civilian nominations, totaling 460 (including 166 nominations carried over from the First Session), disposed of as follows:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confirmed</td>
</tr>
<tr>
<td>Unconfirmed</td>
</tr>
<tr>
<td>Withdrawn</td>
</tr>
<tr>
<td>Other civilian nominations, totaling 1,394 (including 535 nominations carried over from the First Session), disposed of as follows:</td>
</tr>
<tr>
<td>Confirmed</td>
</tr>
<tr>
<td>Unconfirmed</td>
</tr>
<tr>
<td>Air Force nominations, totaling 3,418 (including 4 nominations carried over from the First Session), disposed of as follows:</td>
</tr>
<tr>
<td>Confirmed</td>
</tr>
<tr>
<td>Unconfirmed</td>
</tr>
<tr>
<td>Army nominations, totaling 1941 (including 53 nominations carried over from the First Session), disposed of as follows:</td>
</tr>
<tr>
<td>Confirmed</td>
</tr>
<tr>
<td>Unconfirmed</td>
</tr>
<tr>
<td>Navy nominations, totaling 3,009, disposed of as follows:</td>
</tr>
<tr>
<td>Confirmed</td>
</tr>
<tr>
<td>Unconfirmed</td>
</tr>
<tr>
<td>Marine Corps nominations, totaling 3,000 (including 33 nominations carried over from the First Session), disposed of as follows:</td>
</tr>
<tr>
<td>Confirmed</td>
</tr>
<tr>
<td>Unconfirmed</td>
</tr>
</tbody>
</table>

**Summary**

Total nominations carried over from the First Session ........................................ 791
Total nominations received this Session ............................................................. 12,431
Total confirmed .................................................................................................... 9,794
Total unconfirmed .................................................................................................. 3,422
Total withdrawn ..................................................................................................... 6
Total returned to the White House ....................................................................... 0
Next Meeting of the SENATE
9:30 a.m., Tuesday, July 9

Senate Chamber

Program for Tuesday: After the transaction of any morning business (not to extend beyond 10:15 a.m.), Senate will continue consideration of S. 2673, to improve quality and transparency in financial reporting and independent audits and accounting services for public companies, to create a Public Company Accounting Oversight Board, to enhance the standard setting process for accounting practices, to strengthen the independence of firms that audit public companies, to increase corporate responsibility and the usefulness of corporate financial disclosure, to protect the objectivity and independence of securities analysts, to improve Securities and Exchange Commission resources and oversight.

Next Meeting of the HOUSE OF REPRESENTATIVES
10 a.m., Tuesday, July 9

House Chamber

Program for Tuesday: Consideration of Suspensions:
(1) H.R. 4481, Airport Streamlining Approval Process Act;
(2) H.R. , Armed Services Tax Fairness Act;
(3) H.R. 5017, reciprocal agreements between the Secretary of the Interior and the Secretary of Agriculture with foreign countries for the sharing of personnel to fight wildfires;
(4) H.R. 4878, Improper Payments Reduction Act; and
(5) H.Res. 393, Concerning the rise in anti-Semitism in Europe.

Extensions of Remarks, as inserted in this issue

HOUSE
Castle, Michael N., Del., E1204
Clyburn, James E., S.C., E1204, E1206
Cramer, Robert E. (Bud), Jr., Ala., E1205
Engel, Eliot L., N.Y., E1200
Gilman, Benjamin A., N.Y., E1205
Graves, Sam, Mo., E1199
Honda, Michael M., Calif., E1199, E1201
Horn, Stephen, Calif., E1207
Israel, Steve, N.Y., E1200
Issa, Darrell E., Calif., E1199, E1200
Johnson, Nancy L., Conn., E1203
LoBiondo, Frank A., N.J., E1206
McInnis, Scott, Colo., E1207, E1209, E1208
McKinney, Cynthia A., Ga., E1203
Norton, Eleanor Holmes, D.C., E1207
Pomeroy, Earl, N.D., E1205
Riley, Bob, Ala., E1199
Rivers, Lynn N., Mich., E1201
Shaw, E. Clay, Jr., Fla., E1199
Skelton, Ike, Mo., E1200
Udall, Tom, N.M., E1206

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