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House of Representatives

The House met at 10 a.m. and was called to order by the Speaker pro tempore (Mr. LAHOOD).

DESIGNATION OF THE SPEAKER PRO TEMPORE

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

WASHINGTON, DC,
April 2, 2003.

I hereby appoint the Honorable RAY LAHOOD 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, in ancient days as armies gathered and You stood in the midst of war, You called forth Jeremiah and named him Your prophet. Be with Your people now and give the leaders of government prophetic wisdom to make right judgments and be discerning in lasting justice.

Attune our hearts that we may hear Jeremiah's calling as spoken to us today; that seeing with the eyes of his vision we may make Your will our own.

''The Word of the Lord came to me: Before I formed you in the womb, I knew you as my very own; before you were born, I consecrated you. I appointed you prophet to the nations.''

Lord God, before You, as individuals and as a Nation, we are summoned 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 New York (Mr. MCNULTY) come forward and lead the House in the Pledge of Allegiance.

Mr. MCNULTY 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. Monahan, one of its clerks, announced that the Senate has passed bills of the following titles in which the concurrence of the House is requested:

S. 704. An act to amend title 10, United States Code, to increase the amount of the death gratuity payable with respect to deceased members of the Armed Forces.

S. 711. An act to amend title 37, United States Code, to alleviate delay in the payment of the Selected Reserve reenlistment bonus to members of Selected Reserve who are mobilized.

S. 712. An act to amend title 10, United States Code, to provide Survivor Benefit Plan annuities for surviving spouses of Reserves not eligible for retirement who die from a cause incurred or aggravated while on inactive-duty training.

S. 718. An act to provide a monthly allotment of free telephone calling time to members of the United States armed forces stationed outside the United States who are directly supporting military operations in Iraq or Afghanistan.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair will entertain 10 one-minutes per side.

CONCERNING IRAQ'S TREATMENT OF AMERICAN PRISONERS OF WAR

(Mr. RYUN of Kansas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RYUN of Kansas. Mr. Speaker, it is said that you can judge a government by the way it treats the weak. In recent days we have all seen the images of American GIs holding Iraqi children, rushing them out of harm's way. We currently hold thousands of Iraqi prisoners of war. We are treating them humanely, giving them food and water. We will openly welcome the International Red Cross to monitor the health and well-being of these prisoners. We demand nothing less from the Iraqi regime in its treatment of our seven American POWs.

Looking back to the first Gulf War, we remember that our POWs were subject to mock executions, beatings and public humiliation. Let the Iraqi military be warned: America will hold those responsible who mistreat any American service man or woman regardless of the orders they may have received from above.

EXPRESSING GRATITUDE TO LOU DINUZZO OF WATERVLIET, NEW YORK

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

Mr. MCNULTY. Mr. Speaker, during this time of war, our thoughts are constantly with our active duty military personnel overseas, and also with all of the men and women who wore the uniform of the United States military through the years. One of those veterans is my friend Lou DiNuzzo of Watervliet, New York, an Air Force lieutenant during World War II. Thankfully Lou returned home safely, and with his wife Edna raised a beautiful

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family to carry on in their fine traditions. Lou rendered outstanding community service for many years as a member of the Watervliet City Council, and for the past 15 years has served as an unpaid volunteer in my Albany congressional office. Lately, Mr. Speaker, Lou DiNuzzo has faced very serious health challenges. He has met those challenges with the same courage and grace with which he has faced all of the other challenges in his life.

Members have heard me many times on this floor say that my first two priorities when I get up in the morning are to thank God for my life and veterans for my way of life. Mr. Speaker, when I said my morning prayers today, I was thankful for a great many things, but first and foremost on this day I am grateful that Lou DiNuzzo is my friend.

AT&T PLAYS D.C. REGULATORY GAME

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

Mr. BONILLA. Mr. Speaker, I am very worried about one of the greatest assaults that is currently underway against America's telecommunications industry. We have seen some remarkable changes in the past 5 years with the growth of wireless technology and the Internet, but what about the future?

Today we are not seeing America's telecom companies making investments in their products and services. We are not seeing companies hire new people and training them. We are not seeing healthy competition between companies. What we are seeing day after day in the telecom industry are attack ads from AT&T trying to stifle competition for their own benefit.

These are very difficult times for American business. One would think that in this current environment, every major corporation would be focused on their people, their products and their future; but sadly you cannot open a newspaper, turn on a radio or watch television without being bombarded by these negative ads that are being run under disguise and being run by a bogus group called Voices for Choices.

Why in the world would AT&T be running these millions of dollars in ads in Washington, D.C.? They do not promote any products, service, or any kind of private sector growth.

My conclusion is that after seeing these ads that AT&T believes that their future relies on Washington and regulation. I hope the Chamber recognizes that these ads are just bogus and they are an attempt to play the D.C. regulatory game. This game is ruining the telecommunications industry. We must not be fooled by the tactics of those companies that feel that playing games is more important than focusing on legitimate business.

COMMENDING MARQUETTE'S TRIP TO THE 2003 FINAL FOUR

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

Mr. KLECZKA. Mr. Speaker, I rise to congratulate the Marquette University men's basketball team for their sensational season this year, one that will not soon be forgotten. With Coach Tom Crean at the helm and players like Dwayne Wade, Travis Diener, Robert Jackson and Steve Novak patrolling the hardwood, Marquette has enjoyed a remarkable year and has earned a well-deserved berth in the NCAA Final Four.

Now that the Golden Eagles have a chance to win their first championship since 1977, when Al McGuire was coaching them and the team was named the Warriors, only the Kansas Jayhawks stand in their way of reaching the title game.

To demonstrate my utmost confidence in Marquette, Mr. Speaker, I made a friendly wager with the gentleman from Kansas (Mr. MOORE) that the Golden Eagles will beat the Jayhawks in the national semifinals. I am putting Wisconsin bratwurst, an assortment of Wisconsin's finest cheeses and a case of Milwaukee-brewed Sprecher root beer on the line. It is too bad my friend from Kansas will not get the opportunity to enjoy them, for I look forward to a wonderful feast of his two slabs of Kansas pork ribs and a jug of Kansas barbecue sauce when Marquette knocks off Kansas to advance to the national championship game.

Mr. Speaker and Members, I join with the entire Marquette community in wishing the Golden Eagles Godspeed and a great victory this Saturday.

MEET CHEMICAL ALI

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

Mr. KIRK. Mr. Speaker, the record of evil compiled by Saddam Hussein and his sons Uday and Qusay is well known. Less well known is the record of his closest adviser. Meet Ali Hasan al-Majid al-Tikriti, better known as Chemical Ali. Chemical Ali is the enforcer of the regime. His presence signals Saddam's most vicious intent. While he was governor of the, quote, Kuwait Province in 1990, he implemented a program to ''Iraqify'' Kuwait through the arrest, torture and execution of Kuwaiti police, military officers and resistance members. In the years since, he has brutally suppressed uprisings by Iraqis in the north and in the south. In 1991 he appeared on Iraqi television, beating, kicking and executing Iraqi opposition prisoners.

Ali earned the name ''Chemical Ali'' because of his tenure as director of the Mukhabarat, the Iraqi Intelligence Service. On March 16, 1988, he ordered the use of chemical weapons against the civilians of Halabja, resulting in the deaths of over 5,000 innocent men, women and children.

Meet Lieutenant General Ali Hasan, a symbol of why the allies fight this war. Removing documented war criminals like this man from positions of power is the right thing to do both for the oppressed people of Iraq and for our global stability.

PORT SECURITY

(Ms. LORETTA SANCHEZ of California asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. LORETTA SANCHEZ of California. Mr. Speaker, I rise today to talk about the importance of adequate security at our Nation's ports. On Monday, President Bush visited the Port of Philadelphia to praise our Coast Guard on their increased role at ports and to promote new security under Operation Liberty Shield. However, during this visit, the President failed to mention that the Coast Guard has reported receiving only a fraction of the resources they need to secure these ports, or that the President did not ask for any future port grant funding in either the supplemental spending bill or his fiscal 2004 budget request, no funding to fill in the gaping holes in our port security needs.

Just outside of my district, are two ports, the Port of Los Angeles and the Port of Long Beach. Last year, an estimated 4 million cargo containers passed through those ports, 35 percent of all U.S. international trade. Less than 4 percent of those containers were screened. Our ports of entry are some of the most vulnerable threat risks in our Nation and we need to provide the means and the resources necessary for adequate security.

THE UNITED NATIONS

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

Mr. PITTS. Mr. Speaker, last week U.N. Secretary-General Kofi Annan expressed his concern for Iraqi civilians during coalition military operations. I share his concern but want to know what he says about Iraq's treatment of civilians. American troops risk their lives to avoid civilian casualties. Saddam Hussein has surrounded himself and his troops with innocent civilians because he knows this is the only way to slow our advance through Iraq. What has Mr. Annan said about Hussein's use of human shields, or of hospitals as military headquarters? Nothing. While American troops are under extreme scrutiny, Saddam Hussein draws none from the United Nations.

The lack of scrutiny during wartime is the same complacency employed by the U.N. since 1991. We should not be surprised but we should keep it in mind

as we think about our role in the U.N. after this war is over.

TRIBUTE TO SERGEANT MORALES AND CORPORAL RODRIGUEZ

(Mr. ACEVEDO-VILÁ asked and was given permission to address the House for 1 minute.)

Mr. ACEVEDO-VILÁ. Mr. Speaker, I rise to pay tribute to two Puerto Rican soldiers who died recently in the Middle East. Sergeant Orlando Morales, a soldier who served in Special Operations in Afghanistan, and who died after being wounded in an ambush last Saturday as part of Operation Enduring Freedom. Sergeant Morales' Special Operations battalion took on hostile fire during a reconnaissance mission. Marine Corporal Robert M. Rodriguez was killed in action on March 27 when his tank crashed into the Euphrates River during combat operations northwest of An Nasiriyah. The United States and Puerto Rico lost true patriots in both these brave men.

While I did not personally know them, there are thousands of dedicated soldiers like them active in the Armed Forces from Puerto Rico and of Puerto Rican descent. My thoughts and prayers are with their families and loved ones and with our troops in the Middle East. I am here today to recognize their sacrifice to the United States and to Puerto Rico.

I want to also take this opportunity to let my colleagues know that Puerto Ricans today, as throughout our history with the U.S., remain in steadfast commitment to our armed services.

We must forever recognize the tens of thousands like Sergeant Morales and Corporal Rodriguez who have died or have been wounded in combat. During the Korean War, General Douglas MacArthur said of the forces of the much-heralded 65th Infantry, the fighting Borinqueneers from Puerto Rico, and I quote, ''They are writing a brilliant record of achievement in battle and I am proud indeed to have them in this command.''

I ask my colleagues to honor these soldiers and to recognize the ongoing Puerto Rican commitment to the United States military.

□ 1015

CONGRATULATIONS TO CARLOS DE LA CRUZ

(Ms. ROS-LEHTINEN asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. ROS-LEHTINEN. Mr. Speaker, today I congratulate a man of great honor and integrity, a man who has devoted his life to the cause of serving our community in south Florida, Carlos de la Cruz. Carlos has been selected to receive the 2003 American Red Cross Humanitarian Award for his exceptional contributions to our community. Carlos has had a distinguished career in his endeavor to improve the lives of people across our beloved Nation, while the American Red Cross has a fitting tribute, a well deserving one, for Carlos. A native from Cuba, Carlos along with his lovely wife, Rosa, have been examples of true social responsibility. His work with the Red Cross, United Way, and the Urban League inspires us all.

I join the people in south Florida, the American Red Cross, and all of Carlos's family in soluting his extraordinary work. To Carlos, gracias for his devotion and commitment to our beloved south Florida community. We are a better area for his being there.

MOURNING THE LOSS OF ODELIA ROBINSON

(Mrs. JONES of Ohio asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. JONES of Ohio. Mr. Speaker, I rise this morning to mourn the loss of one of the most significant councilwomen in the city of Cleveland, Odelia Robinson. Odelia Robinson is the former councilwoman in Ward 3. She was succeeded by Zachery Reed, one of the people that she nurtured in public life. Odelia Robinson has always been my friend. Prior to coming to the council, she served in a nurturing profession. She was a nurse and in social work. We in the city of Cleveland will miss this great soldier.

I join with all the people of the 11th congressional district to extend our sympathy and condolences to the family of Odelia Robinson.

THE TRADE DEFICIT

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

Mr. DUNCAN. Mr. Speaker, our trade deficit reached an astounding figure of over $400 billion last year. This means we are still losing millions of jobs to other countries. Now in today's Washington Post, there are headlines saying ''White Collar Work a Booming U.S. Export'' and ''More White Collar Work being Shipped Overseas.''

According to this story, one study says by 2015, 3 million white collar jobs and $140 billion in wages will have shifted from the U.S. to other nations. Another headline in today's Post says ''U.S. Manufacturers Cut Back in March.''

The disciples of high tech told us not to worry about losing factory jobs, but now we are losing these economy jobs to China, India, and elsewhere. Is it any wonder that college graduates cannot find good jobs and are going to graduate school while working as waiters and waitresses?

We need to start putting U.S. workers first and end trade agreements and government regulations that force more jobs to other countries. If we do not, Mr. Speaker, the standard of living for most Americans is going to go down, down, down.

JESSICA LYNCH COMING HOME

(Mrs. CAPITO asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. CAPITO. Mr. Speaker, this is a good morning to be a West Virginian. We found out last night one of our own is coming home.

Jessica Lynch, a 19-year-old private first class from the 507th Ordnance Maintenance Company is in safe hands right now because of the heroism of her rescuers, the coalition forces. Jessica had been missing for 10 days. She is from Palestine, West Virginia, in Wirt County. Wirt County residents are resilient people who epitomize the can-do spirit of West Virginia, and it was their prayers that brought Jessie home. All of us West Virginians and every American across the Nation can feel the Lynch family's relief now that their daughter is in safe hands.

I stand here today wearing my yellow ribbon because we are waiting for other Americans to come home. We are joyful, thankful, grateful as we see the miraculous rescue of Jessie Lynch.

WAR AND PSYCHOLOGY

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

Mr. STEARNS. Mr. Speaker, I want to quote this morning from an article by Mona Charen, ''War and Psychology,'' in which she says: "'War never solves anything.' So say dozens of callers to C-SPAN'' all day long ''and left-leaning radio programs.''

''The answer to this argument, if you can call it an argument, could almost fit on a bumper sticker. Apart from securing American independence, ending slavery, and defeating Nazism and Communism, 'war has never solved anything,' so the liberals say.

''Anti-war activists tell us that Iraq is a distraction from the more important war against global terrorism. This argument has been dealt a serious blow by the capture of Khalid Sheikh Mohammed.''

Frankly, Mr. Speaker, war does solve many things; but we have to win them, and this one we will win.

PROVIDING FOR CONSIDERATION OF H.R. 743, SOCIAL SECURITY PROTECTION ACT OF 2003

Mr. LINDER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 168 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 168

Resolved, That upon the adoption of this resolution it shall be in order without intervention of any point of order to consider in

the House the bill (H.R. 743) to amend the Social Security Act and the Internal Revenue Code of 1986 to provide additional safeguards for Social Security and Supplemental Security Income beneficiaries with representative payees, to enhance program protections, and for other purposes. The bill shall be considered as read for amendment. The amendment recommended by the Committee on Ways and Means now printed in the bill shall be considered as adopted. The previous question shall be considered as ordered on the bill, as amended, and on any further amendment thereto to final passage without intervening motion except: (1) one hour of debate on the bill, as amended, equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means; (2) the further amendment printed in the report of the Committee on Rules accompanying this resolution, if offered by Representative Green of Texas or his designee, which shall be in order without intervention of any point of order, shall be considered as read, and shall be separately debatable for 40 minutes equally divided and controlled by the proponent and an opponent; and (3) one motion to recommit with or without instructions.

The SPEAKER pro tempore (Mr. LAHOOD). The gentleman from Georgia (Mr. LINDER) is recognized for 1 hour.

Mr. LINDER. Mr. Speaker, for the purposes of debate only, I yield the customary 30 minutes to the gentleman from Texas (Mr. FROST), pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

H. Res. 168 is a modified closed rule that provides 1 hour of debate in the House, equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means.

It waives all points of order against consideration of the bill and provides that the amendment recommended by the Committee on Ways and Means now printed in the bill shall be considered as adopted. H. Res. 168 provides for consideration of the amendment printed in the Committee on Rules report accompanying the resolution, if offered by the gentleman from Texas (Mr. GREEN) or his designee, which shall be considered as read and shall be separately debatable for 40 minutes, equally divided and controlled by the proponent and an opponent.

H. Res. 168 waives all points of order against the amendment printed in the report and provides one motion to recommit with or without instructions.

Mr. Speaker, I urge my colleagues to join me in approving this rule so that the full House can proceed to work its will on the underlying Social Security reform legislation.

On March 5, just about a month ago, the House considered this bill with an amendment under suspension of the rules. A bipartisan majority of the House voted to approve this bill, 249 to 180, but it fell short of the needed two-thirds majority to pass the House under suspension. So today we are bringing it back to the House for further deliberation.

The controversy that arose during initial consideration of H.R. 743 last month dealt with the language in this bill closing the so-called ''last day rule.''

At the recommendation of the General Accounting Office, which estimates that this loophole could cost the Social Security program $450 million, this bill is seeking to eliminate the ''last day rule.'' The ''last day rule'' allows some workers in certain States to switch job classifications on their last day of service, pay Social Security payroll taxes for 1 day, and magically become eligible for Social Security spousal or survivor benefits without the government pension offset being applied to their benefits.

H.R. 743 eliminates this problem by requiring individuals to work in a government job that is covered by Social Security for the last 60 calendar months of employment in order to be exempt from the GPO. This is truly a reasonable proposal which should be promptly enacted into law.

The rule before us makes in order an amendment from the gentleman from Texas (Mr. GREEN) which strikes section 418 from H.R. 743. Section 418 is the segment of the legislation that once and for all eliminates the ''last day rule.'' So this rule will allow the House to choose between two starkly different proposals.

One proposal, H.R. 743, gets rid of this loophole which could cost Social Security almost $500 million. The other proposal, the gentleman from Texas's (Mr. GREEN) amendment, allows this loophole to continue on well into the future, thereby allowing the hemorrhaging of the Social Security program to continue unabated.

I urge my colleagues on both sides of the aisle to support H. Res. 168, a rule that will allow the House to consider and ultimately pass legislation that will improve the lives of millions of senior citizens across the country by strengthening the long-term solvency of the Social Security program.

Mr. Speaker, I reserve the balance of my time.

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

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

Mr. FROST. Mr. Speaker, the underlying bill, the Social Security Protection Act, is largely noncontroversial. Its main provisions would deny supplemental security income, SSI, to fugitive felons, make it easier for seniors to get a lawyer for the complicated disability application process, and reform the representative payee program so that seniors are not defrauded. I support all of these reforms, Mr. Speaker.

Unfortunately, this bill also has one very harmful provision. A change in the government pension offset that would hurt teachers, firefighters, police officers and other public servants around the country including in my home State of Texas. Specifically, section 418 of this bill would prevent these hard-working public servants from protecting their retirement benefits from the harsh impact of the government pension offset.

Mr. Speaker, this issue is somewhat complicated, but it affects thousands and thousands of dedicated teachers and other public servants. So I am going to take a minute to explain how it works. Say one was a teacher and their job has a pension plan that is not covered under Social Security. If their spouse's job pays into Social Security, then they are eligible for spousal or survivor's benefit if their spouse dies. But under current law, the government pension offset reduces or eliminates the spousal or survivor's benefits they deserve.

Fortunately, there is a provision in law right now that helps some people in this situation. It allows one to protect their retirement by switching jobs at the end of their career. This ''last day exemption,'' as it is called, has helped many teachers in Texas and other States protect the Social Security benefits they deserve and that they need to retire. However, section 418 of the underlying bill would eliminate this exemption. Instead it would force teachers, police officers, firefighters, and other public servants to work 5 additional years before receiving full spousal benefits.

Mr. Speaker, that is no way to treat hard-working people who have dedicated their entire lives to serving their communities and this Nation. It hurts real people, especially women and lower-income individuals. That is why it is opposed by teachers organizations like the National Education Association and the American Federation of Teachers.

Mr. Speaker, helping teachers and other public servants is not difficult. In the Committee on Rules yesterday, Democrats offered several amendments to fix the GPO problem. One option was offered by the gentleman from Texas (Mr. DOGGETT). His amendment would protect teachers' retirement by reducing the government pension offset from two thirds to one third, and it would protect the Social Security trust fund. Unfortunately, Republicans on the Committee on Rules refused to allow the House to vote on the Doggett amendment. For that reason, I urge Members to join me in opposing the previous question. If we defeat the previous question, I will offer an amendment to the rule that will allow the House to consider the gentleman from Texas's (Mr. DOGGETT) amendment.

Another option, Mr. Speaker, was offered by the gentleman from Texas (Mr. GREEN). His amendment, which will be considered on the floor today as a Democratic substitute, would simply eliminate section 418 so that teachers and other public servants can continue to protect their retirement benefits. The substitute does not affect the rest of the Social Security Protection Act.

So I urge my colleagues to vote ''yes'' on the Green amendment. That way we can support Social Security

fairness for teachers, firefighters, and police officers.

Mr. Speaker, I reserve the balance of my time.

□ 1030

Mr. FROST. Mr. Speaker, I yield 6 minutes to the gentleman from Texas (Mr. DOGGETT).

Mr. DOGGETT. Mr. Speaker, what is happening here this morning provides yet another example of the complete indifference of this House Republican leadership to the retirement security of millions of older Americans. Like their pseudo-prescription drug plan, which is not a plan to help seniors but only a scheme to subsidize HMOs and deny seniors their choice of doctors; like their persistence in seeking to privatize and undermine our Social Security system and end the basic guaranteed retirement upon which so many Americans have relied for the last seven decades. Today, Republicans reject the pleas of firefighters, of police officers, of teachers, and of the other public servants who have asked this Congress for years to correct the government pension offset that cuts into their retirement security after they have served America, often at very low wages in very critical jobs.

The Republicans' refusal to permit debate on the amendment that I offered or the amendment that our colleague, the gentleman from Louisiana (Mr. JEFFERSON) offered can only add to the cynicism of those who have strived for so long to have their voices heard in this Congress on this matter and who have yet to even get a vote on the floor, much less passage, of this measure.

Almost 200 Members of this House, including a substantial number of Republicans, have signed on as sponsors to a bill to repeal the government pension offset. The gentleman from Florida (Mr. SHAW), the gentleman from Texas (Mr. CULBERTSON), the gentleman from Kentucky (Mr. LEWIS), the gentleman from Florida (Mr. FOLEY), the gentleman from Georgia (Mr. NORWOOD), and the gentleman from Michigan (Mr. SMITH), Republicans all, and proud of it, sponsored last session and again this session a more modest proposal: Just cut the government pension offset in half and provide half a loaf to those firefighters and teachers. That proposal has been filed again this year as H.R. 75.

Now, for some unknown reason, though he is chairman of the subcommittee with the sole jurisdiction over this matter, the gentleman from Florida (Mr. SHAW) has never even bothered to ask for a hearing on his very own proposal, much less ask for a vote on it, much less bring it to the floor of this House.

So I acted in a very modest way, joined our colleague, the gentleman from Florida (Mr. SHAW) in committee when this measure was forced back to the committee for its first-ever vote, and we offered the bill for the gentleman from Florida (Mr. SHAW).

We were prouder of it than he was. We asked for a vote from him but, more importantly, for the millions of Americans, retirees, near retirees, who serve the public, who are counting on these Republicans to address their retirement security issues, we asked for a vote on their proposal, written not in our words but in the Republican author's words.

And what happened? Well, these Republicans who did not have the slightest intention of ever advancing the proposal that they offered, they all voted against their own proposal. And so in the Committee on Rules, quite naturally, they said they do not want to bring these amendments out here to the floor, because the Republicans will vote against the very proposals that they have been writing to their constituents about and that they are sponsoring.

This kind of total contradiction is what makes so many Americans question whether this institution, this House of Representatives, is the people's House and whether it is doing the people's business.

Mr. Speaker, it is very interesting that though he has been largely in charge here for the last eight years, our colleague, the gentleman from Texas, now the Republican majority leader, says he agrees with our position, not their position. He wrote one constituent recently: ''I strongly believe that the GPO is an unfair and misguided piece of legislation. It undercuts the people who have spent their entire working life paying into the Social Security system by denying them their fair share of the hard-earned money they contributed. Married couples should be able to share those benefits with their spouses.''

I could not have said it better myself.

But words will not solve the problems of these teachers, firefighters, and police officers. This House can solve the problem. This House can solve it by voting today to support the previous question so we can get action on the floor. Words will not make any difference to the people out there who are counting on us. Letters and e-mails to constituents will not make any difference. A vote on the House floor to correct this problem, to adopt verbatim the Republican legislation and do it here on the floor of the House will respond to the needs of people across this country.

Mr. Speaker, there are those who help us provide security, security for our families, and they deserve a little retirement security. The Republicans know how to fix this problem; they have war-gamed against the enemy that undermines the retirement security. All they have to do is pass the relevant provisions of the Shaw bill and we want to give them that opportunity to pass a Republican piece of legislation. For once, a piece of legislation that will strengthen retirement security instead of undermining it like their prescription drug and privatized Social Security schemes.

We ask them to join with us today in a key vote, the first vote on the government pension offset by supporting the leadership of the gentleman from Texas (Mr. FROST) on the previous question. We will provide real retirement security coverage to the people of this country, not just political coverage, which is apparently all the authors of this legislation originally had in mind.

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

Mr. Speaker, I urge a ''no'' vote on the previous question. If the previous question is defeated, I will offer an amendment to the rule that will allow the House to consider the Doggett pension offset amendment that was voted down in the Committee on Rules yesterday. The Doggett amendment would reduce the government pension offset of Social Security spousal and survivors benefits from two-thirds to one-third of the government pension. It would hold the trust fund harmless for the cost of the benefit improvement by making annual transfers from the general funds to the Social Security Trust Fund.

Mr. Speaker, I ask unanimous consent to insert the text of the previous question immediately prior to the vote.

The SPEAKER pro tempore (Mr. LAHOOD). Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. FROST. Mr. Speaker, vote ''no'' on the previous question so we can help all those who are unfairly penalized in their pension benefits simply because one spouse is a government employee and one works for the private sector. Let us support those who go into public service, not punish them.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise in opposition to the previous question on H.R. 743. I will vote no on this motion, I will vote in favor of the Green amendment. The bill failed when it was first brought to the floor earlier, because of a controversial provision (section 418) and was an abuse of the suspension procedure, which is intended for non-controversial legislation.

Section 418, which modifies an exemption to the Social Security Government Pension Offset (GPO) remains in the bill. The GPO is designed to treat workers who are not covered by Social Security (some federal, state and local government employees) the same as workers who are covered by Social Security and therefore pay FICA taxes. Texas teachers benefit from the use of the exemption. The Texas teachers' pension system is uniquely suited to use of this exemption.

I have heard from many teachers in Houston who do not want me to support H.R. 743. The National Education Association supports the Green substitute that would strike Section 418 from the Social Security Protection Act (H.R. 743).

NEA strongly opposes Section 418, which would prevent teachers from protecting their retirement benefits from the harsh impacts of the Government Pension Offset (GPO).

The GPO unfairly reduces the retirement benefits of public employees who have dedicated their lives to serving their communities

and their country. Educators are shocked to learn that their decision to enter the education profession—often at considerable financial sacrifice—has caused them to lose benefits they counted on.

Instead of addressing what is clearly a response to a larger issue of unfairness, we strongly believe that Congress should focus on remedying the underlying problem by repealing the Government Pension Offset. Addressing the broader issue would make provisions such as Section 418 unnecessary.

The House rejected H.R. 743 last month because of Section 418. Now, supporters are bringing the bill back to the floor for yet another vote. The Green substitute offers an important opportunity to strike this controversial and unfair provision from an otherwise noncontroversial bill.

I urge my colleagues to vote against the previous question, and to vote in support of the Green substitute. I strongly urge my colleagues to reject H.R. 743 as currently written and instead to support the Green substitute.

The material previously referred to by Mr. FROST is as follows:

PREVIOUS QUESTION FOR H. RES. 168—SOCIAL SECURITY PROTECTION ACT

In the resolution strike ''and (3)'' and insert the following:

''(3) the further amendment printed in Sec. 2 of the resolution if offered by Representative Doggett of Texas or his designee, which shall be in order without intervention of any point of order, shall be considered as read, and shall be separately debatable for 60 minutes equally divided and controlled by the proponent and an opponent; and (4)''.

Sec. 2. (Insert text of the amendment):

AMENDMENT IN THE NATURE OF A SUBSTITUTE TO H.R. 743, AS REPORTED

OFFERED BY MR. DOGGETT OF TEXAS

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Social Security Protection Act of 2003''.

(b) TABLE OF CONTENTS.—The table of contents is as follows:

Sec. 1. Short title and table of contents.

TITLE I—PROTECTION OF BENEFICIARIES

Subtitle A—Representative Payees

Sec. 101. Authority to reissue benefits misused by organizational representative payees.
Sec. 102. Oversight of representative payees.
Sec. 103. Disqualification from service as representative payee of persons convicted of offenses resulting in imprisonment for more than 1 year or fleeing prosecution, custody, or confinement.
Sec. 104. Fee forfeiture in case of benefit misuse by representative payees.
Sec. 105. Liability of representative payees for misused benefits.
Sec. 106. Authority to redirect delivery of benefit payments when a representative payee fails to provide required accounting.

Subtitle B—Enforcement

Sec. 111. Civil monetary penalty authority with respect to wrongful conversions by representative payees.

TITLE II—PROGRAM PROTECTIONS

Sec. 201. Civil monetary penalty authority with respect to knowing withholding of material facts.
Sec. 202. Issuance by Commissioner of Social Security of receipts to acknowledge submission of reports of changes in work or earnings status of disabled beneficiaries.
Sec. 203. Denial of title II benefits to persons fleeing prosecution, custody, or confinement, and to persons violating probation or parole.
Sec. 204. Requirements relating to offers to provide for a fee a product or service available without charge from the Social Security Administration.
Sec. 205. Refusal to recognize certain individuals as claimant representatives.
Sec. 206. Penalty for corrupt or forcible interference with administration of Social Security Act.
Sec. 207. Use of symbols, emblems, or names in reference to social security or medicare.
Sec. 208. Disqualification from payment during trial work period upon conviction of fraudulent concealment of work activity.
Sec. 209. Authority for judicial orders of restitution.

TITLE III—ATTORNEY FEE PAYMENT SYSTEM IMPROVEMENTS

Sec. 301. Cap on attorney assessments.
Sec. 302. Extension of attorney fee payment system to title XVI claims.

TITLE IV—MISCELLANEOUS AND TECHNICAL AMENDMENTS

Subtitle A—Amendments Relating to the Ticket to Work and Work Incentives Improvement Act of 1999

Sec. 401. Application of demonstration authority sunset date to new projects.
Sec. 402. Expansion of waiver authority available in connection with demonstration projects providing for reductions in disability insurance benefits based on earnings.
Sec. 403. Funding of demonstration projects provided for reductions in disability insurance benefits based on earnings.
Sec. 404. Availability of Federal and State work incentive services to additional individuals.
Sec. 405. Technical amendment clarifying treatment for certain purposes of individual work plans under the Ticket to Work and Self-Sufficiency Program.

Subtitle B—Miscellaneous Amendments

Sec. 411. Elimination of transcript requirement in remand cases fully favorable to the claimant.
Sec. 412. Nonpayment of benefits upon removal from the United States.
Sec. 413. Reinstatement of certain reporting requirements.
Sec. 414. Clarification of definitions regarding certain survivor benefits.
Sec. 415. Clarification respecting the FICA and SECA tax exemptions for an individual whose earnings are subject to the laws of a totalization agreement partner.
Sec. 416. Coverage under divided retirement system for public employees in Kentucky.
Sec. 417. Compensation for the Social Security Advisory Board.
Sec. 418. 60-month period of employment requirement for application of government pension offset exemption.
Sec. 419. Government pension offset reduced from two-thirds to one-third of the government pension.

Subtitle C—Technical Amendments

Sec. 421. Technical correction relating to responsible agency head.
Sec. 422. Technical correction relating to retirement benefits of ministers.
Sec. 423. Technical corrections relating to domestic employment.
Sec. 424. Technical corrections of outdated references.
Sec. 425. Technical correction respecting self-employment income in community property States.

TITLE I—PROTECTION OF BENEFICIARIES

Subtitle A—Representative Payees

SEC. 101. AUTHORITY TO REISSUE BENEFITS MISUSED BY ORGANIZATIONAL REPRESENTATIVE PAYEES.

(a) TITLE II AMENDMENTS.—

(1) REISSUANCE OF BENEFITS.—Section 205(j)(5) of the Social Security Act (42 U.S.C. 405(j)(5)) is amended by inserting after the first sentence the following new sentences: ''In any case in which a representative payee that—

''(A) is not an individual (regardless of whether it is a 'qualified organization' within the meaning of paragraph (4)(B)); or

''(B) is an individual who, for any month during a period when misuse occurs, serves 15 or more individuals who are beneficiaries under this title, title VIII, title XVI, or any combination of such titles;

misuses all or part of an individual's benefit paid to such representative payee, the Commissioner of Social Security shall certify for payment to the beneficiary or the beneficiary's alternative representative payee an amount equal to the amount of such benefit so misused. The provisions of this paragraph are subject to the limitations of paragraph (7)(B).''.

(2) MISUSE OF BENEFITS DEFINED.—Section 205(j) of such Act (42 U.S.C. 405(j)) is amended by adding at the end the following new paragraph:

''(8) For purposes of this subsection, misuse of benefits by a representative payee occurs in any case in which the representative payee receives payment under this title for the use and benefit of another person and converts such payment, or any part thereof, to a use other than for the use and benefit of such other person. The Commissioner of Social Security may prescribe by regulation the meaning of the term 'use and benefit' for purposes of this paragraph.''.

(b) TITLE VIII AMENDMENTS.—

(1) REISSUANCE OF BENEFITS.—Section 807(i) of the Social Security Act (42 U.S.C. 1007(i)) (as amended by section 209(b)(1) of this Act) is amended further by inserting after the first sentence the following new sentences: ''In any case in which a representative payee that—

''(A) is not an individual; or

''(B) is an individual who, for any month during a period when misuse occurs, serves 15 or more individuals who are beneficiaries under this title, title II, title XVI, or any combination of such titles;

misuses all or part of an individual's benefit paid to such representative payee, the Commissioner of Social Security shall pay to the beneficiary or the beneficiary's alternative representative payee an amount equal to the amount of such benefit so misused. The provisions of this paragraph are subject to the limitations of subsection (l)(2).''.

(2) MISUSE OF BENEFITS DEFINED.—Section 807 of such Act (42 U.S.C. 1007) is amended by adding at the end the following new subsection:

''(j) MISUSE OF BENEFITS.—For purposes of this title, misuse of benefits by a representative payee occurs in any case in which the representative payee receives payment under this title for the use and benefit of another

person under this title and converts such payment, or any part thereof, to a use other than for the use and benefit of such person. The Commissioner of Social Security may prescribe by regulation the meaning of the term 'use and benefit' for purposes of this subsection.''.

(3) TECHNICAL AMENDMENT.—Section 807(a) of such Act (42 U.S.C. 1007(a)) is amended, in the first sentence, by striking ''for his or her benefit'' and inserting ''for his or her use and benefit''.

(c) TITLE XVI AMENDMENTS.—

(1) REISSUANCE OF BENEFITS.—Section 1631(a)(2)(E) of such Act (42 U.S.C. 1383(a)(2)(E)) is amended by inserting after the first sentence the following new sentences: ''In any case in which a representative payee that—

''(i) is not an individual (regardless of whether it is a 'qualified organization' within the meaning of subparagraph (D)(ii)); or

''(ii) is an individual who, for any month during a period when misuse occurs, serves 15 or more individuals who are beneficiaries under this title, title II, title VIII, or any combination of such titles;

misuses all or part of an individual's benefit paid to the representative payee, the Commissioner of Social Security shall pay to the beneficiary or the beneficiary's alternative representative payee an amount equal to the amount of the benefit so misused. The provisions of this subparagraph are subject to the limitations of subparagraph (H)(ii).''.

(2) EXCLUSION OF REISSUED BENEFITS FROM RESOURCES.—Section 1613(a) of such Act (42 U.S.C. 1382b(a)) is amended—

(A) in paragraph (12), by striking ''and'' at the end;

(B) in paragraph (13), by striking the period and inserting ''; and''; and

(C) by inserting after paragraph (13) the following new paragraph:

''(14) for the 9-month period beginning after the month in which received, any amount received by such individual (or spouse) or any other person whose income is deemed to be included in such individual's (or spouse's) income for purposes of this title as restitution for benefits under this title, title II, or title VIII that a representative payee of such individual (or spouse) or such other person under section 205(j), 807, or 1631(a)(2) has misused.''.

(3) MISUSE OF BENEFITS DEFINED.—Section 1631(a)(2)(A) of such Act (42 U.S.C. 1383(a)(2)(A)) is amended by adding at the end the following new clause:

''(iv) For purposes of this paragraph, misuse of benefits by a representative payee occurs in any case in which the representative payee receives payment under this title for the use and benefit of another person and converts such payment, or any part thereof, to a use other than for the use and benefit of such other person. The Commissioner of Social Security may prescribe by regulation the meaning of the term 'use and benefit' for purposes of this clause.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to any case of benefit misuse by a representative payee with respect to which the Commissioner makes the determination of misuse on or after January 1, 1995.

SEC. 102. OVERSIGHT OF REPRESENTATIVE PAYEES.

(a) CERTIFICATION OF BONDING AND LICENSING REQUIREMENTS FOR NONGOVERNMENTAL ORGANIZATIONAL REPRESENTATIVE PAYEES.—

(1) TITLE II AMENDMENTS.—Section 205(j) of the Social Security Act (42 U.S.C. 405(j)) is amended—

(A) in paragraph (2)(C)(v), by striking ''a community-based nonprofit social service agency licensed or bonded by the State'' in subclause (I) and inserting ''a certified community-based nonprofit social service agency (as defined in paragraph (9))'';

(B) in paragraph (3)(F), by striking ''community-based nonprofit social service agencies'' and inserting ''certified community-based nonprofit social service agencies (as defined in paragraph (9))'';

(C) in paragraph (4)(B), by striking ''any community-based nonprofit social service agency which is bonded or licensed in each State in which it serves as a representative payee'' and inserting ''any certified community-based nonprofit social service agency (as defined in paragraph (9))''; and

(D) by adding after paragraph (8) (as added by section 101(a)(2) of this Act) the following new paragraph:

''(9) For purposes of this subsection, the term 'certified community-based nonprofit social service agency' means a community-based nonprofit social service agency which is in compliance with requirements, under regulations which shall be prescribed by the Commissioner, for annual certification to the Commissioner that it is bonded in accordance with requirements specified by the Commissioner and that it is licensed in each State in which it serves as a representative payee (if licensing is available in such State) in accordance with requirements specified by the Commissioner. Any such annual certification shall include a copy of any independent audit on such agency which may have been performed since the previous certification.''.

(2) TITLE XVI AMENDMENTS.—Section 1631(a)(2) of such Act (42 U.S.C. 1383(a)(2)) is amended—

(A) in subparagraph (B)(vii), by striking ''a community-based nonprofit social service agency licensed or bonded by the State'' in subclause (I) and inserting ''a certified community-based nonprofit social service agency (as defined in subparagraph (I))'';

(B) in subparagraph (D)(ii)—

(i) by striking ''or any community-based'' and all that follows through ''in accordance'' in subclause (II) and inserting ''or any certified community-based nonprofit social service agency (as defined in subparagraph (I)), if the agency, in accordance'';

(ii) by redesignating items (aa) and (bb) as subclauses (I) and (II), respectively (and adjusting the margination accordingly); and

(iii) by striking ''subclause (II)(bb)'' and inserting ''subclause (II)''; and

(C) by adding at the end the following new subparagraph:

''(I) For purposes of this paragraph, the term 'certified community-based nonprofit social service agency' means a community-based nonprofit social service agency which is in compliance with requirements, under regulations which shall be prescribed by the Commissioner, for annual certification to the Commissioner that it is bonded in accordance with requirements specified by the Commissioner and that it is licensed in each State in which it serves as a representative payee (if licensing is available in the State) in accordance with requirements specified by the Commissioner. Any such annual certification shall include a copy of any independent audit on the agency which may have been performed since the previous certification.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on the first day of the thirteenth month beginning after the date of the enactment of this Act.

(b) PERIODIC ONSITE REVIEW.—

(1) TITLE II AMENDMENT.—Section 205(j)(6) of such Act (42 U.S.C. 405(j)(6)) is amended to read as follows:

''(6)(A) In addition to such other reviews of representative payees as the Commissioner of Social Security may otherwise conduct, the Commissioner shall provide for the periodic onsite review of any person or agency located in the United States that receives the benefits payable under this title (alone or in combination with benefits payable under title VIII or title XVI) to another individual pursuant to the appointment of such person or agency as a representative payee under this subsection, section 807, or section 1631(a)(2) in any case in which—

''(i) the representative payee is a person who serves in that capacity with respect to 15 or more such individuals;

''(ii) the representative payee is a certified community-based nonprofit social service agency (as defined in paragraph (9) of this subsection or section 1631(a)(2)(I)); or

''(iii) the representative payee is an agency (other than an agency described in clause (ii)) that serves in that capacity with respect to 50 or more such individuals.

''(B) Within 120 days after the end of each fiscal year, the Commissioner shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the results of periodic onsite reviews conducted during the fiscal year pursuant to subparagraph (A) and of any other reviews of representative payees conducted during such fiscal year in connection with benefits under this title. Each such report shall describe in detail all problems identified in such reviews and any corrective action taken or planned to be taken to correct such problems, and shall include—

''(i) the number of such reviews;

''(ii) the results of such reviews;

''(iii) the number of cases in which the representative payee was changed and why;

''(iv) the number of cases involving the exercise of expedited, targeted oversight of the representative payee by the Commissioner conducted upon receipt of an allegation of misuse of funds, failure to pay a vendor, or a similar irregularity;

''(v) the number of cases discovered in which there was a misuse of funds;

''(vi) how any such cases of misuse of funds were dealt with by the Commissioner;

''(vii) the final disposition of such cases of misuse of funds, including any criminal penalties imposed; and

''(viii) such other information as the Commissioner deems appropriate.''.

(2) TITLE VIII AMENDMENT.—Section 807 of such Act (as amended by section 101(b)(2) of this Act) is amended further by adding at the end the following new subsection:

''(k) PERIODIC ONSITE REVIEW.—(1) In addition to such other reviews of representative payees as the Commissioner of Social Security may otherwise conduct, the Commissioner may provide for the periodic onsite review of any person or agency that receives the benefits payable under this title (alone or in combination with benefits payable under title II or title XVI) to another individual pursuant to the appointment of such person or agency as a representative payee under this section, section 205(j), or section 1631(a)(2) in any case in which—

''(A) the representative payee is a person who serves in that capacity with respect to 15 or more such individuals; or

''(B) the representative payee is an agency that serves in that capacity with respect to 50 or more such individuals.

''(2) Within 120 days after the end of each fiscal year, the Commissioner shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the results of periodic onsite reviews conducted during the fiscal year pursuant to paragraph (1) and of any other reviews of representative payees conducted during such fiscal year in connection with benefits under this

title. Each such report shall describe in detail all problems identified in such reviews and any corrective action taken or planned to be taken to correct such problems, and shall include—

''(A) the number of such reviews;

''(B) the results of such reviews;

''(C) the number of cases in which the representative payee was changed and why;

''(D) the number of cases involving the exercise of expedited, targeted oversight of the representative payee by the Commissioner conducted upon receipt of an allegation of misuse of funds, failure to pay a vendor, or a similar irregularity;

''(E) the number of cases discovered in which there was a misuse of funds;

''(F) how any such cases of misuse of funds were dealt with by the Commissioner;

''(G) the final disposition of such cases of misuse of funds, including any criminal penalties imposed; and

''(H) such other information as the Commissioner deems appropriate.''.

(3) TITLE XVI AMENDMENT.—Section 1631(a)(2)(G) of such Act (42 U.S.C. 1383(a)(2)(G)) is amended to read as follows:

''(G)(i) In addition to such other reviews of representative payees as the Commissioner of Social Security may otherwise conduct, the Commissioner shall provide for the periodic onsite review of any person or agency that receives the benefits payable under this title (alone or in combination with benefits payable under title II or title VIII) to another individual pursuant to the appointment of the person or agency as a representative payee under this paragraph, section 205(j), or section 807 in any case in which—

''(I) the representative payee is a person who serves in that capacity with respect to 15 or more such individuals;

''(II) the representative payee is a certified community-based nonprofit social service agency (as defined in subparagraph (I) of this paragraph or section 205(j)(9)); or

''(III) the representative payee is an agency (other than an agency described in subclause (II)) that serves in that capacity with respect to 50 or more such individuals.

''(ii) Within 120 days after the end of each fiscal year, the Commissioner shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the results of periodic onsite reviews conducted during the fiscal year pursuant to clause (i) and of any other reviews of representative payees conducted during such fiscal year in connection with benefits under this title. Each such report shall describe in detail all problems identified in the reviews and any corrective action taken or planned to be taken to correct the problems, and shall include—

''(I) the number of the reviews;

''(II) the results of such reviews;

''(III) the number of cases in which the representative payee was changed and why;

''(IV) the number of cases involving the exercise of expedited, targeted oversight of the representative payee by the Commissioner conducted upon receipt of an allegation of misuse of funds, failure to pay a vendor, or a similar irregularity;

''(V) the number of cases discovered in which there was a misuse of funds;

''(VI) how any such cases of misuse of funds were dealt with by the Commissioner;

''(VII) the final disposition of such cases of misuse of funds, including any criminal penalties imposed; and

''(VIII) such other information as the Commissioner deems appropriate.''.

SEC. 103. DISQUALIFICATION FROM SERVICE AS REPRESENTATIVE PAYEE OF PERSONS CONVICTED OF OFFENSES RESULTING IN IMPRISONMENT FOR MORE THAN 1 YEAR OR FLEEING PROSECUTION, CUSTODY, OR CONFINEMENT.

(a) TITLE II AMENDMENTS.—Section 205(j)(2) of the Social Security Act (42 U.S.C. 405(j)(2)) is amended—

(1) in subparagraph (B)(i)—

(A) by striking ''and'' at the end of subclause (III);

(B) by redesignating subclause (IV) as subclause (VI); and

(C) by inserting after subclause (III) the following new subclauses:

''(IV) obtain information concerning whether such person has been convicted of any other offense under Federal or State law which resulted in imprisonment for more than 1 year,

''(V) obtain information concerning whether such person is a person described in section 202(x)(1)(A)(iv), and'';

(2) in subparagraph (B), by adding at the end the following new clause:

''(iii) Notwithstanding the provisions of section 552a of title 5, United States Code, or any other provision of Federal or State law (other than section 6103 of the Internal Revenue Code of 1986 and section 1106(c) of this Act), the Commissioner shall furnish any Federal, State, or local law enforcement officer, upon the written request of the officer, with the current address, social security account number, and photograph (if applicable) of any person investigated under this paragraph, if the officer furnishes the Commissioner with the name of such person and such other identifying information as may reasonably be required by the Commissioner to establish the unique identity of such person, and notifies the Commissioner that—

''(I) such person is described in section 202(x)(1)(A)(iv),

''(II) such person has information that is necessary for the officer to conduct the officer's official duties, and

''(III) the location or apprehension of such person is within the officer's official duties.'';

(3) in subparagraph (C)(i)(II), by striking ''subparagraph (B)(i)(IV),,'' and inserting ''subparagraph (B)(i)(VI)'' and striking ''section 1631(a)(2)(B)(ii)(IV)'' and inserting ''section 1631(a)(2)(B)(ii)(VI)''; and

(4) in subparagraph (C)(i)—

(A) by striking ''or'' at the end of subclause (II);

(B) by striking the period at the end of subclause (III) and inserting a comma; and

(C) by adding at the end the following new subclauses:

''(IV) such person has previously been convicted as described in subparagraph (B)(i)(IV), unless the Commissioner determines that such certification would be appropriate notwithstanding such conviction, or

''(V) such person is person described in section 202(x)(1)(A)(iv).''.

(b) TITLE VIII AMENDMENTS.—Section 807 of such Act (42 U.S.C. 1007) is amended—

(1) in subsection (b)(2)—

(A) by striking ''and'' at the end of subparagraph (C);

(B) by redesignating subparagraph (D) as subparagraph (F); and

(C) by inserting after subparagraph (C) the following new subparagraphs:

''(D) obtain information concerning whether such person has been convicted of any other offense under Federal or State law which resulted in imprisonment for more than 1 year;

''(E) obtain information concerning whether such person is a person described in section 804(a)(2); and'';

(2) in subsection (b), by adding at the end the following new paragraph:

''(3) Notwithstanding the provisions of section 552a of title 5, United States Code, or any other provision of Federal or State law (other than section 6103 of the Internal Revenue Code of 1986 and section 1106(c) of this Act), the Commissioner shall furnish any Federal, State, or local law enforcement officer, upon the written request of the officer, with the current address, social security account number, and photograph (if applicable) of any person investigated under this subsection, if the officer furnishes the Commissioner with the name of such person and such other identifying information as may reasonably be required by the Commissioner to establish the unique identity of such person, and notifies the Commissioner that—

''(A) such person is described in section 804(a)(2),

''(B) such person has information that is necessary for the officer to conduct the officer's official duties, and

''(C) the location or apprehension of such person is within the officer's official duties.''; and

(3) in subsection (d)(1)—

(A) by striking ''or'' at the end of subparagraph (B);

(B) by striking the period at the end of subparagraph (C) and inserting a semicolon; and

(C) by adding at the end the following new subparagraphs:

''(D) such person has previously been convicted as described in subsection (b)(2)(D), unless the Commissioner determines that such payment would be appropriate notwithstanding such conviction; or

''(E) such person is a person described in section 804(a)(2).''.

(c) TITLE XVI AMENDMENTS.—Section 1631(a)(2)(B) of such Act (42 U.S.C. 1383(a)(2)(B)) is amended—

(1) in clause (ii)—

(A) by striking ''and'' at the end of subclause (III);

(B) by redesignating subclause (IV) as subclause (VI); and

(C) by inserting after subclause (III) the following new subclauses:

''(IV) obtain information concerning whether the person has been convicted of any other offense under Federal or State law which resulted in imprisonment for more than 1 year;

''(V) obtain information concerning whether such person is a person described in section 1611(e)(4)(A); and'';

(2) in clause (iii)(II)—

(A) by striking ''clause (ii)(IV)'' and inserting ''clause (ii)(VI)''; and

(B) by striking ''section 205(j)(2)(B)(i)(IV)'' and inserting ''section 205(j)(2)(B)(i)(VI)'';

(3) in clause (iii)—

(A) by striking ''or'' at the end of subclause (II);

(B) by striking the period at the end of subclause (III) and inserting a semicolon; and

(C) by adding at the end the following new subclauses:

''(IV) the person has previously been convicted as described in clause (ii)(IV) of this subparagraph, unless the Commissioner determines that the payment would be appropriate notwithstanding the conviction; or

''(V) such person is a person described in section 1611(e)(4)(A).''; and

(4) by adding at the end the following new clause:

''(xiv) Notwithstanding the provisions of section 552a of title 5, United States Code, or any other provision of Federal or State law (other than section 6103 of the Internal Revenue Code of 1986 and section 1106(c) of this Act), the Commissioner shall furnish any

Federal, State, or local law enforcement officer, upon the written request of the officer, with the current address, social security account number, and photograph (if applicable) of any person investigated under this subparagraph, if the officer furnishes the Commissioner with the name of such person and such other identifying information as may reasonably be required by the Commissioner to establish the unique identity of such person, and notifies the Commissioner that—

''(I) such person is described in section 1611(e)(4)(A),

''(II) such person has information that is necessary for the officer to conduct the officer's official duties, and

''(III) the location or apprehension of such person is within the officer's official duties.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the first day of the thirteenth month beginning after the date of the enactment of this Act.

(e) REPORT TO THE CONGRESS.—The Commissioner of Social Security, in consultation with the Inspector General of the Social Security Administration, shall prepare a report evaluating whether the existing procedures and reviews for the qualification (including disqualification) of representative payees are sufficient to enable the Commissioner to protect benefits from being misused by representative payees. The Commissioner shall submit the report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate no later than 270 days after the date of the enactment of this Act. The Commissioner shall include in such report any recommendations that the Commissioner considers appropriate.

SEC. 104. FEE FORFEITURE IN CASE OF BENEFIT MISUSE BY REPRESENTATIVE PAYEES.

(a) TITLE II AMENDMENTS.—Section 205(j)(4)(A)(i) of the Social Security Act (42 U.S.C. 405(j)(4)(A)(i)) is amended—

(1) in the first sentence, by striking ''A'' and inserting ''Except as provided in the next sentence, a''; and

(2) in the second sentence, by striking ''The Secretary'' and inserting the following: ''A qualified organization may not collect a fee from an individual for any month with respect to which the Commissioner of Social Security or a court of competent jurisdiction has determined that the organization misused all or part of the individual's benefit, and any amount so collected by the qualified organization for such month shall be treated as a misused part of the individual's benefit for purposes of paragraphs (5) and (6). The Commissioner''.

(b) TITLE XVI AMENDMENTS.—Section 1631(a)(2)(D)(i) of such Act (42 U.S.C. 1383(a)(2)(D)(i)) is amended—

(1) in the first sentence, by striking ''A'' and inserting ''Except as provided in the next sentence, a''; and

(2) in the second sentence, by striking ''The Commissioner'' and inserting the following: ''A qualified organization may not collect a fee from an individual for any month with respect to which the Commissioner of Social Security or a court of competent jurisdiction has determined that the organization misused all or part of the individual's benefit, and any amount so collected by the qualified organization for such month shall be treated as a misused part of the individual's benefit for purposes of subparagraphs (E) and (F). The Commissioner''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any month involving benefit misuse by a representative payee in any case with respect to which the Commissioner of Social Security or a court of competent jurisdiction makes the determination of misuse after 180 days after the date of the enactment of this Act.

SEC. 105. LIABILITY OF REPRESENTATIVE PAYEES FOR MISUSED BENEFITS.

(a) TITLE II AMENDMENTS.—Section 205(j) of the Social Security Act (42 U.S.C. 405(j)) (as amended by sections 101 and 102) is amended further—

(1) by redesignating paragraphs (7), (8), and (9) as paragraphs (8), (9), and (10), respectively;

(2) in paragraphs (2)(C)(v), (3)(F), and (4)(B), by striking ''paragraph (9)'' and inserting ''paragraph (10)'';

(3) in paragraph (6)(A)(ii), by striking ''paragraph (9)'' and inserting ''paragraph (10)''; and

(4) by inserting after paragraph (6) the following new paragraph:

''(7)(A) If the Commissioner of Social Security or a court of competent jurisdiction determines that a representative payee that is not a Federal, State, or local government agency has misused all or part of an individual's benefit that was paid to such representative payee under this subsection, the representative payee shall be liable for the amount misused, and such amount (to the extent not repaid by the representative payee) shall be treated as an overpayment of benefits under this title to the representative payee for all purposes of this Act and related laws pertaining to the recovery of such overpayments. Subject to subparagraph (B), upon recovering all or any part of such amount, the Commissioner shall certify an amount equal to the recovered amount for payment to such individual or such individual's alternative representative payee.

''(B) The total of the amount certified for payment to such individual or such individual's alternative representative payee under subparagraph (A) and the amount certified for payment under paragraph (5) may not exceed the total benefit amount misused by the representative payee with respect to such individual.''.

(b) TITLE VIII AMENDMENT.—Section 807 of such Act (as amended by section 102(b)(2)) is amended further by adding at the end the following new subsection:

''(l) LIABILITY FOR MISUSED AMOUNTS.—

''(1) IN GENERAL.—If the Commissioner of Social Security or a court of competent jurisdiction determines that a representative payee that is not a Federal, State, or local government agency has misused all or part of a qualified individual's benefit that was paid to such representative payee under this section, the representative payee shall be liable for the amount misused, and such amount (to the extent not repaid by the representative payee) shall be treated as an overpayment of benefits under this title to the representative payee for all purposes of this Act and related laws pertaining to the recovery of such overpayments. Subject to paragraph (2), upon recovering all or any part of such amount, the Commissioner shall make payment of an amount equal to the recovered amount to such qualified individual or such qualified individual's alternative representative payee.

''(2) LIMITATION.—The total of the amount paid to such individual or such individual's alternative representative payee under paragraph (1) and the amount paid under subsection (i) may not exceed the total benefit amount misused by the representative payee with respect to such individual.''.

(c) TITLE XVI AMENDMENTS.—Section 1631(a)(2) of such Act (42 U.S.C. 1383(a)(2)) (as amended by section 102(b)(3)) is amended further—

(1) in subparagraph (G)(i)(II), by striking ''section 205(j)(9)'' and inserting ''section 205(j)(10)''; and

(2) by striking subparagraph (H) and inserting the following:

''(H)(i) If the Commissioner of Social Security or a court of competent jurisdiction determines that a representative payee that is not a Federal, State, or local government agency has misused all or part of an individual's benefit that was paid to the representative payee under this paragraph, the representative payee shall be liable for the amount misused, and the amount (to the extent not repaid by the representative payee) shall be treated as an overpayment of benefits under this title to the representative payee for all purposes of this Act and related laws pertaining to the recovery of the overpayments. Subject to clause (ii), upon recovering all or any part of the amount, the Commissioner shall make payment of an amount equal to the recovered amount to such individual or such individual's alternative representative payee.

''(ii) The total of the amount paid to such individual or such individual's alternative representative payee under clause (i) and the amount paid under subparagraph (E) may not exceed the total benefit amount misused by the representative payee with respect to such individual.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to benefit misuse by a representative payee in any case with respect to which the Commissioner of Social Security or a court of competent jurisdiction makes the determination of misuse after 180 days after the date of the enactment of this Act.

SEC. 106. AUTHORITY TO REDIRECT DELIVERY OF BENEFIT PAYMENTS WHEN A REPRESENTATIVE PAYEE FAILS TO PROVIDE REQUIRED ACCOUNTING.

(a) TITLE II AMENDMENTS.—Section 205(j)(3) of the Social Security Act (42 U.S.C. 405(j)(3)) (as amended by sections 102(a)(1)(B) and 105(a)(2)) is amended—

(1) by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (G), respectively; and

(2) by inserting after subparagraph (D) the following new subparagraph:

''(E) In any case in which the person described in subparagraph (A) or (D) receiving payments on behalf of another fails to submit a report required by the Commissioner of Social Security under subparagraph (A) or (D), the Commissioner may, after furnishing notice to such person and the individual entitled to such payment, require that such person appear in person at a field office of the Social Security Administration serving the area in which the individual resides in order to receive such payments.''.

(b) TITLE VIII AMENDMENTS.—Section 807(h) of such Act (42 U.S.C. 1007(h)) is amended—

(1) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and

(2) by inserting after paragraph (2) the following new paragraph:

''(3) AUTHORITY TO REDIRECT DELIVERY OF BENEFIT PAYMENTS WHEN A REPRESENTATIVE PAYEE FAILS TO PROVIDE REQUIRED ACCOUNTING.—In any case in which the person described in paragraph (1) or (2) receiving benefit payments on behalf of a qualified individual fails to submit a report required by the Commissioner of Social Security under paragraph (1) or (2), the Commissioner may, after furnishing notice to such person and the qualified individual, require that such person appear in person at a United States Government facility designated by the Social Security Administration as serving the area in which the qualified individual resides in order to receive such benefit payments.''.

(c) TITLE XVI AMENDMENT.—Section 1631(a)(2)(C) of such Act (42 U.S.C. 1383(a)(2)(C)) is amended by adding at the end the following new clause:

''(v) In any case in which the person described in clause (i) or (iv) receiving payments on behalf of another fails to submit a report required by the Commissioner of Social Security under clause (i) or (iv), the Commissioner may, after furnishing notice to the person and the individual entitled to the payment, require that such person appear in person at a field office of the Social Security Administration serving the area in which the individual resides in order to receive such payments.''.

(d) EFFECTIVE DATE.—The amendment made by this section shall take effect 180 days after the date of the enactment of this Act.

Subtitle B—Enforcement

SEC. 111. CIVIL MONETARY PENALTY AUTHORITY WITH RESPECT TO WRONGFUL CONVERSIONS BY REPRESENTATIVE PAYEES.

(a) IN GENERAL.—Section 1129(a) of the Social Security Act (42 U.S.C. 1320a–8) is amended by adding at the end the following new paragraph:

''(3) Any person (including an organization, agency, or other entity) who, having received, while acting in the capacity of a representative payee pursuant to section 205(j), 807, or 1631(a)(2), a payment under title II, VIII, or XVI for the use and benefit of another individual, converts such payment, or any part thereof, to a use that such person knows or should know is other than for the use and benefit of such other individual shall be subject to, in addition to any other penalties that may be prescribed by law, a civil money penalty of not more than $5,000 for each such conversion. Such person shall also be subject to an assessment, in lieu of damages sustained by the United States resulting from the conversion, of not more than twice the amount of any payments so converted.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to violations committed after the date of the enactment of this Act.

TITLE II—PROGRAM PROTECTIONS

SEC. 201. CIVIL MONETARY PENALTY AUTHORITY WITH RESPECT TO KNOWING WITHHOLDING OF MATERIAL FACTS.

(a) TREATMENT OF WITHHOLDING OF MATERIAL FACTS.—

(1) CIVIL PENALTIES.—Section 1129(a)(1) of the Social Security Act (42 U.S.C. 1320a–8(a)(1)) is amended—

(A) by striking ''who'' in the first sentence and inserting ''who—'';

(B) by striking ''makes'' in the first sentence and all that follows through ''shall be subject to,'' and inserting the following:

''(A) makes, or causes to be made, a statement or representation of a material fact, for use in determining any initial or continuing right to or the amount of monthly insurance benefits under title II or benefits or payments under title VIII or XVI, that the person knows or should know is false or misleading,

''(B) makes such a statement or representation for such use with knowing disregard for the truth, or

''(C) omits from a statement or representation for such use, or otherwise withholds disclosure of, a fact which the person knows or should know is material to the determination of any initial or continuing right to or the amount of monthly insurance benefits under title II or benefits or payments under title VIII or XVI, if the person knows, or should know, that the statement or representation with such omission is false or misleading or that the withholding of such disclosure is misleading,

shall be subject to,'';

(C) by inserting ''or each receipt of such benefits or payments while withholding disclosure of such fact'' after ''each such statement or representation'' in the first sentence;

(D) by inserting ''or because of such withholding of disclosure of a material fact'' after ''because of such statement or representation'' in the second sentence; and

(E) by inserting ''or such a withholding of disclosure'' after ''such a statement or representation'' in the second sentence.

(2) ADMINISTRATIVE PROCEDURE FOR IMPOSING PENALTIES.—Section 1129A(a) of such Act (42 U.S.C. 1320a–8a(a)) is amended—

(A) by striking ''who'' the first place it appears and inserting ''who—''; and

(B) by striking ''makes'' and all that follows through ''shall be subject to,'' and inserting the following:

''(1) makes, or causes to be made, a statement or representation of a material fact, for use in determining any initial or continuing right to or the amount of monthly insurance benefits under title II or benefits or payments under title XVI that the person knows or should know is false or misleading,

''(2) makes such a statement or representation for such use with knowing disregard for the truth, or

''(3) omits from a statement or representation for such use, or otherwise withholds disclosure of, a fact which the person knows or should know is material to the determination of any initial or continuing right to or the amount of monthly insurance benefits under title II or benefits or payments under title XVI, if the person knows, or should know, that the statement or representation with such omission is false or misleading or that the withholding of such disclosure is misleading,

shall be subject to,''.

(b) CLARIFICATION OF TREATMENT OF RECOVERED AMOUNTS.—Section 1129(e)(2)(B) of such Act (42 U.S.C. 1320a–8(e)(2)(B)) is amended by striking ''In the case of amounts recovered arising out of a determination relating to title VIII or XVI,'' and inserting ''In the case of any other amounts recovered under this section,''.

(c) CONFORMING AMENDMENTS.—

(1) Section 1129(b)(3)(A) of such Act (42 U.S.C. 1320a–8(b)(3)(A)) is amended by striking ''charging fraud or false statements''.

(2) Section 1129(c)(1) of such Act (42 U.S.C. 1320a–8(c)(1)) is amended by striking ''and representations'' and inserting '', representations, or actions''.

(3) Section 1129(e)(1)(A) of such Act (42 U.S.C. 1320a–8(e)(1)(A)) is amended by striking ''statement or representation referred to in subsection (a) was made'' and inserting ''violation occurred''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to violations committed after the date on which the Commissioner implements the centralized computer file described in section 202.

SEC. 202. ISSUANCE BY COMMISSIONER OF SOCIAL SECURITY OF RECEIPTS TO ACKNOWLEDGE SUBMISSION OF REPORTS OF CHANGES IN WORK OR EARNINGS STATUS OF DISABLED BENEFICIARIES.

Effective as soon as possible, but not later than 1 year after the date of the enactment of this Act, until such time as the Commissioner of Social Security implements a centralized computer file recording the date of the submission of information by a disabled beneficiary (or representative) regarding a change in the beneficiary's work or earnings status, the Commissioner shall issue a receipt to the disabled beneficiary (or representative) each time he or she submits documentation, or otherwise reports to the Commissioner, on a change in such status.

SEC. 203. DENIAL OF TITLE II BENEFITS TO PERSONS FLEEING PROSECUTION, CUSTODY, OR CONFINEMENT, AND TO PERSONS VIOLATING PROBATION OR PAROLE.

(a) IN GENERAL.—Section 202(x) of the Social Security Act (42 U.S.C. 402(x)) is amended—

(1) in the heading, by striking ''Prisoners'' and all that follows and inserting the following: ''Prisoners, Certain Other Inmates of Publicly Funded Institutions, Fugitives, Probationers, and Parolees'';

(2) in paragraph (1)(A)(ii)(IV), by striking ''or'' at the end;

(3) in paragraph (1)(A)(iii), by striking the period at the end and inserting a comma;

(4) by inserting after paragraph (1)(A)(iii) the following:

''(iv) is fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the person flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the person flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State, or

''(v) is violating a condition of probation or parole imposed under Federal or State law.

In the case of an individual from whom such monthly benefits have been withheld pursuant to clause (iv) or (v), the Commissioner may, for good cause shown, pay such withheld benefits to the individual.''; and

(5) in paragraph (3), by adding at the end the following new subparagraph:

''(C) Notwithstanding the provisions of section 552a of title 5, United States Code, or any other provision of Federal or State law (other than section 6103 of the Internal Revenue Code of 1986 and section 1106(c) of this Act), the Commissioner shall furnish any Federal, State, or local law enforcement officer, upon the written request of the officer, with the current address, Social Security number, and photograph (if applicable) of any beneficiary under this title, if the officer furnishes the Commissioner with the name of the beneficiary, and other identifying information as reasonably required by the Commissioner to establish the unique identity of the beneficiary, and notifies the Commissioner that—

''(i) the beneficiary—

''(I) is described in clause (iv) or (v) of paragraph (1)(A); and

''(II) has information that is necessary for the officer to conduct the officer's official duties; and

''(ii) the location or apprehension of the beneficiary is within the officer's official duties.''.

(b) REGULATIONS.—Not later than the first day of the first month that begins on or after the date that is 9 months after the date of the enactment of this Act, the Commissioner of Social Security shall promulgate regulations governing payment by the Commissioner, for good cause shown, of withheld benefits, pursuant to the last sentence of section 202(x)(1)(A) of the Social Security Act (as amended by subsection (a)).

(c) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on the first day of the first month that begins on or after the date that is 9 months after the date of the enactment of this Act.

SEC. 204. REQUIREMENTS RELATING TO OFFERS TO PROVIDE FOR A FEE A PRODUCT OR SERVICE AVAILABLE WITHOUT CHARGE FROM THE SOCIAL SECURITY ADMINISTRATION.

(a) IN GENERAL.—Section 1140 of the Social Security Act (42 U.S.C. 1320b–10) is amended—

(1) in subsection (a), by adding at the end the following new paragraph:

''(4)(A) No person shall offer, for a fee, to assist an individual to obtain a product or service that the person knows or should know is provided free of charge by the Social Security Administration unless, at the time the offer is made, the person provides to the individual to whom the offer is tendered a notice that—

''(i) explains that the product or service is available free of charge from the Social Security Administration, and

''(ii) complies with standards prescribed by the Commissioner of Social Security respecting the content of such notice and its placement, visibility, and legibility.

''(B) Subparagraph (A) shall not apply to any offer—

''(i) to serve as a claimant representative in connection with a claim arising under title II, title VIII, or title XVI; or

''(ii) to prepare, or assist in the preparation of, an individual's plan for achieving self-support under title XVI.''; and

(2) in the heading, by striking ''PROHIBITION OF MISUSE OF SYMBOLS, EMBLEMS, OR NAMES IN REFERENCE'' and inserting ''PROHIBITIONS RELATING TO REFERENCES''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to offers of assistance made after the sixth month ending after the Commissioner of Social Security promulgates final regulations prescribing the standards applicable to the notice required to be provided in connection with such offer. The Commissioner shall promulgate such final regulations within 1 year after the date of the enactment of this Act.

SEC. 205. REFUSAL TO RECOGNIZE CERTAIN INDIVIDUALS AS CLAIMANT REPRESENTATIVES.

Section 206(a)(1) of the Social Security Act (42 U.S.C. 406(a)(1)) is amended by inserting after the second sentence the following: ''Notwithstanding the preceding sentences, the Commissioner, after due notice and opportunity for hearing, (A) may refuse to recognize as a representative, and may disqualify a representative already recognized, any attorney who has been disbarred or suspended from any court or bar to which he or she was previously admitted to practice or who has been disqualified from participating in or appearing before any Federal program or agency, and (B) may refuse to recognize, and may disqualify, as a non-attorney representative any attorney who has been disbarred or suspended from any court or bar to which he or she was previously admitted to practice. A representative who has been disqualified or suspended pursuant to this section from appearing before the Social Security Administration as a result of collecting or receiving a fee in excess of the amount authorized shall be barred from appearing before the Social Security Administration as a representative until full restitution is made to the claimant and, thereafter, may be considered for reinstatement only under such rules as the Commissioner may prescribe.''.

SEC. 206. PENALTY FOR CORRUPT OR FORCIBLE INTERFERENCE WITH ADMINISTRATION OF SOCIAL SECURITY ACT.

Part A of title XI of the Social Security Act (42 U.S.C. 1301 et seq.) is amended by inserting after section 1129A the following new section:

''ATTEMPTS TO INTERFERE WITH ADMINISTRATION OF SOCIAL SECURITY ACT

''SEC. 1129B. Whoever corruptly or by force or threats of force (including any threatening letter or communication) attempts to intimidate or impede any officer, employee, or contractor of the Social Security Administration (including any State employee of a disability determination service or any other individual designated by the Commissioner of Social Security) acting in an official capacity to carry out a duty under this Act, or in any other way corruptly or by force or threats of force (including any threatening letter or communication) obstructs or impedes, or attempts to obstruct or impede, the due administration of this Act, shall be fined not more than $5,000, imprisoned not more than 3 years, or both, except that if the offense is committed only by threats of force, the person shall be fined not more than $3,000, imprisoned not more than 1 year, or both. In this subsection, the term 'threats of force' means threats of harm to the officer or employee of the United States or to a contractor of the Social Security Administration, or to a member of the family of such an officer or employee or contractor.''.

SEC. 207. USE OF SYMBOLS, EMBLEMS, OR NAMES IN REFERENCE TO SOCIAL SECURITY OR MEDICARE.

(a) IN GENERAL.—Section 1140(a)(1) of the Social Security Act (42 U.S.C. 1320b–10(a)(1)) is amended—

(1) in subparagraph (A), by inserting '' 'Centers for Medicare & Medicaid Services','' after '' 'Health Care Financing Administration','', by striking ''or 'Medicaid', '' and inserting '' 'Medicaid', 'Death Benefits Update', 'Federal Benefit Information', 'Funeral Expenses', or 'Final Supplemental Plan','' and by inserting '' 'CMS','' after '' 'HCFA','';

(2) in subparagraph (B), by inserting ''Centers for Medicare & Medicaid Services,'' after ''Health Care Financing Administration,'' each place it appears; and

(3) in the matter following subparagraph (B), by striking ''the Health Care Financing Administration,'' each place it appears and inserting ''the Centers for Medicare & Medicaid Services,''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to items sent after 180 days after the date of the enactment of this Act.

SEC. 208. DISQUALIFICATION FROM PAYMENT DURING TRIAL WORK PERIOD UPON CONVICTION OF FRAUDULENT CONCEALMENT OF WORK ACTIVITY.

(a) IN GENERAL.—Section 222(c) of the Social Security Act (42 U.S.C. 422(c)) is amended by adding at the end the following new paragraph:

''(5) Upon conviction by a Federal court that an individual has fraudulently concealed work activity during a period of trial work from the Commissioner of Social Security by—

''(A) providing false information to the Commissioner of Social Security as to whether the individual had earnings in or for a particular period, or as to the amount thereof;

''(B) receiving disability insurance benefits under this title while engaging in work activity under another identity, including under another social security account number or a number purporting to be a social security account number; or

''(C) taking other actions to conceal work activity with an intent fraudulently to secure payment in a greater amount than is due or when no payment is authorized,

no benefit shall be payable to such individual under this title with respect to a period of disability for any month before such conviction during which the individual rendered services during the period of trial work with respect to which the fraudulently concealed work activity occurred, and amounts otherwise due under this title as restitution, penalties, assessments, fines, or other repayments shall in all cases be in addition to any amounts for which such individual is liable as overpayments by reason of such concealment.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to work activity performed after the date of the enactment of this Act.

SEC. 209. AUTHORITY FOR JUDICIAL ORDERS OF RESTITUTION.

(a) AMENDMENTS TO TITLE II.—Section 208 of the Social Security Act (42 U.S.C. 408) is amended—

(1) by redesignating subsections (b), (c), and (d) as subsections (c), (d), and (e), respectively; and

(2) by inserting after subsection (a) the following new subsection:

''(b)(1) Any Federal court, when sentencing a defendant convicted of an offense under subsection (a), may order, in addition to or in lieu of any other penalty authorized by law, that the defendant make restitution to the Social Security Administration.

''(2) Sections 3612, 3663, and 3664 of title 18, United States Code, shall apply with respect to the issuance and enforcement of orders of restitution under this subsection. In so applying such sections, the Social Security Administration shall be considered the victim.

''(3) If the court does not order restitution, or orders only partial restitution, under this subsection, the court shall state on the record the reasons therefor.''.

(b) AMENDMENTS TO TITLE VIII.—Section 807(i) of such Act (42 U.S.C. 1007(i)) is amended—

(1) by striking ''(i) RESTITUTION.—In any case where'' and inserting the following:

''(i) RESTITUTION.—

''(1) IN GENERAL.—In any case where''; and

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

''(2) COURT ORDER FOR RESTITUTION.—

''(A) IN GENERAL.—Any Federal court, when sentencing a defendant convicted of an offense under subsection (a), may order, in addition to or in lieu of any other penalty authorized by law, that the defendant make restitution to the Social Security Administration.

''(B) RELATED PROVISIONS.—Sections 3612, 3663, and 3664 of title 18, United States Code, shall apply with respect to the issuance and enforcement of orders of restitution under this paragraph. In so applying such sections, the Social Security Administration shall be considered the victim.

''(C) STATED REASONS FOR NOT ORDERING RESTITUTION.—If the court does not order restitution, or orders only partial restitution, under this paragraph, the court shall state on the record the reasons therefor.''.

(c) AMENDMENTS TO TITLE XVI.—Section 1632 of such Act (42 U.S.C. 1383a) is amended—

(1) by redesignating subsection (b) as subsection (c); and

(2) by inserting after subsection (a) the following new subsection:

''(b)(1) Any Federal court, when sentencing a defendant convicted of an offense under subsection (a), may order, in addition to or in lieu of any other penalty authorized by law, that the defendant make restitution to the Social Security Administration.

''(2) Sections 3612, 3663, and 3664 of title 18, United States Code, shall apply with respect to the issuance and enforcement of orders of restitution under this subsection. In so applying such sections, the Social Security Administration shall be considered the victim.

''(3) If the court does not order restitution, or orders only partial restitution, under this subsection, the court shall state on the record the reasons therefor.''.

(d) SPECIAL ACCOUNT FOR RECEIPT OF RESTITUTION PAYMENTS.—Section 704(b) of such Act (42 U.S.C. 904(b)) is amended by adding at the end the following new paragraph:

''(3)(A) Except as provided in subparagraph (B), amounts received by the Social Security Administration pursuant to an order of restitution under section 208(b), 807(i), or 1632(b)

shall be credited to a special fund established in the Treasury of the United States for amounts so received or recovered. The amounts so credited, to the extent and in the amounts provided in advance in appropriations Acts, shall be available to defray expenses incurred in carrying out titles II, VIII, and XVI.

''(B) Subparagraph (A) shall not apply with respect to amounts received in connection with misuse by a representative payee (within the meaning of sections 205(j), 807, and 1631(a)(2)) of funds paid as benefits under title II, VIII, or XVI. Such amounts received in connection with misuse of funds paid as benefits under title II shall be transferred to the Managing Trustee of the Federal Old-Age and Survivors Insurance Trust Fund or the Federal Disability Insurance Trust Fund, as determined appropriate by the Commissioner of Social Security, and such amounts shall be deposited by the Managing Trustee into such Trust Fund. All other such amounts shall be deposited by the Commissioner into the general fund of the Treasury as miscellaneous receipts.''.

(e) EFFECTIVE DATE.—The amendments made by subsections (a), (b), and (c) shall apply with respect to violations occurring on or after the date of the enactment of this Act.

TITLE III—ATTORNEY FEE PAYMENT SYSTEM IMPROVEMENTS

SEC. 301. CAP ON ATTORNEY ASSESSMENTS.

(a) IN GENERAL.—Section 206(d)(2)(A) of the Social Security Act (42 U.S.C. 406(d)(2)(A)) is amended—

(1) by inserting '', except that the maximum amount of the assessment may not exceed the greater of $75 or the adjusted amount as provided pursuant to the following two sentences'' after ''subparagraph (B)''; and

(2) by adding at the end the following new sentence: ''In the case of any calendar year beginning after the amendments made by section 301 of the Social Security Protection Act of 2003 take effect, the dollar amount specified in the preceding sentence (including a previously adjusted amount) shall be adjusted annually under the procedures used to adjust benefit amounts under section 215(i)(2)(A)(ii), except such adjustment shall be based on the higher of $75 or the previously adjusted amount that would have been in effect for December of the preceding year, but for the rounding of such amount pursuant to the following sentence. Any amount so adjusted that is not a multiple of $1 shall be rounded to the next lowest multiple of $1, but in no case less than $75.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to fees for representation of claimants which are first required to be certified or paid under section 206 of the Social Security Act on or after the first day of the first month that begins after 180 days after the date of the enactment of this Act.

SEC. 302. EXTENSION OF ATTORNEY FEE PAYMENT SYSTEM TO TITLE XVI CLAIMS.

(a) IN GENERAL.—Section 1631(d)(2) of the Social Security Act (42 U.S.C. 1383(d)(2)) is amended—

(1) in subparagraph (A), in the matter preceding clause (i)—

(A) by striking ''section 206(a)'' and inserting ''section 206'';

(B) by striking ''(other than paragraph (4) thereof)'' and inserting ''(other than subsections (a)(4) and (d) thereof)''; and

(C) by striking ''paragraph (2) thereof'' and inserting ''such section'';

(2) in subparagraph (A)(i), by striking ''in subparagraphs (A)(ii)(I) and (C)(i),'' and inserting ''in subparagraphs (A)(ii)(I) and (D)(i) of subsection (a)(2)'', and by striking ''and'' at the end;

(3) by striking subparagraph (A)(ii) and inserting the following:

''(ii) by substituting, in subsections (a)(2)(B) and (b)(1)(B)(i), the phrase 'section 1631(a)(7)(A) or the requirements of due process of law' for the phrase 'subsection (g) or (h) of section 223';

''(iii) by substituting, in subsection (a)(2)(C)(i), the phrase 'under title II' for the phrase 'under title XVI';

''(iv) by substituting, in subsection (b)(1)(A), the phrase 'pay the amount of such fee' for the phrase 'certify the amount of such fee for payment' and by striking, in subsection (b)(1)(A), the phrase 'or certified for payment'; and

''(v) by substituting, in subsection (b)(1)(B)(ii), the phrase 'deemed to be such amounts as determined before any applicable reduction under section 1631(g), and reduced by the amount of any reduction in benefits under this title or title II made pursuant to section 1127(a)' for the phrase 'determined before any applicable reduction under section 1127(a))'.''; and

(4) by striking subparagraph (B) and inserting the following new subparagraphs:

''(B) Subject to subparagraph (C), if the claimant is determined to be entitled to past-due benefits under this title and the person representing the claimant is an attorney, the Commissioner of Social Security shall pay out of such past-due benefits to such attorney an amount equal to the lesser of—

''(i) so much of the maximum fee as does not exceed 25 percent of such past-due benefits (as determined before any applicable reduction under section 1631(g) and reduced by the amount of any reduction in benefits under this title or title II pursuant to section 1127(a)), or

''(ii) the amount of past-due benefits available after any applicable reductions under sections 1631(g) and 1127(a).

''(C)(i) Whenever a fee for services is required to be paid to an attorney from a claimant's past-due benefits pursuant to subparagraph (B), the Commissioner shall impose on the attorney an assessment calculated in accordance with clause (ii).

''(ii)(I) The amount of an assessment under clause (i) shall be equal to the product obtained by multiplying the amount of the representative's fee that would be required to be paid by subparagraph (B) before the application of this subparagraph, by the percentage specified in subclause (II), except that the maximum amount of the assessment may not exceed $75. In the case of any calendar year beginning after the amendments made by section 302 of the Social Security Protection Act of 2003 take effect, the dollar amount specified in the preceding sentence (including a previously adjusted amount) shall be adjusted annually under the procedures used to adjust benefit amounts under section 215(i)(2)(A)(ii), except such adjustment shall be based on the higher of $75 or the previously adjusted amount that would have been in effect for December of the preceding year, but for the rounding of such amount pursuant to the following sentence. Any amount so adjusted that is not a multiple of $1 shall be rounded to the next lowest multiple of $1, but in no case less than $75.

''(II) The percentage specified in this subclause is such percentage rate as the Commissioner determines is necessary in order to achieve full recovery of the costs of determining and approving fees to attorneys from the past-due benefits of claimants, but not in excess of 6.3 percent.

''(iii) The Commissioner may collect the assessment imposed on an attorney under clause (i) by offset from the amount of the fee otherwise required by subparagraph (B) to be paid to the attorney from a claimant's past-due benefits.

''(iv) An attorney subject to an assessment under clause (i) may not, directly or indirectly, request or otherwise obtain reimbursement for such assessment from the claimant whose claim gave rise to the assessment.

''(v) Assessments on attorneys collected under this subparagraph shall be deposited in the Treasury in a separate fund created for this purpose.

''(vi) The assessments authorized under this subparagraph shall be collected and available for obligation only to the extent and in the amount provided in advance in appropriations Acts. Amounts so appropriated are authorized to remain available until expended, for administrative expenses in carrying out this title and related laws.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply with respect to fees for representation of claimants which are first required to be certified or paid under section 1631(d)(2) of the Social Security Act on or after the first day of the first month that begins after 270 days after the date of the enactment of this Act.

(2) SUNSET.—Such amendments shall not apply with respect to fees for representation of claimants in the case of any claim for benefits with respect to which the agreement for representation is entered into after 5 years after the date on which the Commissioner of Social Security first implements the amendments made by this section.

(c) STUDY REGARDING FEE-WITHHOLDING FOR NON-ATTORNEY REPRESENTATIVES.—

(1) STUDY.—As soon as practicable after the date of the enactment of this Act, the Comptroller General of the United States shall undertake a study regarding fee-withholding for non-attorney representatives representing claimants before the Social Security Administration.

(2) MATTERS TO BE STUDIED.—In conducting the study under this subsection, the Comptroller General shall—

(A) compare the non-attorney representatives who seek fee approval for representing claimants before the Social Security Administration to attorney representatives who seek such fee approval, with regard to—

(i) their training, qualifications, and competency,

(ii) the type and quality of services provided, and

(iii) the extent to which claimants are protected through oversight of such representatives by the Social Security Administration or other organizations, and

(B) consider the potential results of extending to non-attorney representatives the fee withholding procedures that apply under titles II and XVI of the Social Security Act for the payment of attorney fees, including the effect on claimants and program administration.

(3) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Comptroller General shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report detailing the results of the Comptroller General's study conducted pursuant to this subsection.

TITLE IV—MISCELLANEOUS AND TECHNICAL AMENDMENTS

Subtitle A—Amendments Relating to the Ticket to Work and Work Incentives Improvement Act of 1999

SEC. 401. APPLICATION OF DEMONSTRATION AUTHORITY SUNSET DATE TO NEW PROJECTS.

Section 234 of the Social Security Act (42 U.S.C. 434) is amended—

(1) in the first sentence of subsection (c), by striking ''conducted under subsection (a)'' and inserting ''initiated under subsection (a) on or before December 17, 2004''; and

(2) in subsection (d)(2), by amending the first sentence to read as follows: ''The authority to initiate projects under the preceding provisions of this section shall terminate on December 18, 2004.''.

SEC. 402. EXPANSION OF WAIVER AUTHORITY AVAILABLE IN CONNECTION WITH DEMONSTRATION PROJECTS PROVIDING FOR REDUCTIONS IN DISABILITY INSURANCE BENEFITS BASED ON EARNINGS.

Section 302(c) of the Ticket to Work and Work Incentives Improvement Act of 1999 (42 U.S.C. 434 note) is amended by striking ''(42 U.S.C. 401 et seq.),'' and inserting ''(42 U.S.C. 401 et seq.) and the requirements of section 1148 of such Act (42 U.S.C. 1320b–19) as they relate to the program established under title II of such Act,''.

SEC. 403. FUNDING OF DEMONSTRATION PROJECTS PROVIDED FOR REDUCTIONS IN DISABILITY INSURANCE BENEFITS BASED ON EARNINGS.

Section 302(f) of the Ticket to Work and Work Incentives Improvement Act of 1999 (42 U.S.C. 434 note) is amended to read as follows:

''(f) EXPENDITURES.—Administrative expenses for demonstration projects under this section shall be paid from funds available for the administration of title II or XVIII of the Social Security Act, as appropriate. Benefits payable to or on behalf of individuals by reason of participation in projects under this section shall be made from the Federal Disability Insurance Trust Fund and the Federal Old-Age and Survivors Insurance Trust Fund, as determined appropriate by the Commissioner of Social Security, and from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund, as determined appropriate by the Secretary of Health and Human Services, from funds available for benefits under such title II or XVIII.''.

SEC. 404. AVAILABILITY OF FEDERAL AND STATE WORK INCENTIVE SERVICES TO ADDITIONAL INDIVIDUALS.

(a) FEDERAL WORK INCENTIVES OUTREACH PROGRAM.—

(1) IN GENERAL.—Section 1149(c)(2) of the Social Security Act (42 U.S.C. 1320b–20(c)(2)) is amended to read as follows:

''(2) DISABLED BENEFICIARY.—The term 'disabled beneficiary' means an individual—

''(A) who is a disabled beneficiary as defined in section 1148(k)(2) of this Act;

''(B) who is receiving a cash payment described in section 1616(a) of this Act or a supplementary payment described in section 212(a)(3) of Public Law 93–66 (without regard to whether such payment is paid by the Commissioner pursuant to an agreement under section 1616(a) of this Act or under section 212(b) of Public Law 93–66);

''(C) who, pursuant to section 1619(b) of this Act, is considered to be receiving benefits under title XVI of this Act; or

''(D) who is entitled to benefits under part A of title XVIII of this Act by reason of the penultimate sentence of section 226(b) of this Act.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply with respect to grants, cooperative agreements, or contracts entered into on or after the date of the enactment of this Act.

(b) STATE GRANTS FOR WORK INCENTIVES ASSISTANCE.—

(1) DEFINITION OF DISABLED BENEFICIARY.—Section 1150(g)(2) of such Act (42 U.S.C. 1320b–21(g)(2)) is amended to read as follows:

''(2) DISABLED BENEFICIARY.—The term 'disabled beneficiary' means an individual—

''(A) who is a disabled beneficiary as defined in section 1148(k)(2) of this Act;

''(B) who is receiving a cash payment described in section 1616(a) of this Act or a supplementary payment described in section 212(a)(3) of Public Law 93–66 (without regard to whether such payment is paid by the Commissioner pursuant to an agreement under section 1616(a) of this Act or under section 212(b) of Public Law 93–66);

''(C) who, pursuant to section 1619(b) of this Act, is considered to be receiving benefits under title XVI of this Act; or

''(D) who is entitled to benefits under part A of title XVIII of this Act by reason of the penultimate sentence of section 226(b) of this Act.''.

(2) ADVOCACY OR OTHER SERVICES NEEDED TO MAINTAIN GAINFUL EMPLOYMENT.—Section 1150(b)(2) of such Act (42 U.S.C. 1320b–21(b)(2)) is amended by striking ''secure or regain'' and inserting ''secure, maintain, or regain''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply with respect to payments provided after the date of the enactment of this Act.

SEC. 405. TECHNICAL AMENDMENT CLARIFYING TREATMENT FOR CERTAIN PURPOSES OF INDIVIDUAL WORK PLANS UNDER THE TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM.

(a) IN GENERAL.—Section 1148(g)(1) of the Social Security Act (42 U.S.C. 1320b–19) is amended by adding at the end, after and below subparagraph (E), the following new sentence:

''An individual work plan established pursuant to this subsection shall be treated, for purposes of section 51(d)(6)(B)(i) of the Internal Revenue Code of 1986, as an individualized written plan for employment under a State plan for vocational rehabilitation services approved under the Rehabilitation Act of 1973.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in section 505 of the Ticket to Work and Work Incentives Improvement Act of 1999 (Public Law 106–170; 113 Stat. 1921).

Subtitle B—Miscellaneous Amendments

SEC. 411. ELIMINATION OF TRANSCRIPT REQUIREMENT IN REMAND CASES FULLY FAVORABLE TO THE CLAIMANT.

(a) IN GENERAL.—Section 205(g) of the Social Security Act (42 U.S.C. 405(g)) is amended in the sixth sentence by striking ''and a transcript'' and inserting ''and, in any case in which the Commissioner has not made a decision fully favorable to the individual, a transcript''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to final determinations issued (upon remand) on or after the date of the enactment of this Act.

SEC. 412. NONPAYMENT OF BENEFITS UPON REMOVAL FROM THE UNITED STATES.

(a) IN GENERAL.—Paragraphs (1) and (2) of section 202(n) of the Social Security Act (42 U.S.C. 402(n)(1), (2)) are each amended by striking ''or (1)(E)''.

(b) EFFECTIVE DATE.—The amendment made by this section to section 202(n)(1) of the Social Security Act shall apply to individuals with respect to whom the Commissioner of Social Security receives a removal notice from the Attorney General after the date of the enactment of this Act. The amendment made by this section to section 202(n)(2) of the Social Security Act shall apply with respect to removals occurring after the date of the enactment of this Act.

SEC. 413. REINSTATEMENT OF CERTAIN REPORTING REQUIREMENTS.

Section 3003(a)(1) of the Federal Reports Elimination and Sunset Act of 1995 (31 U.S.C. 1113 note) shall not apply to any report required to be submitted under any of the following provisions of law:

(1)(A) Section 201(c)(2) of the Social Security Act (42 U.S.C. 401(c)(2)).

(B) Section 1817(b)(2) of the Social Security Act (42 U.S.C. 1395i(b)(2)).

(C) Section 1841(b)(2) of the Social Security Act (42 U.S.C. 1395t(b)(2)).

(2)(A) Section 221(c)(3)(C) of the Social Security Act (42 U.S.C. 421(c)(3)(C)).

(B) Section 221(i)(3) of the Social Security Act (42 U.S.C. 421(i)(3)).

SEC. 414. CLARIFICATION OF DEFINITIONS REGARDING CERTAIN SURVIVOR BENEFITS.

(a) WIDOWS.—Section 216(c) of the Social Security Act (42 U.S.C. 416(c)) is amended—

(1) by redesignating subclauses (A) through (C) of clause (6) as subclauses (i) through (iii), respectively;

(2) by redesignating clauses (1) through (6) as clauses (A) through (F), respectively;

(3) in clause (E) (as redesignated), by inserting ''except as provided in paragraph (2),'' before ''she was married'';

(4) by inserting ''(1)'' after ''(c)''; and

(5) by adding at the end the following new paragraph:

''(2) The requirements of paragraph (1)(E) in connection with the surviving wife of an individual shall be treated as satisfied if—

''(A) the individual had been married prior to the individual's marriage to the surviving wife,

''(B) the prior wife was institutionalized during the individual's marriage to the prior wife due to mental incompetence or similar incapacity,

''(C) during the period of the prior wife's institutionalization, the individual would have divorced the prior wife and married the surviving wife, but the individual did not do so because such divorce would have been unlawful, by reason of the prior wife's institutionalization, under the laws of the State in which the individual was domiciled at the time (as determined based on evidence satisfactory to the Commissioner of Social Security),

''(D) the prior wife continued to remain institutionalized up to the time of her death, and

''(E) the individual married the surviving wife within 60 days after the prior wife's death.''.

(b) WIDOWERS.—Section 216(g) of such Act (42 U.S.C. 416(g)) is amended—

(1) by redesignating subclauses (A) through (C) of clause (6) as subclauses (i) through (iii), respectively;

(2) by redesignating clauses (1) through (6) as clauses (A) through (F), respectively;

(3) in clause (E) (as redesignated), by inserting ''except as provided in paragraph (2),'' before ''he was married'';

(4) by inserting ''(1)'' after ''(g)''; and

(5) by adding at the end the following new paragraph:

''(2) The requirements of paragraph (1)(E) in connection with the surviving husband of an individual shall be treated as satisfied if—

''(A) the individual had been married prior to the individual's marriage to the surviving husband,

''(B) the prior husband was institutionalized during the individual's marriage to the prior husband due to mental incompetence or similar incapacity,

''(C) during the period of the prior husband's institutionalization, the individual would have divorced the prior husband and married the surviving husband, but the individual did not do so because such divorce would have been unlawful, by reason of the prior husband's institutionalization, under the laws of the State in which the individual was domiciled at the time (as determined

based on evidence satisfactory to the Commissioner of Social Security),

''(D) the prior husband continued to remain institutionalized up to the time of his death, and

''(E) the individual married the surviving husband within 60 days after the prior husband's death.''.

(c) CONFORMING AMENDMENT.—Section 216(k) of such Act (42 U.S.C. 416(k)) is amended by striking ''clause (5) of subsection (c) or clause (5) of subsection (g)'' and inserting ''clause (E) of subsection (c)(1) or clause (E) of subsection (g)(1)''.

(d) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to applications for benefits under title II of the Social Security Act filed during months ending after the date of the enactment of this Act.

SEC. 415. CLARIFICATION RESPECTING THE FICA AND SECA TAX EXEMPTIONS FOR AN INDIVIDUAL WHOSE EARNINGS ARE SUBJECT TO THE LAWS OF A TOTALIZATION AGREEMENT PARTNER.

Sections 1401(c), 3101(c), and 3111(c) of the Internal Revenue Code of 1986 are each amended by striking ''to taxes or contributions for similar purposes under'' and inserting ''exclusively to the laws applicable to''.

SEC. 416. COVERAGE UNDER DIVIDED RETIREMENT SYSTEM FOR PUBLIC EMPLOYEES IN KENTUCKY.

(a) IN GENERAL.—Section 218(d)(6)(C) of the Social Security Act (42 U.S.C. 418(d)(6)(C)) is amended by inserting ''Kentucky,'' after ''Illinois,''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) takes effect on January 1, 2003.

SEC. 417. COMPENSATION FOR THE SOCIAL SECURITY ADVISORY BOARD.

(a) IN GENERAL.—Subsection (f) of section 703 of the Social Security Act (42 U.S.C. 903(f)) is amended to read as follows:

''Compensation, Expenses, and Per Diem

''(f) A member of the Board shall, for each day (including traveltime) during which the member is attending meetings or conferences of the Board or otherwise engaged in the business of the Board, be compensated at the daily rate of basic pay for level IV of the Executive Schedule. While serving on business of the Board away from their homes or regular places of business, members may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government employed intermittently.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall be effective as of January 1, 2003.

SEC. 418. 60-MONTH PERIOD OF EMPLOYMENT REQUIREMENT FOR APPLICATION OF GOVERNMENT PENSION OFFSET EXEMPTION.

(a) WIFE'S INSURANCE BENEFITS.—Section 202(b)(4)(A) of the Social Security Act (42 U.S.C. 402(b)(4)(A)) is amended by striking ''if, on'' and inserting ''if, during any portion of the last 60 months of such service ending with''.

(b) HUSBAND'S INSURANCE BENEFITS.—Section 202(c)(2)(A) of such Act (42 U.S.C. 402(c)(2)(A)) is amended by striking ''if, on'' and inserting ''if, during any portion of the last 60 months of such service ending with''.

(c) WIDOW'S INSURANCE BENEFITS.—Section 202(e)(7)(A) of such Act (42 U.S.C. 402(e)(7)(A)) is amended by striking ''if, on'' and inserting ''if, during any portion of the last 60 months of such service ending with''.

(d) WIDOWER'S INSURANCE BENEFITS.—Section 202(f)(2)(A) of such Act (42 U.S.C. 402(f)(2)(A)) is amended by striking ''if, on'' and inserting ''if, during any portion of the last 60 months of such service ending with''.

(e) MOTHER'S AND FATHER'S INSURANCE BENEFITS.—Section 202(g)(4)(A) of the such Act (42 U.S.C. 402(g)(4)(A)) is amended by striking '''if, on'' and inserting '''if, during any portion of the last 60 months of such service ending with''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to applications for benefits under title II of the Social Security Act filed on or after the first day of the first month that begins after the date of the enactment of this Act, except that such amendments shall not apply in connection with monthly periodic benefits of any individual based on earnings while in service described in section 202(b)(4)(A), 202(c)(2)(A), 202(e)(7)(A), or 202(f)(2)(A) of the Social Security Act (in the matter preceding clause (i) thereof)—

(1) if the last day of such service occurs before the end of the 90-day period following the date of the enactment of this Act, or

(2) in any case in which the last day of such service occurs after the end of such 90-day period, such individual performed such service during such 90-day period which constituted ''employment'' as defined in section 210 of such Act, and all such service subsequently performed by such individual has constituted such ''employment''.

SEC. 419. GOVERNMENT PENSION OFFSET REDUCED FROM TWO-THIRDS TO ONE-THIRD OF THE GOVERNMENT PENSION.

(a) WIFE'S INSURANCE BENEFITS.—Section 202(b)(4)(A) of the Social Security Act (42 U.S.C. 402(b)(4)(A)) is amended by striking ''two-thirds'' and inserting ''one-third''.

(b) HUSBAND'S INSURANCE BENEFITS.—Section 202(c)(2)(A) of such Act (42 U.S.C. 402(b)(2)(A)) is amended by striking ''two-thirds'' and inserting ''one-third''.

(c) WIDOW'S INSURANCE BENEFITS.—Section 202(e)(7)(A) of such Act (42 U.S.C. 402(e)(7)(A)) is amended by striking ''two-thirds'' and inserting ''one-third''.

(d) WIDOWER'S INSURANCE BENEFITS.—Section 202(f)(2)(A) of such Act (42 U.S.C. 402(f)(2)(A)) is amended by striking ''two-thirds'' and inserting ''one-third''.

(e) MOTHER'S AND FATHER'S INSURANCE BENEFITS.—Section 202(g)(4)(A) of such Act (42 U.S.C. 402(g)(4)(A)) is amended by striking ''two-thirds'' and inserting ''one-third''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to benefits for months ending after the date of the enactment of this Act.

(g) ANNUAL REIMBURSEMENT OF TRUST FUND.—There are authorized to be appropriated from time to time to the Federal Old-Age and Survivors Insurance Trust Fund such sums as are necessary for any fiscal year, on account of—

(1) amounts paid or to be paid from such Trust Fund under title II of the Social Security Act solely by reason of the amendments made by this section,

(2) the additional administrative expenses resulting or expected to result therefrom, and

(3) any loss in interest to such Trust Fund resulting from the payment of such amounts, in order to place such Trust Fund in the same position at the end of such fiscal year as the position in which it would have been if the preceding provisions of this section had not been enacted.

Subtitle C—Technical Amendments

SEC. 421. TECHNICAL CORRECTION RELATING TO RESPONSIBLE AGENCY HEAD.

Section 1143 of the Social Security Act (42 U.S.C. 1320b–13) is amended—

(1) by striking ''Secretary'' the first place it appears and inserting ''Commissioner of Social Security''; and

(2) by striking ''Secretary'' each subsequent place it appears and inserting ''Commissioner''.

SEC. 422. TECHNICAL CORRECTION RELATING TO RETIREMENT BENEFITS OF MINISTERS.

(a) IN GENERAL.—Section 211(a)(7) of the Social Security Act (42 U.S.C. 411(a)(7)) is amended by inserting '', but shall not include in any such net earnings from self-employment the rental value of any parsonage or any parsonage allowance (whether or not excluded under section 107 of the Internal Revenue Code of 1986) provided after the individual retires, or any other retirement benefit received by such individual from a church plan (as defined in section 414(e) of such Code) after the individual retires'' before the semicolon.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to years beginning before, on, or after December 31, 1994.

SEC. 423. TECHNICAL CORRECTIONS RELATING TO DOMESTIC EMPLOYMENT.

(a) AMENDMENT TO INTERNAL REVENUE CODE.—Section 3121(a)(7)(B) of the Internal Revenue Code of 1986 is amended by striking ''described in subsection (g)(5)'' and inserting ''on a farm operated for profit''.

(b) AMENDMENT TO SOCIAL SECURITY ACT.—Section 209(a)(6)(B) of the Social Security Act (42 U.S.C. 409(a)(6)(B)) is amended by striking ''described in section 210(f)(5)'' and inserting ''on a farm operated for profit''.

(c) CONFORMING AMENDMENT.—Section 3121(g)(5) of such Code and section 210(f)(5) of such Act (42 U.S.C. 410(f)(5)) are amended by striking ''or is domestic service in a private home of the employer''.

SEC. 424. TECHNICAL CORRECTIONS OF OUTDATED REFERENCES.

(a) CORRECTION OF TERMINOLOGY AND CITATIONS RESPECTING REMOVAL FROM THE UNITED STATES.—Section 202(n) of the Social Security Act (42 U.S.C. 402(n)) (as amended by section 412) is amended further—

(1) by striking ''deportation'' each place it appears and inserting ''removal'';

(2) by striking ''deported'' each place it appears and inserting ''removed'';

(3) in paragraph (1) (in the matter preceding subparagraph (A)), by striking ''under section 241(a) (other than under paragraph (1)(C) thereof)'' and inserting ''under section 237(a) (other than paragraph (1)(C) thereof) or 212(a)(6)(A)'';

(4) in paragraph (2), by striking ''under any of the paragraphs of section 241(a) of the Immigration and Nationality Act (other than under paragraph (1)(C) thereof)'' and inserting ''under any of the paragraphs of section 237(a) of the Immigration and Nationality Act (other than paragraph (1)(C) thereof) or under section 212(a)(6)(A) of such Act'';

(5) in paragraph (3)—

(A) by striking ''paragraph (19) of section 241(a)'' and inserting ''subparagraph (D) of section 237(a)(4)''; and

(B) by striking ''paragraph (19)'' and inserting ''subparagraph (D)''; and

(6) in the heading, by striking ''Deportation'' and inserting ''Removal''.

(b) CORRECTION OF CITATION RESPECTING THE TAX DEDUCTION RELATING TO HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.—Section 211(a)(15) of such Act (42 U.S.C. 411(a)(15)) is amended by striking ''section 162(m)'' and inserting ''section 162(l)''.

(c) ELIMINATION OF REFERENCE TO OBSOLETE 20-DAY AGRICULTURAL WORK TEST.—Section 3102(a) of the Internal Revenue Code of 1986 is amended by striking ''and the employee has not performed agricultural labor for the employer on 20 days or more in the calendar year for cash remuneration computed on a time basis''.

SEC. 425. TECHNICAL CORRECTION RESPECTING SELF-EMPLOYMENT INCOME IN COMMUNITY PROPERTY STATES.

(a) SOCIAL SECURITY ACT AMENDMENT.—Section 211(a)(5)(A) of the Social Security Act (42 U.S.C. 411(a)(5)(A)) is amended by striking ''all of the gross income'' and all that follows and inserting ''the gross income and deductions attributable to such trade or business shall be treated as the gross income and deductions of the spouse carrying on such trade or business or, if such trade or business is jointly operated, treated as the gross income and deductions of each spouse on the basis of their respective distributive share of the gross income and deductions;''.

(b) INTERNAL REVENUE CODE OF 1986 AMENDMENT.—Section 1402(a)(5)(A) of the Internal Revenue Code of 1986 is amended by striking ''all of the gross income'' and all that follows and inserting ''the gross income and deductions attributable to such trade or business shall be treated as the gross income and deductions of the spouse carrying on such trade or business or, if such trade or business is jointly operated, treated as the gross income and deductions of each spouse on the basis of their respective distributive share of the gross income and deductions; and''.

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

Mr. LINDER. Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The SPEAKER pro tempore. The question is on ordering the previous question.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. FROST. Mr. Speaker, on that, I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8(a)(2)(f) of rule XX, further proceedings on this question will be postponed.

GENERAL LEAVE

Mr. BACHUS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and insert extraneous materials on the bill H.R. 522, the Federal Deposit Insurance Reform Act of 2003.

The SPEAKER pro tempore (Mr. LINDER). Is there objection to the request of the gentleman from Alabama?

There was no objection.

FEDERAL DEPOSIT INSURANCE REFORM ACT OF 2003

The SPEAKER pro tempore (Mr. LINDER). Pursuant to the order of the House of Tuesday, April 1, 2003 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 522.

□ 1039

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 522) to reform the Federal deposit insurance system, and for other purposes, with Mr. LAHOOD in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the order of the House of Tuesday, April 1, 2003, the bill is considered as having been read the first time.

Under the rule, the gentleman from Alabama (Mr. BACHUS) and the gentleman from Massachusetts (Mr. FRANK) each will control 30 minutes.

The Chair recognizes the gentleman from Alabama (Mr. BACHUS).

Mr. BACHUS. Mr. Chairman, I yield myself 7 minutes.

Mr. Chairman, I rise in support of H.R. 522, the Federal Deposit Insurance Reform Act of 2003. I want to begin by thanking the gentleman from Ohio (Mr. OXLEY), the chairman of the committee, for his tremendous leadership in steering what is a complex bill through the legislative process. I also want to thank the ranking member of the committee, the gentleman from Massachusetts (Mr. FRANK), for his support of this important piece of legislation. The committee and the Congress in its votes on this legislation in the past, legislation very similar, has shown that it can work together in a very bipartisan manner.

Deposit insurance reform has been thoroughly discussed and debated over the past several years. During the 107th Congress, I introduced comprehensive deposit insurance reform, H.R. 3717. The legislation was a by-product of recommendations by the FDIC in early 2001, industry representatives coming together urging that we take action. The American Banking Association, The Credit Union National Association, Independent Bankers and Financial Services Roundtable, all urging the Federal Reserve, the administration, urging us to take action to reform Federal deposit insurance. We did take action, and the 107th Congress passed H.R. 3717 by a vote of 408 to 18.

Unfortunately, that bill died in the other body.

Earlier this year, I introduced the same legislation. This time it is H.R. 522, the Deposit Insurance Reform Act of 2003. The gentleman from Ohio (Mr. OXLEY) and the gentleman from Massachusetts (Mr. FRANK) joined me in introducing this legislation, along with 57 other cosponsors on both sides of the aisle. It was approved by the Committee on Financial Services by a unanimous voice vote. I am pleased that the Senate now plans to act on similar legislation in the very near future, and that the President's budget for fiscal year 2004 outlines a proposal similar to our legislation.

The legislation is supported not only by American bankers, the Financial Services Roundtable made up of the 100 largest financial corporations in America, but also by the credit unions, the thrift associations, the community bankers, the securities industry, and also by groups that we sometimes do not find on the same side; the American Association of Retired Persons has recently endorsed this legislation.

Federal deposit insurance has been the hallmark of our Nation's banking system for almost 70 years. The reforms made by this legislation will ensure that the system that serves savers and depositors so well for so long will continue for future generations.

What does the legislation do? First, it merges separate insurance funds that currently apply to deposits held by banks on the one hand and savings associations on the other, creating a stronger, more stable fund that benefits banks and thrifts alike.

Second, it changes the ''pro-cyclical'' bias of the current system. In other words, it spreads out over time the assessments to the institutions which results in, by doing this, a more uniform assessment. Presently we have sharply higher premiums served during recessionary times and much lower premiums during good times. Banks can least afford to pay a higher premium during recessions, and we found that out, and this corrects that.

□ 1045

Third, the legislation includes modest increases in the amount of coverage available. The system has gone from 1980 without an increase in coverage. If we took 1980 as our basis and we increased coverage based on inflation, we would go to $200,000. If we went back to 1980, the $100,000, and we increased it based on per capita income, it would actually go to $300,000. So we are proposing $130,000, a very modest increase.

If we went back to 1974, because some have said they should not have raised it in 1980, they should have kept it at the 1974 level, and we increased it for inflation, it would go to $140,000.

Mr. Chairman, there are some who will offer amendments who have actually publicly stated that they do not believe in Federal deposit insurance, one of the gentlemen offering an amendment later on. So there are Members of the body who do not believe that our deposits in banks should be federally insured.

I understand that; but I, for one, disagree with that. I think Americans have come to rely and have a sense of security in knowing that when they put their retirement funds in a bank or thrift that it is federally insured. Particularly in light of the recent volatility on Wall Street, people have, I think, come to rely more and value more the fact that they can put their money in a federally insured financial institution and not lose that money.

All of us have heard from community bankers in our districts about the challenges that they face in competing for deposits with large-money center banks that are perceived by the market, rightly or wrongly, as being too big to fail. By strengthening the deposit insurance system, our legislation will help small neighborhood-based financial institutions across the country, especially in rural areas, continue to play an important role in financing economic development.

The independent bankers have actually said that this legislation is key to maintaining local home-owned banking institutions. The deposits that community banks are able to attract through Federal deposit insurance guarantees are cycled back into local communities in the form of consumer and small business loans. One reason for this legislation is we value the right of every American to go down to his corner financial institution.

My thanks go to the chairman of the committee.

Mr. Chairman, I reserve the balance of my time.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I support this legislation. It is a very useful synthesis of several important elements. It merges the two bank funds. We have had two bank funds because we previously had a separate thrift and commercial system that was undone by earlier events. We deal here to some extent with the complication of newer entities now coming into the system as a result of the previous legislation we adopted repealing the old restrictions on banking.

There is one particular point I want to stress, that is, that an amendment that is included in this, and I thank the gentleman from Alabama (Mr. BACHUS) and the chairman of the committee, the gentleman from Ohio (Mr. OXLEY), for agreeing to this, cosponsored, when we last debated this bill last year when it passed in our body and did not go further, sponsored by our colleague, the gentlewoman from California (Ms. WATERS).

Years ago, two Members, two former Members, a Member from Pennsylvania named Ridge and a Member from New York named Flake, sponsored a bill to get low-income people who are outside the banking system into the banking system. The bankers of America should recognize this for what it is, a great compliment, a tribute to the role that a banking system plays in enhancing the ability of consumers to manage their lives well.

We have people who are victimized by unscrupulous lending practices. We have people who pay too much to do remittances to other countries, hard-working people in this country who are sending money to family elsewhere. We have payday lending exploitation. Getting people into the banking system is a way to resolve that.

The problem was, there was no funding source for that. In this bill there is a funding source. It comes through deposit insurance. I know there are people in the banking industry, with whom I agree on many issues, who do not like that funding source. If they can come up with an equally reliable alternative funding source, I will work with them.

But I want to make clear, this bill is a synthesis. It helps the people in the banking industry, who are a very important part of our economy; and I am all for it for that reason. It also, and there is one provision, does something about equity. I think that is the model we ought to be following. We ought to be doing what we can to enhance the ability of the free market system to create wealth, which it does so well; but we ought also to be looking for opportunities to accompany those moves with smaller measures, generally, in scope, measures that do not cost any great deal of money very often, although sometimes it might be more, that provide some equity, as well.

This bill does both. It is to me a whole joined together; and it will leave here, and I appreciate the support of the leadership of the committee on the majority side, with those two elements conjoined. I do want to note that if it came back and somebody has put asunder what we have joined, the support for this bill would not be what it is. So I thank the gentleman from Alabama for his leadership.

Mr. Chairman, I reserve the balance of my time.

Mr. BACHUS. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio (Mr. TIBERI).

Mr. TIBERI. Mr. Chairman, I rise today in support of H.R. 522, legislation to reform the Federal deposit insurance system. As a member of the Committee on Financial Services, I am pleased to see the House take up this legislation today, and provide my colleague, the gentleman from Alabama, kudos for bringing this measure to the floor and to the debate today.

One of the provisions of H.R. 522 is it increases deposit insurance coverage from $100,000 to $130,000 per account. The hike in coverage limits is most appropriate, as the current ceiling was set in 1980; and inflation has eroded the real value of that coverage by more than 50 percent. Increased coverage limits will be especially helpful to community banks in bringing, and just as importantly keeping, deposits in their institutions that can be used in local economies and local communities.

In addition, the bill would provide $260,000 in coverage for certain retirement products, certain IRAs, certain 401(k)s, a key step in an ongoing effort here in the Capitol to encourage consumers to build their savings. This provision in particular is relevant to our seniors, who benefit by being able to be more savers as they move toward retirement savings and retirement age to the security of the insured deposit system.

Mr. Chairman, I strongly support this provision and urge all of my colleagues to support it, as well, and vote in favor not only of this important piece of legislation, but also against the amendment that will be offered later to move this provision from $130,000 back to $100,000.

Mr. BACHUS. Mr. Chairman, I yield 2 minutes to the gentleman from Kansas (Mr. MORAN).

Mr. MORAN of Kansas. Mr. Chairman, I appreciate the gentleman from Alabama for yielding time to me, and I commend him on his leadership and persistence with regard to this legislation. It has been a long time coming, and I am pleased today to support H.R. 522.

Much of my focus as a Member of Congress has been on what can we do to improve the chances that rural America will survive, what can we do to make certain that the communities across our country and the people who live there have a little prosperity today, but they also are able to preserve that way of life in small-town America for future generations.

One of the concerns that is clearly there and can be demonstrated is the need for credit for small loans, the need for credit for small business, the need for credit for small farmers and ranchers. We must take steps that will strengthen the financial opportunities available for citizens of our communities across the country to save, to set their money aside. This will encourage those individuals to be able to do that in larger amounts, without having to take the necessary risks of investing in some more volatile kind of market or shopping for deposit ability in towns far away.

Perhaps, even more importantly, if we want rural America to survive, if we want small business and agriculture to have an opportunity to succeed, they have to have access to credit. The opportunity that this legislation presents is a step in the right direction toward making certain that credit is available to our creditworthy business owners, farmers, and ranchers.

I commend the committee and thank them for their efforts in this regard. I lend my wholehearted support toward increasing the amount of coverage and making it possible for our communities to have a greater volume of assets on deposit in their local bank.

Mr. BACHUS. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. HENSARLING).

Mr. HENSARLING. Mr. Chairman, I rise today in support of H.R. 522, the Federal Deposit Insurance Reform Act of 2003. As a member of the Committee on Financial Services, I want to thank the gentleman from Ohio (Chairman Oxley) and the subcommittee chairman, the gentleman from Alabama (Mr. BACHUS), for their work on this legislation and for acting quickly in this new Congress to address this matter of importance to banks and depositors alike.

This legislation will help create a more stable and a more fair and secure banking system. By combining the Banking Insurance Fund and the Savings Association Insurance Fund into one fund, the risks that a couple of large institutions could fail and impair each fund is greatly reduced.

Merging these funds will help increase fairness in our banking system as well by eliminating the possibility that two institutions of similar sizes would essentially be paying two completely different premiums. Further,

the merged fund will make reporting and accounting less burdensome for both the institutions and the FDIC as well.

Our deposit insurance system plays a vital role in our economic security. This legislation will give the FDIC the necessary flexibility to respond to varying economic conditions and allow them to properly price premiums to reflect actual risk. By eliminating the 23 basis point premium ''rate cliff'' required under current law, more institutions will have more capital to invest in our economy. That means more jobs, more hope, more opportunity.

Mr. Chairman, FDIC Chairman Powell stated in his testimony before the Committee on Financial Services last month that H.R. 522 gives Congress ''an opportunity to remedy flaws in the deposit insurance system before those flaws cause actual damage, either to the banking industry or our economy as a whole.''

As a member of that committee, I am glad to see this body act so expeditiously on this legislation. I urge all of my colleagues to vote for H.R. 522.

Mr. BACHUS. Mr. Chairman, I yield 2 minutes to the gentlewoman from Florida (Ms. GINNY BROWN-WAITE).

Ms. GINNY BROWN-WAITE of Florida. Mr. Chairman, I thank the gentleman for yielding time to me.

I rise today in very strong support of the Federal Deposit Insurance Reform Act of 2003. This very critical legislation increases the standard maximum deposit coverage from $100,000 to $130,000, and then indexes the increase every 5 years to account for inflation.

However, most importantly to the seniors in my district, H.R. 522 calls for a doubling of the maximum deposit coverage for retirement accounts. This would allow seniors to maintain coverage on up to $260,000 in their retirement accounts.

The amendment offered today would strike this coverage without doing it for any good reason. The increases are modest and necessary in this bill. If the coverage limit actually had been keeping pace with inflation, today the standard limit would be about $200,000. This bill proposes an increase to only $130,000.

The FDIC is in great need of these commonsense reforms, and I urge my colleagues to join with me in support of H.R. 522 and to oppose any amendment that would strike the coverage increases.

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Mr. FRANK of Massachusetts. Mr. Chairman, I yield 3 minutes to the gentleman from Texas (Mr. GONZALEZ).

Mr. GONZALEZ. Mr. Chairman, I rise in support of H.R. 522. I believe this bill makes important changes to the deposit insurance system to improve its effectiveness and increases incentives for people to save.

I wish to particularly speak in support of the provision in this bill that will require the FDIC to report annually on efforts by insured institutions to increase their deposit base by encouraging unbanked households to enter the conventional finance system and to avail themselves of bank accounts and other conventional services offered by depository institutions.

Unbanked families as defined by this provision are those individuals who rarely, if ever, held a checking account or savings account or other type of conventional account in an insured depository institution. Joining me attaching this provision in committee was the gentleman from Illinois (Mr. GUTIERREZ) and the gentleman from Texas (Mr. HINOJOSA).

Mr. Chairman, too many families lack access to basic fundamental services. It is currently estimated that nearly 10 million American families are unbanked. Unfortunately, for unbanked families there are no real financial alternatives but payday lenders or check cashers, which is often the worst form of financing for a struggling American family.

The Hispanic community particularly struggles with high rates of unbanked families. One recent survey found that 35 percent of Hispanic families did not have a bank account, with that number rising to 42 percent for those Hispanics who are foreign born. With limited access to formal saving tools, it is no surprise that the financial net worth of the median Hispanic family in the United States today is estimated to be zero.

Fortunately, great strides have been made by major financial institutions to increase their presence in the Hispanic community through the use of such things as money remittance technology and the matricula card. It is my hope and expectation that all major depository institutions will look at unbanked minority families as a business opportunity and aggressively attempt to include them in the conventional finance system.

A relationship to a mainstream financial institution has long-term positive economic and financial effects on families and the communities where they reside, fostering their greater integration into the United States economy. The best defense against predatory financing is education and a bank account. The unbanked provision in H.R. 522 is intended to highlight those efforts which are most effective in expanding the banking system to every American family. I urge the passage of this bill.

Mr. BACHUS. Mr. Chairman, I yield 2 minutes to the gentleman from Colorado (Mr. BEAUPREZ).

Mr. BEAUPREZ. Mr. Chairman, I thank the gentleman for yielding me time. I particularly commend him for bringing H.R. 522 to the floor of this body.

Before I was sworn in as a Member of Congress I was a community banker. Our family still operates a community bank back home, and I want to highlight why I am supporting this bill from particularly a community banker's position.

Chairman Powell, Chairman of the FDIC, has indicated that the buying power of the $100,000 that is in reference today has deteriorated since 1980, the last time that FDIC insurance rates were adjusted to just $47,000 currently. Well, the same holds true on the lending side, and that is what I want to focus on is credit availability.

One of the biggest challenges, especially for community banks like I ran back home, was to have adequate deposits to meet credit demand. Now, if the $100,000 in 1980 is representative of $47,000 worth of buying power today, similarly, demand for credit has escalated the same way. Access to those deposits is critical and insurance coverage for those deposits is one of the main criteria for large deposit customers to bring their cash to the bank, knowing that it is covered. They either spread it out among other financial institutions at tremendous burden to them, or they put it in uninsured accounts out in the marketplace, both poor options. They like to establish a relationship and like to keep that relationship. This only makes good sense.

Another reason it makes such good sense is that it is a self-insurance program. The banks pay the premium that guarantees the insurance protection for these deposits.

Mr. Chairman, let me again commend the gentleman for bringing this legislation to the floor of this body. It is legislation I have long supported and long encouraged, and I thank the gentleman from Alabama (Mr. BACHUS) for his leadership on this issue.

Mr. BACHUS. Mr. Chairman, I yield 4 minutes to the gentleman from Ohio (Mr. OXLEY), the chairman of the Committee on Financial Services.

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

Mr. OXLEY. Mr. Chairman, I rise today in strong support of H.R. 522, the Federal Deposit Insurance Reform Act of 2003. Our country has the largest, most complex, most stable banking system in the world. Deposit insurance is one of the major reasons for this stability. And today we will strengthen this system so that it continues to serve as a model for the rest of the world.

Depositors, taxpayers, and depository institutions would be well-served by this legislation which will modernize the Federal deposit insurance system. Federal deposit insurance was created by the Congress in 1934 and it has successfully served the American people for almost 70 years. Public confidence has been maintained, and the stability of the Nation's banking system has been preserved during periods of financial uncertainty.

The deposit insurance system has been significantly modified only twice since 1934, both times in response to the savings and loan crisis of the late 1980s and 1990s. During this crisis the

Federal Government resolved 2,363 failures of insured institutions involving more than $700 billion in assets. As FDIC Chairman Powell has stated, ''There were no bank runs, no panics, no disruptions to financial markets, and no debilitating impact on overall economic activity.''

The existence of the Federal deposit insurance was a critical factor in maintaining public confidence in the banking system during these troubled times. H.R. 522, though technical in nature, seeks to apply the experience of the last decade to today's banking marketplace. It is the 21st century legislation for a 21st century banking industry, and this is it. And while the purpose of deposit insurance remains the same, industry growth, bank expansion from new powers, and the integration of banking and securities activities require that the scope and coverage of deposit insurance evolve so as to reflect the realities of a modern financial services industry. Moreover, the presence of Federal deposit insurance continues to be a key consideration for consumers in their decisions about where they do their banking and what level of deposit risk they are willing to assume.

Mr. Chairman, there is broad consensus in this body, the Bush administration, the Federal banking and thrift regulators, and business and consumer groups in favor of improving and strengthening the deposit insurance system and making it more responsive to the cyclical nature of banking activities and the post-Gramm-Leach-Bliley financial and economic environment. This legislation fulfills our commitment to the American public. Indeed, H.R. 522 was reported out of committee on a voice vote, a testimony to its responsiveness and timeliness. Substantially similar legislation passed this body just last year with over 400 votes.

This legislation is based on the recognition that depositors, savers, and investors have integrated financial needs and that the deposit insurance system must be stronger, more flexible, and adaptable to changing depositor behaviors in real times. The bill provides the FDIC with the necessary supervisory tools to manage the deposit insurance fund in a way that balances all affected interests and allocates the benefits and costs of the system evenly and fairly.

I want to thank the chairman of the Subcommittee on Financial Institutions and Consumer Credit, the gentleman from Alabama (Mr. BACHUS) for taking on this challenging, highly technical legislative process and for engaging all the major stakeholders in developing a bipartisan piece of well-balanced, highly effective legislation.

I also want to thank all of the bipartisan co-sponsors of this important legislation, particularly our distinguished ranking member, the gentleman from Massachusetts (Mr. FRANK), for their good work in this effort. I strongly urge all of my colleagues to support this legislation, and by doing so we ensure the public continues to maintain its confidence in the U.S. financial services industry, by far the most stable in the world.

Mr. Chairman, in scoring last year's deposit insurance reform legislation, the CBO concluded that the bill would decrease net Federal spending by $700 million. This year, presented with a substantially similar piece of legislation reforming the deposit insurance system, the CBO applied a different set of assumptions in performing its analysis of H.R. 522, and concluded that this year's bill would increase net Federal spending by some $1.9 billion.

This large swing between last year's estimate and this year's is attributable in large measure to a change in CBO's calculation of how much premiums the FDIC will be able to collect from insured depository institutions under the two bills. In making this calculation, CBO acknowledged the speculative nature of its analysis, stating that ''it is possible that the FDIC could use its broad discretion [under the legislation] differently than we have assumed and that could result in either fewer or greater premium collections than CBO has estimated.''

The CBO's analysis is grounded in an arbitrary assumption that the FDIC Board will choose not to exercise its authority in a revenue neutral way. This assumption is directly contrary to the consistent congressional testimony of the FDIC that a central goal of deposit insurance reform is revenue neutrality.

In fact, in a letter that the Committee received on March 31, 2003, from the Chairman of the FDIC, the Honorable Don Powell, Chairman Powell stated the FDIC's position that H.R. 522 gives the agency ''appropriate tools and incentives to manage the deposit insurance system such that it will not result in increased net government spending.''

Chairman Powell's letter, which conclusively rebuts the notion that H.R. 522 will have an adverse affect on Federal spending, goes on to state:

> H.R. 522 provides the FDIC with the tools to achieve revenue neutrality in the management of the deposit insurance system. Because any analysis that determines H.R. 522 will result in an increase in net government spending must necessarily rely on assumptions regarding how the FDIC Board will exercise the discretion provided in the legislation, I can assure Congress that the leadership of the FDIC has no intention of managing the deposit insurance system in a way that increases the costs to the government or increases the burden on insured institutions. The costs of the deposit insurance system will continue to be borne by the banking industry, but in a manner that establishes a strong risk-based premium system and avoids the procyclical risks inherent in current law.

The Committee shares the view of the FDIC, the agency that has had responsibility for administering the deposit insurance program since its inception more than 70 years ago, and believes that the CBO analysis of the potential budgetary impact of H.R. 522 is fundamentally flawed.

For the RECORD, I am including a copy of the CBO estimate and the FDIC's response.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, March 28, 2003.

Hon. MICHAEL G. OXLEY,
Chairman Committee on Financial Services, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 522, the Federal Deposit Insurance Reform Act of 2003.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Mark Hadley and Ken Johnson (for federal costs), and Judith Ruud (for the private-sector impact).

Sincerely,

BARRY B. ANDERSON
for Douglas Holtz-Eakin, Director.

Enclosure.

H.R. 522—Federal Deposit Insurance Reform Act of 2003

Summary: H.R. 522 would amend provisions of banking and credit union law to reform the deposit insurance system. Specifically, the bill would increase insurance coverage for insured accounts from $100,000 per account to $130,000 for most accounts (with higher levels of coverage for retirement accounts and municipal deposits). Over time, the coverage limit for insured deposits would increase to account for inflation. Those provisions of the bill would affect deposits held by banks and thrifts, which are insured by the Federal Deposit Insurance Corporation (FDIC), as well as those held by credit unions, which are insured by the National Credit Union Administration (NCUA). In addition, the bill would merge the Bank Insurance Fund (BIF) and the Savings Association Insurance Fund (SAIF) to create a new Deposit Insurance Fund (DIF) to pay the claims of depositors of failed banks and thrifts. Finally, H.R. 522 would amend the conditions under which banks and thrifts would pay insurance premiums to the FDIC, which administers the funds.

CBO estimates that H.R. 522 would increase the net cost of resolving failed financial institutions by $2.1 billion over the next 10 years. Under the bill, the FDIC and NCUA would offset some of that cost through increased insurance premiums paid by financial institutions. Because H.R. 522 would allow institutions to pay FDIC premiums with credits in lieu of cash, the additional cost of resolving failed financial institutions under the bill would exceed the cash receipts from additional premiums. Consequently, we estimate that the FDIC would bear nearly all of the increased costs of resolving failed institutions during the next five years, when most of the credits would be used. As a result, CBO estimates that a would increase net direct spending by $1.9 billion over the 2004–2013 period.

H.R. 522 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the mandate would impose no costs on state, local, or tribal governments and, therefore, that it costs would not exceed the threshold established in UMRA ($59 million 2003, adjusted annually for inflation).

The bill contains private-sector mandates as defined by UMRA, primarily because it would necessitate the payment of increased deposit insurance premiums. CBO estimates that the direct cost of those mandates would be below the annual threshold specified in UMRA ($117 million in 2003, adjusted annually for inflation) during the first five years after enactment because the bill would provide credits to certain institutions that would largely offset their insurance premium assessments over the 2004–2008 period. We do not have sufficient information to provide a precise estimate of the aggregate cost of all the mandates in the bill.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 522 is shown in the following table. The costs of this legislation fall within budget function 370 (commerce and housing credit).

	By fiscal year, in billions of dollars—									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
DIRECT SPENDING										
FDIC and NCUA Spending Under Current Law:										
Estimated Budget Authority	*	*	*	*	*	*	*	*	*	*
Estimated Outlays	1.1	1.5	0.9	0.7	0.7	0.8	0.6	0.3	0.1	0.3
Changes in Costs to Resolve Failed Institutions Insured by FDIC and NCUA:										
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.2	0.2	0.2
Changes to FDIC and NCUA Premium Collections:										
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	0.5	0.4	1.1	0.4	*	−0.3	−0.4	−0.5	−0.6	−0.9
Total Changes Under H.R. 522:.										
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	0.7	0.6	1.3	0.6	0.2	*	−0.1	−0.3	−0.4	−0.7
FDIC and NCUA Spending Under H.R. 522:										
Estimated Budget Authority	*	*	*	*	*	*	*	*	*	*
Estimated Outlays	1.8	2.1	2.2	1.3	0.9	0.8	0.5	*	−0.3	−0.4

Note.—*=Between 0 and −$50 million.

Basis of estimate: Two federal agencies are primarily responsible for the deposit insurance system. The FDIC insures the deposits in banks with the BIF and the deposits of thrifts with the SAIF. The NCUA insures the deposits in credit unions (referred to as shares) with the Share Insurance Fund. When a financial institution fails, the FDIC or NCUA use the insurance funds to reimburse the insured depositors of the failed institution. These agencies then sell the assets of the failed institution and deposit any money recovered into the insurance funds.

CBO estimates that H.R 522 would increase both the cost of resolving failed financial institutions and the premiums paid by financial institutions. Over the 2004–2013 period, we estimate that the cost of resolving failed institutions would increase by $2.1 billion and premiums paid by financial institutions would increase by $200 million. Thus, we estimate that enacting H.R. 522 would result in a net increase in direct spending of $1.9 billion over the 2004–2013 period. The major components of this estimate are explained below.

Increase in the Cost of Resolving Failed Financial Institutions

H.R. 522 would increase deposit insurance coverage from $100,000 to $130,000 for most accounts, with higher coverage levels for employee benefit plans and in-state municipal deposits. Such increases would apply to deposits held by credit unions as well as banks and thrifts. In addition, the bill would require the FDIC and NCUA to adjust deposit insurance coverage every five years beginning January 1, 2006, to account for inflation. because H.R. 522 would require that coverage levels be rounded to the nearest $10,000, CBO estimates that coverage would remain at $130,000 in 2006 and would increase to $150,000 in 2011.

By 2004, we expect that insured deposits will total more than $3.5 trillion under current law. Based on information from the FDIC and the experience of past increases in deposit insurance coverage, CBO estimates that the increased insurance coverage under H.R. 522 would increase the deposits insured by the FDIC by about $300 billion—or around 8 percent.

By insuring current deposits that are now uninsured, the bill would increase the liability of the FDIC and NCUA when institutions fail without significantly increasing the assets of those institutions. Under current law, we expect the FDIC's net losses on failed institutions to total about $12.2 billion over the 2004–2013 period. (We project that gross losses of $56.3 billion would be offset, in part, by recoveries of $44.1 billion from selling the assets of the failed institutions.) CBO estimates that the bill would lead to an increase in net losses of $1 billion over the next 10 years. Outlays for resolving failed institutions would increase by a larger amount over the next 10 years, however, because selling the assets of failed banks often takes many years. As a result, CBO estimates H.R. 522 would increase the FDIC's net outlays to resolve failed banks and thrifts by about $2.1 billion over the 2004–2013 period. Similarly, we estimate that enacting H.R. 552 would increase NCUA's net outlays to resolve failed credit unions by about $10 million over the 2004–2013 period.

By increasing deposit insurance coverage, H.R. 522 could reduce incentives of depositors to monitor the behavior of financial institutions. Over the long term, this could lead to increased risk-taking by those institutions and ultimately to higher losses. On the other hand, if the DIF incurs larger losses to resolve failed banks and thrifts, H.R. 522 would give the FDIC the flexibility to set premiums to restore the balances in the fund over several years, thus allowing the agency to recover from large losses without imperiling other institutions. This new authority could reduce future losses. CBO has no basis for estimating the magnitude of either of these effects. We expect, however, that any changes in the costs of resolving failed institutions would eventually be borne by banks and thrifts through premiums.

Effects on Premiums Paid to the FDIC By Financial Institutions

Three general provisions of H.R. 522 would affect the total amount of premiums collected by the FDIC. The bill would provide the FDIC with increase discretion to set premiums. Financial institutions would be given credits that could be used to pay the FDIC assessments in lieu of cash. Finally, the bill would require the FDIC to merge the BIF and SAIF.

The amount of premiums that banks and thrifts would pay through the combined effects of the three major provisions of H.R. 522 would depend on the DIF's balance in each year, which in turn would depend on the costs of resolving failed institutions. To estimate the effects of the bill's provisions on premium collections, CBO considered several thousand scenarios of the magnitude and timing of possible losses to the FDIC and the subsequent impact on premiums that would be collected under the bill. Because the fund balance in any given year depends on the losses in all prior years, each scenario included an estimate of losses over the entire 2004–2013 period. Applying a probability distribution to those loss scenarios, CBO estimated premium income to the government under H.R. 522, reflecting the wide range of uncertainty about future costs of resolving failed financial institutions.

Overall, CBO estimates that the net effect of these provisions on deposit insurance premiums would be an increase in collections of about $100 million over the next 10 years, considerably less than our projected increase in the FDIC's costs to resolve failed financial institutions ($2.1 billion). Each of the bill's three major provisions that would affect premium assessments is described below.

Increased FDIC Discretion Over Premiums. Under current law, the FDIC is required to assess premiums so as to maintain reserves equal to 1.25 percent of insured deposits in the BIF and SAIF. H.R. 522 would give the FDIC broad discretion to set premiums paid by insured financial institutions. As a result, the total amount collected would depend on how the FDIC chooses to exercise that discretion. Specifically, the bill would charge the FDIC with assessing premiums based on the degree of risk for each institution, it would authorize the FDIC to assess other premiums if it considers the DIF's reserves to be inappropriately low, and it would require the FDIC to implement a 10-year restoration plan if the DIF reserve ratio falls below 1.15 percent. It is possible that the FDIC could use its broad discretion differently than we have assumed and that could result in either fewer or greater premium collections than CBO has estimated. The following sections describe how CBO expects that the FDIC would exercise its discretion under the bill.

Premiums Based on the Risk of Each Institution. For this estimate CBO assumes that when setting premiums, the FDIC will consider all of the bill's criteria. Specifically, H.R. 522 would authorize that the FDIC charge premiums based on each institution's risk of failure. CBO expects that the FDIC would choose to charge all institutions some premiums all of the time because even the strongest institutions pose some risk. (Under current law, the vast majority of institutions do no pay any premiums if the BIF or the SAIF are above 1.25 percent of insured deposits.) The bill, however, would limit the amount of premiums the strongest institutions could pay to 0.01 percent of their deposits. Based on information from the FDIC, CBO expects that the risk posed by the strongest institutions will not be much less than that of the next strongest institutions. Therefore, we do not expect that the FDIC would charge those groups vastly different premiums.

Authority To Set Other Premiums. Based on information from the FDIC, CBO expects that the FDIC would increase premiums above the amount required by risk only when the FDIC determines that the DIF's reserves are inappropriately low. For this estimate, CBO assumes the FDIC would charge additional premiums if the DIF's reserves

are between 1.15 percent and 1.20 percent of insured deposits. However, there may be limits on the amount by which the FDIC could increase premiums as the DIF nears 1.15 percent. For instance, the increased premiums would not apply to the least risky group of institutions because of the bill's limitation on assessments. Furthermore, we expect that the FDIC would attempt to charge similar premiums to banks with similar risks. Even if the fund were smaller than the FDIC would prefer, we expect that the FDIC would not significantly raise premiums charged to more risky institutions. Finally, CBO expects that the FDIC would attempt to limit volatility in premiums charged and avoid increases in premiums for temporary reductions in the fund. For these reasons, CBO assumes that, when the DIF reserve ratio is between 1.15 percent and 1.2 percent, the FDIC would charge all institutions other than the least risky group only an extra two basis points in premiums.

Ten-Year Restoration Plans. If the DIF's reserves fall below 1.15 percent of insured deposits, then H.R. 522 would require the FDIC to devise and implement a restoration plan to bring the reserve ratio back to 1.15 percent within 10 years. This flexibility to set restoration plans could reduce assessment income of the FDIC because it could spread the necessary premiums over 10 years. On the other hand, this provision of H.R. 522 might provide the FDIC the discretion necessary to recover from a large loss in the fund without imperiling other institutions. For this estimate, CBO assumes that the FDIC would charge all institutions premiums at least two basis points above their risk premiums and, under some conditions, would attempt to return the fund's reserve ratio to 1.15 percent in fewer than 10 years.

Credits for Future Assessments. H.R. 522 would require the FDIC to provide certain banks and thrifts with one-time credits against future assessments, based on their payments to the BIF or SAIF prior to 1997. FDIC's income from premiums would decline to the extent such credits are used. CBO estimates that financial institutions would use credits worth nearly $5.4 billion during the 2004–2013 period. Therefore, FDIC's collections would fall by an equivalent amount over the next 10 years. CBO expects most of the credits would be used over the 2004–2008 period.

The credits would equal 12 basis points (0.12 percent) of the combined assessment base of the BIF and SAIF as of December 31, 2001. Based on information from the FDIC, CBO estimates that the credits would total nearly $5.4 billion. They would be allocated to each institution based on their market share as of December 31, 1996. Institutions established after that date would be ineligible for these one-time credits against their future assessments.

H.R. 522 would limit the use of credits by institutions that are not well capitalized or that exhibit financial, operational, or compliance weaknesses that range from moderately severe to unsatisfactory. Under the bill, such institutions could only use credits worth no more than the average assessment on all depository institutions for that period. In addition, if the DIF's reserves fall below 1.15 percent of insured deposits, institutions would be prohibited from using more than three basis points worth of credits in that year. Even with those limitations, CBO expects that all of the credits awarded would be used during the 2004–2013 period.

H.R. 522 also would give the FDIC broad authority to award additional credits on an ongoing basis. For the purposes of this estimate, CBO assumes that the FDIC would award those ongoing credits only when DIF reserve ratio approaches 1.35 percent. Based on the growth of insured deposits, increased losses, and the impact that one-time credits would have on premium income, CBO estimates that it is very unlikely the fund balance would approach 1.35 percent of insured deposits.

Merging BIF and SAIF. H.R. 522 would require the FDIC to merge the Bank Insurance Fund and the Savings Association Insurance Fund and create a new Deposit Insurance Fund. By 2004, CBO expects the net worth of the combined fund would be about $45 billion. Considered separately from the other reforms in the bill, merging the funds would delay the collection of premiums on institutions now insured by the BIF for a few years and would have a minor impact on net outlays from the fund over the 2004–2013 period.

Increase in Premiums Paid to NCUA By Financial Institutions

Under current law, credit unions must pay NCUA 1 percent of the net change in deposits each year. NCUA provides rebates to credit unions if the balance in the share insurance fund exceeds 1.3 percent of insured deposits. Under current law, CBO estimates that NCUA will collect net premiums of about $3.3 billion from its members over the 2004–2013 period.

Based on information from NCUA, CBO expects that H.R. 522 would extend insurance coverage to about $6 billion in currently uninsured deposits in 2004 and that the higher insurance levels would attract about $50 million in new deposits that year. CBO estimates that, under the bill, the net premiums collected by NCUA would increase by $100 million over the 2004–2013 period. About $60 million of that amount would be realized in 2004. The premiums collected for the expanded insurance coverage would more than offset the estimated additional costs to NCUA of $10 million over the next 10 years.

Estimated impact on state, local, and tribal governments: H.R. 522 contains an intergovernmental mandate as defined in UMRA. A provision in section 3 would preempt New York state laws that bar savings banks and savings and loan associations from accepting municipal deposits. Enacting this provision would impose no costs on state, local, or tribal governments and, therefore, the costs of the mandate would not exceed the threshold established in UMRA ($59 million in 2003 adjusted annually for inflation). Enacting the bill could benefit municipalities in New York to the extent that more depository institutions may compete for their deposits and offer more favorable terms as part of that competition.

Estimated impact on the private sector: The bill contains private-sector mandates as defined by UMRA, primarily because it would necessitate the payment of increased deposit insurance premiums. CBO estimates that the direct cost of those mandates would be below the annual threshold specified in UMRA ($117 million in 2003, adjusted annually for inflation) during the first five years after enactment because the bill would provide credits to certain institutions that would largely offset their insurance premium assessments over the 2004–2008 period. We do not have sufficient information to provide a precise estimate of the aggregate cost of all mandates in the bill.

Banks and Savings Associations

Commercial banks and savings associations must have federal deposit insurance. CBO, therefore, considers changes in the federal deposit insurance system that increase requirements on those institutions to be private-sector mandates under UMRA. Specifically, the bill would increase federal insurance coverage for insured depository accounts. Because premiums are based in part on the amount of insured deposits, that increase in coverage would require banks and savings associations to pay more in deposit insurance premiums.

Three provisions of H.R. 522 would affect the total amount of premiums collected by the FDIC. The bill would require the FDIC to merge the BIF and the SAIF. The bill would provide the FDIC with greater discretion to set premiums. The FDIC would grant credits to some financial institutions that could be used to pay deposit insurance premiums in lieu of cash.

CBO estimates that as a result of the merger of the deposit insurance funds, increase deposit insurance coverage, and the greater discretion given to the FDIC to set premiums for banks and savings associations, banks and savings associations would be assessed about $200 million less in premiums in fiscal year 2004 (largely because of the savings provided by the merger of the BIF and the SAIF) but would be assessed about $1 billion more in 2005 when compared with current law. The additional assessments would total about $2.4 billion over the five-year period from 2004 to 2008.

However, H.R. 522 would require the FDIC to award credits to certain banks and savings associations that may be used to offset future deposit insurance premium assessments. The credits would amount to about $5.4 billion. Only banks and savings associations that paid deposit insurance premiums prior to 1997 would be eligible to receive credits. CBO expects that institutions that are awarded credits would use them as soon as they are available. For example, CBO estimates that in 2005, the industry would use about $1.5 billion of these credits towards the $1.7 billion of deposit insurance assessments. Although some institutions would have to pay more in premiums, the industry as a whole would pay about $400 million less in 2005 than it would have to pay under current law because of the use of the credits.

Over the 2004–2007 period, CBO expects that the industry would pay less in premiums than it would under current law due to the credits. However, as the industry exhausts its credits, it would have to pay more in premiums than under current law. By 2008, CBO expects that the industry would have to pay premiums of about $50 million more. In 2009, the industry would pay additional premiums of about $300 million, and the amount of additional premiums paid would increase in subsequent years.

Credit Unions

Because the bill would increase the coverage of insured accounts for federally insured credit unions, those credit unions would have to contribute more to the National Credit Unions Insurance Fund. CBO estimates that those institutions would contribute an additional $60 million in fiscal year 2004. The additional contributions would total about $100 million over the 2004–2008 period.

Employee Benefit Plan Deposits

The bill would also prohibit banks, savings associations, and credit unions that are not well capitalized or adequately capitalized from accepting employee benefit plan deposits. CBO does not have sufficient information to assess the cost of this mandate.

Estimate prepared by: Federal Costs: Mark Hadley (226–2860), Ken Johnson (226–2860), and Judith Ruud (226–2940). Impact on State, Local, and Tribal Governments: Victoria Heid Hall (225–3220). Impact on the Private Sector: Judith Ruud (226–2940).

Estimate approved by: Robert A. Sunshine, Assistant Director for Budget Analysis

FEDERAL DEPOSIT INSURANCE CORPORATION,
Washington, DC, March 31, 2003.

Hon. MICHAEL G. OXLEY,
Chairman, Committee on Financial Services, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: I am writing to address recent concerns raised by the Congressional Budget Office that H.R. 522, the Federal Deposit Insurance Reform Act of 2003, would increase net government spending. H.R. 522 provides the Federal Deposit Insurance Corporation with a number of new discretionary tools that permit an effective risk-based deposit insurance system and avoid the procyclical impact of current law. Because any analysis of the impact of this legislation is highly dependent on unpredictable variables, the FDIC would like to provide Congress with the assurance that H.R. 522 includes appropriate tools and incentives to manage the deposit insurance system such that it will not result in increased net government spending.

REVENUE NEUTRALITY

From the very beginning of the debate on deposit insurance reforms, the FDIC has stated that the point of the reforms is neither to increase assessment revenues from the industry nor to relieve the industry of its obligation to fund the deposit insurance system. Rather, the goal of deposit insurance reform is to distribute the assessment burden more evenly over time and more fairly across insured institutions. H.R. 522 provides the FDIC with the tools to achieve revenue neutrality in the management of the deposit insurance system. Because any analysis that determines H.R. 522 will result in an increase in net government spending must necessarily rely on assumptions regarding how the FDIC Board will exercise the discretion provided in the legislation, I can assure Congress that the leadership of the FDIC has no intention of managing the deposit insurance system in a way that increases the costs to the government or increases the burden on insured institutions. The cost of the deposit insurance system will continue to be borne by the banking industry, but in a manner that establishes a strong risk-based premium system and avoids the procyclical risks inherent in current law.

DIFFICULTY OF ANALYZING DISCRETIONARY ACTIONS

Analyzing the budgetary impact of H.R. 522 is undeniably a difficult exercise that depends critically on two types of assumptions—external factors and internal factors. External factors include a number of complex variables, such as the likelihood of future failures, the condition of the economy, the cost of failures, and deposit growth. A change in any one or more of these variables has a significant impact on the analysis.

The internal factors involve the behavior and decisions of the FDIC Board of Directors in setting deposit insurance premiums. In the case of H.R. 522, the analysis is difficult because the discretion granted to the FDIC to manage the deposit insurance funds requires analysts to model the future decisions of the FDIC Board. The CBO analysis makes a number of assumptions about when the FDIC Board will exercise its discretion to increase deposit insurance premiums and how much it will charge. Based on these assumptions, the CBO reaches a conclusion that the FDIC Board acts in a manner that results in a $1.9 billion net increase in government spending over ten years. Yet, nothing in the legislation prevents the FDIC Board from making slightly different decisions. The CBO estimate represents an annual ''cost'' of less then one half a basis point against the FDIC's assessment base. There is no reason to assume that the FDIC Board would not make the minor adjustments in its decisions to achieve its stated goal of revenue neutrality.

BENEFITS OF H.R. 522

No analysis of the ''costs'' of legislation is complete without a full consideration of the benefits provided by the bill. The FDIC believes that H.R. 522 provides significant benefits over the current deposit insurance system. The current system is procyclical and will require the banking industry to pay its highest premiums at the worst possible time—during economic downturns—so that banks will have less money available to lend when their communities need it most.

In addition, H.R. 522 will permit the FDIC to implement an effective risk-based premium system. Under the current system, 91 percent of financial institutions do not pay deposit insurance premiums even though there are clear differences in their risk profiles. Safer institutions subsidize their riskier competitors and many institutions have never paid a premium for their insurance coverage. An effective deposit insurance system that charges institutions based on the risk they present to the insurance fund would be fairer and provide greater protection against risky practices that can lead to bank failures and deposit insurance losses.

If H.R. 522 or similar legislation is enacted into law, the FDIC believes it will represent an important improvement over the current deposit insurance system. I can assure you that it is the intention of the FDIC to implement H.R. 522 to achieve our stated goal of revenue neutrality. I hope that the House of Representatives will take a major step toward a safer and sounder deposit insurance system by passing H.R. 522.

Sincerely,

DONALD E. POWELL.

Mr. FRANK of Massachusetts. Mr. Chairman, I reserve the balance of my time.

Mr. BACHUS. Mr. Chairman, I yield 3 minutes to the gentleman from Texas (Mr. BURGESS).

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

Mr. BURGESS. Mr. Chairman, I thank the gentleman for yielding me time.

I rise today in support of H.R. 522, the Federal Deposit Insurance Reform Act of 2003. This legislation would accomplish a much-needed modernization of our Federal deposit insurance system. It would help millions of typical Americans get important protection for their savings that they deserve.

H.R. 522 would help modernize the system by increasing the deposit coverage levels for our Nation's savers from $100,000 to $130,000. I have no doubt that H.R. 522 would help many Americans get the important protection that they deserve for their savings, for their nest eggs.

H.R. 522 strengthens the Nation's insured depository institutions, especially small banks, thrifts, and credit unions. It also ensures that the Federal deposit insurance system does not harm the ability of the insured depository institutions to meet the Nation's credit needs at all stages of the economic cycle. And who can argue against a bill which advances the national priority of enhancing retirement security for all Americans?

Coverage levels are increased for, IRAs and 401(k) plans. This is essential to our economy as our population ages and retirees are realizing the sums of money that it will take today to maintain an adequate standard of living. This is why the American Association of Retired Persons supports this bill.

We must pass this bill in order to encourage retirees in smaller towns to keep their savings in local community banks instead of transferring monies to larger banks headquartered in some distant city. Transactions to larger banks hurt the local community's economy because the savers' monies are not recycled back into the community. It also directly hurts the local community's residents because there are less funds available; thus access to credit become more difficult and the costs of raising funds to lend becomes higher.

This evolution of bank transactions ultimately hurts the local economy, threatening the job base and the economic vitality of the local community. I know this bill has widespread support in this Chamber. During the last Congress, the 107th Congress, the House passed similar legislation with an overwhelming bipartisan vote. Last year's solid vote of support indicates to me the importance of this measure and the grassroots support behind it. I urge my colleagues to pass H.R. 522 with similar resolve.

Today more than ever, American savers and investors need reassurance, reassurance that their elected representatives are helping to ensure that their hard-earned savings are safe with a modern deposit insurance system.

Let us promote confidence for today's disheartened saver and investor and promote confidence for the system for our children. I urge passage of H.R. 522.

Mr. BACHUS. Mr. Chairman, I yield 3 minutes to the gentleman from Alabama (Mr. ADERHOLT).

Mr. ADERHOLT. Mr. Chairman, I rise today in support of H.R. 522 which merges the Bank Insurance Fund and the Savings Association Insurance Fund, and which updates a successful program by increasing the standard maximum deposit insurance limit to $130,000 and indexing it every 5 years for inflation, doubling the new coverage level for certain retirement accounts and increasing the coverage amount for in-State municipal deposits.

The FDIC deposit insurance system has served a critical role in the stability of our Nation's financial system. The reform to increase deposit insurance coverage from $100,000 to $130,000 will provide American savers the ability to better secure their nest egg while ensuring ongoing consumer confidence and the stability of the banking system. At an earlier time in history, a person may have felt it better to put their money in a metal box underneath a loose floor board in the house. At the other end of the spectrum would be the

venture capitalists. They take risks, but that is their choice.

The FDIC deposit insurance system creates some stability for the average person looking to secure some of their savings, not only for their retirement but for education and family needs as well. The increase in protection for retirement funds is significant not only for the overall picture, but also it is important that we pass this as reported out by committee.

The image of a metal box brings up another point. If that money is in a bank as opposed to underneath a house, it obviously becomes part of the Nation's overall cash flow and investment system. This bill updates, at even less than the rate of inflation, the deposit insurance amount. That allows depositors who wish to put their funds in local independent banks to do so with confidence. In turn, those banks are able to approve loans related to local projects.

I think even opponents of this bill in its current form would agree that competition is indeed good. For Congress to keep this amount of $100,000 is a not a harmless action. Not increasing the insurance amount in the face of 21 years of inflation in effect makes Congress a partner in the erosion of the ability of local communities to compete fairly with larger banks.

□ 1115

References to the savings and loan crisis have to be weighed in the context of the actions taken after that situation by both government and industry.

This bill passed last year by a vote of 408 to 18. I urge support today for this bill as reported out of committee and a ''yes'' vote on final passage.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield back the balance of my time.

Mr. BACHUS. Mr. Chairman, I yield myself such time as remains.

Mr. Chairman, there are opponents to this legislation. Those opponents give several reasons, and we may hear those during the amendments; but I think the most honest opponent of this legislation is the gentleman from California (Mr. ROHRABACHER), who will offer an amendment or who may not offer an amendment but who has filed an amendment to strike the increases in coverage.

The gentleman from California (Mr. ROHRABACHER) said in the American Banker, and I quote him, in today's edition, ''I don't believe in Federal deposit insurance.'' I think that pretty much sums up the opposition because if a person does not believe in it, then a person does not want it to increase to allow for inflation or for increase in per capita income. If a person does believe in it, then they want it to remain current. They want it to remain current with per capita income and inflation.

As I said, we last increased the levels in 1980. If we adjusted them for per capita income, they would actually go to $300,000. If we increased them for inflation, they would go to $200,000. We, to build a consensus, only increased them to $130,000; but we did increase retirement funds to $260,000, but we felt that there were people other than retirees who deserve the protection to keep up with per capita income and inflation.

So we increased everyone's coverage to 130, including small businesses and depositors, many of whom we found in testimony sell their house, deposit the entire proceeds in a financial institution and assume, sometimes tragically, that there is sufficient coverage.

There are additional reasons why people are opposing this legislation. There is a question of cost. The CBO scored the same bill last year as a savings of $750 million. This year they say it has a cost of $1 billion.

Chairman Powell of the FDIC responded to the CBO estimate and said this, because it conclusively rebuts any CBO estimate that this will cost the taxpayers and any argument that may be made on the floor today about the budgetary impact of the legislation, and he says, ''H.R. 522 provides the FDIC with the tools to achieve revenue neutrality in the management of the deposit insurance system. Because any analysis that determines 522 will result in an increase in net government spending must necessarily rely on assumptions regarding how the FDIC Board will exercise the discretion provided in the legislation.'' And here is the most pertinent part: ''I can assure Congress that the leadership of the FDIC has no intention of managing the deposit insurance system in a way that increases the cost to the government or increases the burden on insured institutions. The costs of the deposit insurance system will continue to be borne by the banking industry, but in a manner that establishes a strong risk-based premium system and avoids the procyclical risks inherent in current law.'' I do stress there are risks in the current law if we do not amend it.

He also in a letter to this body on March 31 says, ''No analysis of the 'costs' of legislation is complete without a full consideration of the benefits provided by the bill,'' and he goes on to list many benefits to the economy, to savers and to strengthening our banking institution.

Another rabbit that has been turned loose by opponents of this bill is that the increase in coverage, the last increase was what precipitated the savings and loan crisis. That is simply not a fact. There were many causes. In fact, let me read from a report from this own body as to the reason for the savings and loan crisis. The causes of the thrift crisis can be traced to a number of factors: poorly timed deregulation, the dismal performance of some thrift management, inadequate oversight supervision and regulation.

Mr. TIAHRT. Mr. Chairman, I rise today in support of the Federal Deposit Insurance Reform Act of 2003. This much needed, bipartisan legislation will help rural communities in my district, as well as thousands of other small towns across this country. H.R. 522 strengthens the deposit insurance fund and helps address a major funding need for community banks.

I have heard from many farm banks in Kansas that continue to have problems increasing their core deposits. These banks are forced to turn to noncore funds to support their asset growth. I am told noncore funds can often be more expensive and volatile than core deposits. This is not good for either the bankers or the customers who are investing their money.

The FDIC's Kansas City office noted in their Spring 2003 Regional Outlook report that ''core funding takes on added importance for community banks with a significant presence in rural communities facing long-term negative growth . . .''. This report goes on to say that core funds are the staple of rural banks, but they are increasingly becoming more difficult to attract or even retain.

Because of the artificially low deposit insurance cap, rural residents are being forced to send deposits that are not insured with the current $100,000 limit to institutions outside their local communities.

I see no good reason to allow this loss of capital from rural areas. It is capital that could be used for loans to diversify our rural communities and create or expand small businesses. At a time when our small towns are really suffering economically, we need all the local investment available. Local investment encourages entrepreneurship and ultimately creates local jobs. H.R. 522 will help ensure that objective is not eroded over time as it has done for more than two decades.

A declining rural population leads to a declining deposit base. An increasing rural population tends to create more demand for loans. Either way, this situation indicates we need to increase deposit insurance levels. Local dollars should stay invested in our local communities.

The bill today increases the basic coverage level from $100,000 to $130,000. This modest increase is long overdue, especially in context of other changes made to the system in recent years. Higher coverage levels will strengthen depositor confidence in the entire financial services system.

H.R. 522 also gives the FDIC flexibility. Right now, the FDIC is mandated to have the ratio of reserves to estimated insured deposits at a hard target of 1.25 percent. This bill we are considering today would allow that ratio to be within a range of 1.15 to 1.4 percent.

Finally, H.R. 522 directs the FDIC to study its administrative and managerial processes and alternative means for administering the deposit insurance system. These studies will ensure the deposit insurance fund and the overall insurance system are managed and operated as efficiently and effectively as possible.

I encourage my colleagues to join me in supporting the Federal Deposit Insurance Reform Act of 2003. It is good common-sense legislation that will help people in our rural communities.

Mr. CRAMER. Mr. Chairman, I rise today in support of H.R. 522, the Federal Deposit Insurance Reform Act of 2003. With the banking industry currently in good health, now is the time for Congress to act on needed reforms to the insured deposit system that has protected the American financial system and consumers

so well since the program began in the dark days of the Depression.

Among its other provisions, this legislation will enhance the safety and soundness of the financial services industry by maintaining the value of deposit insurance coverage in the years to come, as well as providing additional coverage of certain retirement products, which will greatly aid in boosting retirement savings.

H.R. 522 will increase general deposit insurance coverage from $100,000 to $130,000 per account, and index this coverage to inflation going forward, so that the real value of that coverage does not erode over time. The existing $100,000 limit was set in 1980, but the real value of that coverage has decreased to around $45,000 due to inflation over the last 23 years.

For certain IRS-approved retirement products, this legislation will double general coverage to $260,000. Increasing coverage of these retirement products will provide citizens, particularly senior citizens, with added assurance that their hard-earned savings are safe and secure and will continue to grow in value. These provisions are an excellent step in the right direction to increase the consumer savings rate. The bill will also provide additional coverage of municipal deposits, thereby keeping public funds in the communities in which they are generated.

As I noted earlier, federal deposit insurance has served this country extremely well for some 70 years. One of the best examples of the critical importance of deposit insurance was its role in ensuring public confidence in the banking system during the thrift crisis of the late 1980s. Now H.R. 522 will provide further revisions to the deposit insurance system that will help make certain that the program remains as effective as it has historically been in protecting both the U.S. banking system and its customers in the decades to come. Please join me in support of this important legislation.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I rise in support of H.R. 522, The Federal Deposit Insurance Reform Act of 2003.

H.R. 522 is a bi-partisan bill that benefits our senior citizens, small businesses, and local banks by updating and preserving the value of our insured deposit system. H.R. 522 helps our Nation's senior citizens by increasing the coverage limits for retirement accounts at insured depository institutions to more than double the current federal coverage level. H.R. 522 helps small businesses and local banks by encouraging small business owners to consolidate their funds into smaller, local banks.

Furthermore, H.R. 522 benefits all of our communities by helping to keep local deposits in the local communities they should be serving. H.R. 522 encourages local government entities to keep their funds in local banks, also fostering local economic development. H.R. 522 includes provisions that increase coverage for municipal deposits as well. The increased coverage helps keep local monies at home and improves the local economy by enabling institutions to offer more car, home, and education loans in their communities.

Last year a bill virtually identical to H.R. 522 cleared the House by a 408–18 vote. This bipartisan support is echoed by organizations such as the American Association of Retired Persons, and the Independent Community Bankers Association who also support H.R. 522.

I support H.R. 522 as well, Mr. Chairman, because I support our local communities.

Mr. BEREUTER. Mr. Chairman, this Member rises today to express his support for H.R. 522, the Federal Deposit Insurance Reform Act. This bill, of which this Member is an original cosponsor, will encourage private savings which is a crucial factor in promoting economic stability.

First, this Member would like to thank the distinguished gentleman from Alabama, the Chairman of the House Financial Services Subcommittee on Financial Institutions and Consumer Credit (Mr. BACHUS) for introducing this legislation. This Member would also like to thank both the distinguished gentleman from Ohio, the Chairman of the House Financial Services Committee (Mr. OXLEY), and the distinguished gentleman from Massachusetts, the Ranking Member of this Committee (Mr. FRANK), for their efforts in bringing this measure to the House Floor.

This bill, H.R. 522, passed the House Financial Services Committee, by a voice vote, on March 13, 2003. This legislation is virtually identical to a bill that passed the House last year, by a vote of 408–18. Unfortunately, the Senate chose not to act on Federal Deposit Insurance Corporation, FDIC, reform in the 107th Congress.

As a matter of background, Congress in 1934 initially set the deposit insurance coverage limit at $5,000. The last increase was in 1980, when Congress raised the value of coverage to $100,000, per person, per institution. According to the FDIC, due to inflation, the real value of this $100,000 coverage limit has decreased by about half.

This Member would like to focus on the following four provisions in this important legislation which will:

1. Increase the FDIC coverage level to $130,000 and index this level for inflation every five years thereafter;

2. Increase the FDIC coverage level for retirement accounts to $260,000;

3. Increase the FDIC coverage level for in-state municipal deposits to the lower of $2 million or the sum of the new coverage level plus 80 percent of the deposits in excess of the new standard; and

4. Ensure the financial institutions receive their equitable share of dividends and credits from the deposit insurance fund.

First, this legislation would increase the $100,000 FDIC insurance limit to a new limit of $130,000. The deposit insurance limit would then be indexed every five years to a cost of living adjustment and rounded to the nearest $10,000. This Member believes this increase in the FDIC limit is warranted and justified.

This Member has met with many Nebraska community bankers who have emphasized the importance of increasing the deposit insurance coverage limit in order for community banks to attract and maintain core deposits. Currently, community banks are losing deposits to more distant brokerage and mutual fund companies. If community banks do not have the core deposits to make loans, the economic development of communities suffer. Local money needs to stay in a community where it can build infrastructure and create jobs.

Second, this bill would increase the coverage level for retirement accounts from the current $100,000 to a level of $260,000, which will encourage greater retirement savings. It is important to take this action, since the current rate of savings by Americans is quite low. Moreover, this change is particularly important to older Americans to ensure that they have secure banking services nearby. In many rural areas, the alternative to this coverage level increase is for consumers to bank at more distant institutions.

Third, this legislation would also importantly increase coverage for in-state municipal deposits to the lower of $2 million or the sum of the new coverage level plus 80 percent of the deposits in excess of the new standard. Community bankers have stressed to this Member their support for greater coverage of municipal deposits as they now only receive $100,000 of FDIC protection. Municipal deposits are taxpayer funds from state and local governments, and schools deposited in local banks. This change is very important in Nebraska since there are so many different public entities collecting revenue and in turn making deposits in local banks.

Lastly, this Member supports the provisions in H.R. 522 which were authored by the distinguished gentlelady from New York (Ms. MALONEY) and this Member. These three provisions were included in the Manager's Amendment which passed by voice vote during the Committee's consideration of the virtually identical bill in the 107th Congress. We offered the following changes to help ensure that financial institutions receive their equitable share of dividends and credits from the deposit insurance fund.

This bill establishes a 1 basis point cap on the premiums that the FDIC can charge those institutions that qualify for the lowest-risk category under the risk-based premium system, when the actual level of the reserve ratio is above 1.15 per $100 of insured deposits. Furthermore, H.R. 522 provides that when the reserve ratio of the deposit insurance fund is between 1.35 and 1.4 per $100 of insured deposits, the FDIC must pay dividends equal to 50 percent of the amount in excess of 1.35. This bill also includes language which establishes an ongoing credit pool that could be used by institutions against their premium assessments based on the historical contributions of the institution to the deposit insurance fund. This provision will reward those institutions who helped fully recapitalize the bank insurance fund in 1996.

In conclusion, for the reasons mentioned and many others, this Member urges his colleagues to support H.R. 522.

Mr. OSBORNE. Mr Chairman, banks that primarily serve agricultural customer remain concerned with the possibility of having to rely more and more on nontraditional funding sources to support their asset growth and continued ability to provide the necessary financing for their customers—farmers, ranchers, consumers and rural businesses.

Today, more than 1,820 of our nation's banks hold more than 25 percent of their loans. According to the Federal Deposit Insurance Corporation, FDIC, office in Kansas City, in Nebraska, there are 210 farm banks that are FDIC insured institutions with at least 25 percent of total loans comprised of agriculture loans. A majority of these banks are located in rural areas and are the economic engines that help support the local community.

The legislation we are considering today, H.R. 522, the Federal Deposit Insurance Reform Act of 2003, includes modest reforms to the deposit insurance system that will substantially benefit local banks in my community and

our nation's agricultural economy. During the 1990s many farm banks experienced a decline in core deposits and would likely see that trend reversed with increased deposit insurance coverage levels. A key component of this legislation includes a provision that provides for a modest increase of general coverage levels to $130,000 and then indexes it for inflation. Deposit insurance coverage levels have not been increased in twenty-three years, the longest period in FDIC history without an increase. Deposit protection has eroded by one-half due to inflation since 1980.

Higher coverage levels would provide rural residents such as farmers and ranchers with the additional security to deposit their funds in the local bank. These funds would be reinvested in the local communities to support projects such as the building of new ethanol plants and other value-added processing activities that will benefit local agricultural producers and provide employment for rural residents. Additional economic development in rural areas would create new opportunities for recent college and high school graduates and would help stop the rural depopulation that has been occurring over the past 20 years in many of our agriculturally dependent areas.

I urge my colleagues to support our nation's local banks and rural communities by voting ''yea'' on H.R. 522.

Mr. Chairman, H.R. 522, the Federal Deposit Insurance Reform Act, expands the federal government's unconstitutional control over the financial services industry and raises taxes on all financial institutions. Furthermore, this legislation could increase the possibility of future bank failures. Therefore, I must oppose this bill.

I primarily object to the provisions in H.R. 522 which may increase the premiums assessed on participating financial institutions. These ''premiums,'' which are actually taxes, are the premier sources of funds for the Deposit Insurance Fund. This fund is used to bail out banks that experience difficulties meeting their commitments to their depositors. Thus, the deposit insurance system transfers liability for poor management decisions form those who made the decisions, to their competitors. This system punishes those financial institutions which follow sound practices, as they are forced to absorb the losses of their competitors. This also compounds the moral hazard problem created whenever government socializes business losses.

In the event of a severe banking crisis, Congress will likely transfer funds from the general revenue into the Deposit Insurance Fund, which could make all taxpayers liable for the mistakes of a few. Of course, such a bailout would require separate authorization from Congress, but can anyone imagine Congress saying ''No'' to banking lobbyists pleading for relief from the costs of bailing out their weaker competitors?

Government subsidies lead to government control, as regulations are imposed on the recipients of the subsidies in order to address the moral hazard problem. This is certainly the case in banking, which is one of the most heavily regulated industries in America. However, as George Kaufman, the John Smith Professor of Banking and Finance at Loyola University in Chicago, and co-chair of the Shadow Financial Regulatory Committee, pointed out in a study for the CATO Institute, the FDIC's history of poor management exacerbated the banking crisis of the eighties and nineties. Professor Kaufman properly identifies a key reason for the FDIC's poor track record in protection individual depositors: regulators have incentives to downplay or even cover-up problems in the financial system such as banking failures. Banking failures are black marks on the regulators' records. In addition, regulators may be subject to political pressure to delay imposing sanctions on failing institutions, thus increasing the magnitude of the loss.

Immediately after a problem in the banking industry comes to light, the media and Congress will inevitably blame it on regulators who were ''asleep at the switch.'' Yet, most politicians continue to believe that giving the very regulators whose incompetence (or worse) either caused or contributed to the problem will somehow prevent future crises!

The presence of deposit insurance and government regulations removes incentives for individuals to act on their own to protect their deposits or even inquire as to the health of their financial institutions. After all, why should individuals be concerned with the health of their financial institutions when the federal government is insuring banks following sound practices and has insured their deposits?

Finally, I would remind my colleague that the federal deposit insurance programs lacks constitutional authority. Congress' only mandate in the area of money, and banking is to maintain the value of the money. Unfortunately, Congress abdicated its responsibility over monetary policy with the passage of the Federal Reserve Act of 1913, which allows the federal government to erode the value of the currency at the will of the central bank. Congress' embrace of fiat money is directly responsible for the instability in the banking system that created the justification for deposit insurance.

In conclusion, Mr. Chairman, H.R. 522 imposes new taxes on financial institutions, forces sound institutions to pay for the mistakes of their reckless competitors, increases the chances of taxpayers being forced to bail out unsound financial institutions, reduces individual depositors' incentives to take action to protect their deposits, and exceeds Congress's constitutional authority. I therefore urge my colleagues to reject this bill. Instead of extending the Federal program, Congress should work to prevent the crises which justify government programs like deposit insurance, by fulfilling our constitutional responsibility to pursue sound monetary policies.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the order of the House of Tuesday, April 1, 2003, the committee amendment in the nature of a substitute printed in the bill shall be considered as an original bill for the purpose of amendment under the 5-minute rule and shall be considered read.

The text of the committee amendment in the nature of a substitute is as follows:

H.R. 522

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Federal Deposit Insurance Reform Act of 2003''.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Merging the BIF and SAIF.
Sec. 3. Increase in deposit insurance coverage.
Sec. 4. Setting assessments and repeal of special rules relating to minimum assessments and free deposit insurance.
Sec. 5. Replacement of fixed designated reserve ratio with reserve range.
Sec. 6. Requirements applicable to the risk-based assessment system.
Sec. 7. Refunds, dividends, and credits from Deposit Insurance Fund.
Sec. 8. Deposit Insurance Fund restoration plans.
Sec. 9. Regulations required.
Sec. 10. Studies of FDIC structure and expenses and certain activities and further possible changes to deposit insurance system.
Sec. 11. Bi-annual FDIC survey and report on increasing the deposit base by encouraging use of depository institutions by the unbanked.
Sec. 12. Technical and conforming amendments to the Federal Deposit Insurance Act relating to the merger of the BIF and SAIF.
Sec. 13. Other technical and conforming amendments relating to the merger of the BIF and SAIF.

SEC. 2. MERGING THE BIF AND SAIF.

(a) IN GENERAL.—

(1) MERGER.—The Bank Insurance Fund and the Savings Association Insurance Fund shall be merged into the Deposit Insurance Fund.

(2) DISPOSITION OF ASSETS AND LIABILITIES.—All assets and liabilities of the Bank Insurance Fund and the Savings Association Insurance Fund shall be transferred to the Deposit Insurance Fund.

(3) NO SEPARATE EXISTENCE.—The separate existence of the Bank Insurance Fund and the Savings Association Insurance Fund shall cease on the effective date of the merger thereof under this section.

(b) REPEAL OF OUTDATED MERGER PROVISION.—Section 2704 of the Deposit Insurance Funds Act of 1996 (12 U.S.C. 1821 note) is repealed.

(c) EFFECTIVE DATE.—This section shall take effect on the first day of the first calendar quarter that begins after the end of the 90-day period beginning on the date of the enactment of this Act.

SEC. 3. INCREASE IN DEPOSIT INSURANCE COVERAGE.

(a) IN GENERAL.—Section 11(a)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(1)) is amended—

(1) by striking subparagraph (B) and inserting the following new subparagraph:

''(B) NET AMOUNT OF INSURED DEPOSIT.—The net amount due to any depositor at an insured depository institution shall not exceed the standard maximum deposit insurance amount as determined in accordance with subparagraphs (C), (D), (E) and (F) and paragraph (3).''; and

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

''(E) STANDARD MAXIMUM DEPOSIT INSURANCE AMOUNT DEFINED.—For purposes of this Act, the term 'standard maximum deposit insurance amount' means—

''(i) until the effective date of final regulations prescribed pursuant to section 9(a)(2) of the Federal Deposit Insurance Reform Act of 2003, $100,000; and

''(ii) on and after such effective date, $130,000, adjusted as provided under subparagraph (F).

''(F) INFLATION ADJUSTMENT.—

''(i) IN GENERAL.—By April 1 of 2005, and the 1st day of each subsequent 5-year period, the Board of Directors and the National Credit Union Administration Board shall jointly prescribe the amount by which the standard maximum deposit insurance amount and the standard maximum share insurance amount (as defined in section 207(k) of the Federal Credit

Union Act) applicable to any depositor at an insured depository institution shall be increased by calculating the product of—

''(I) $130,000; and

''(II) the ratio of the value of the Personal Consumption Expenditures Chain-Type Index (or any successor index thereto), published by the Department of Commerce, as of December 31 of the year preceding the year in which the adjustment is calculated under this clause, to the value of such index as of the date this subparagraph takes effect.

''(ii) ROUNDING.—If the amount determined under clause (ii) for any period is not a multiple of $10,000, the amount so determined shall be rounded to the nearest $10,000.

''(iii) PUBLICATION AND REPORT TO THE CONGRESS.—Not later than April 5 of any calendar year in which an adjustment is required to be calculated under clause (i) to the standard maximum deposit insurance amount and the standard maximum share insurance amount under such clause, the Board of Directors and the National Credit Union Administration Board shall—

''(I) publish in the Federal Register the standard maximum deposit insurance amount, the standard maximum share insurance amount, and the amount of coverage under paragraph (3)(A) and section 207(k)(3) of the Federal Credit Union Act, as so calculated; and

''(II) jointly submit a report to the Congress containing the amounts described in subclause (I).

''(iv) 6-MONTH IMPLEMENTATION PERIOD.—Unless an Act of Congress enacted before July 1 of the calendar year in which an adjustment is required to be calculated under clause (i) provides otherwise, the increase in the standard maximum deposit insurance amount and the standard maximum share insurance amount shall take effect on January 1 of the year immediately succeeding such calendar year.''.

(b) COVERAGE FOR CERTAIN EMPLOYEE BENEFIT PLAN DEPOSITS.—Section 11(a)(1)(D) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(1)(D)) is amended to read as follows:

''(D) COVERAGE FOR CERTAIN EMPLOYEE BENEFIT PLAN DEPOSITS.—

''(i) PASS-THROUGH INSURANCE.—The Corporation shall provide pass-through deposit insurance for the deposits of any employee benefit plan.

''(ii) PROHIBITION ON ACCEPTANCE OF BENEFIT PLAN DEPOSITS.—An insured depository institution that is not well capitalized or adequately capitalized may not accept employee benefit plan deposits.

''(iii) DEFINITIONS.—For purposes of this subparagraph, the following definitions shall apply:

''(I) CAPITAL STANDARDS.—The terms 'well capitalized' and 'adequately capitalized' have the same meanings as in section 38.

''(II) EMPLOYEE BENEFIT PLAN.—The term 'employee benefit plan' has the same meaning as in paragraph (8)(B)(ii), and includes any eligible deferred compensation plan described in section 457 of the Internal Revenue Code of 1986.

''(III) PASS-THROUGH DEPOSIT INSURANCE.—The term 'pass-through deposit insurance' means, with respect to an employee benefit plan, deposit insurance coverage provided on a pro rata basis to the participants in the plan, in accordance with the interest of each participant.''.

(c) DOUBLING OF DEPOSIT INSURANCE FOR CERTAIN RETIREMENT ACCOUNTS.—Section 11(a)(3)(A) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(3)(A)) is amended by striking ''$100,000'' and inserting ''2 times the standard maximum deposit insurance amount (as determined under paragraph (1))''.

(d) INCREASED INSURANCE COVERAGE FOR MUNICIPAL DEPOSITS.—Section 11(a)(2) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(2)) is amended—

(1) in subparagraph (A)—

(A) by moving the margins of clauses (i) through (v) 4 ems to the right;

(B) by striking, in the matter following clause (v), ''such depositor shall'' and all that follows through the period; and

(C) by striking the semicolon at the end of clause (v) and inserting a period;

(2) by striking ''(2)(A) Notwithstanding'' and all that follows through ''a depositor who is—'' and inserting the following:

''(2) MUNICIPAL DEPOSITORS.—

''(A) IN GENERAL.—Notwithstanding any limitation in this Act or in any other provision of law relating to the amount of deposit insurance available to any 1 depositor—

''(i) a municipal depositor shall, for the purpose of determining the amount of insured deposits under this subsection, be deemed to be a depositor separate and distinct from any other officer, employee, or agent of the United States or any public unit referred to in subparagraph (E); and

''(ii) except as provided in subparagraph (B), the deposits of a municipal depositor shall be insured in an amount equal to the standard maximum deposit insurance amount (as determined under paragraph (1)).

''(B) IN-STATE MUNICIPAL DEPOSITORS.—In the case of the deposits of an in-State municipal depositor described in clause (ii), (iii), (iv), or (v) of subparagraph (E) at an insured depository institution, such deposits shall be insured in an amount not to exceed the lesser of—

''(i) $2,000,000; or

''(ii) the sum of the standard maximum deposit insurance amount and 80 percent of the amount of any deposits in excess of the standard maximum deposit insurance amount.

''(C) MUNICIPAL DEPOSIT PARITY.—No State may deny to insured depository institutions within its jurisdiction the authority to accept deposits insured under this paragraph, or prohibit the making of such deposits in such institutions by any in-State municipal depositor.

''(D) IN-STATE MUNICIPAL DEPOSITOR DEFINED.—For purposes of this paragraph, the term 'in-State municipal depositor' means a municipal depositor that is located in the same State as the office or branch of the insured depository institution at which the deposits of that depositor are held.

''(E) MUNICIPAL DEPOSITOR.—In this paragraph, the term 'municipal depositor' means a depositor that is—'';

(3) by striking ''(B) The'' and inserting the following:

''(F) AUTHORITY TO LIMIT DEPOSITS.—The''; and

(4) by striking ''depositor referred to in subparagraph (A) of this paragraph'' each place such term appears and inserting ''municipal depositor''.

(e) TECHNICAL AND CONFORMING AMENDMENT RELATING TO INSURANCE OF TRUST FUNDS.—Paragraphs (1) and (3) of section 7(i) of the Federal Deposit Insurance Act (12 U.S.C. 1817(i)) are each amended by striking ''$100,000'' and inserting ''the standard maximum deposit insurance amount (as determined under section 11(a)(1))''.

(f) OTHER TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Section 11(m)(6) of the Federal Deposit Insurance Act (12 U.S.C. 1821(m)(6)) is amended by striking ''$100,000'' and inserting ''an amount equal to the standard maximum deposit insurance amount''.

(2) Subsection (a) of section 18 of the Federal Deposit Insurance Act (12 U.S.C. 1828(a)) is amended to read as follows:

''(a) INSURANCE LOGO.—

''(1) INSURED DEPOSITORY INSTITUTIONS.—

''(A) IN GENERAL.—Each insured depository institution shall display at each place of business maintained by that institution a sign or signs relating to the insurance of the deposits of the institution, in accordance with regulations to be prescribed by the Corporation.

''(B) STATEMENT TO BE INCLUDED.—Each sign required under subparagraph (A) shall include a statement that insured deposits are backed by the full faith and credit of the United States Government.

''(2) REGULATIONS.—The Corporation shall prescribe regulations to carry out this subsection, including regulations governing the substance of signs required by paragraph (1) and the manner of display or use of such signs.

''(3) PENALTIES.—For each day that an insured depository institution continues to violate this subsection or any regulation issued under this subsection, it shall be subject to a penalty of not more than $100, which the Corporation may recover for its use.''.

(3) Section 43(d) of the Federal Deposit Insurance Act (12 U.S.C. 1831t(d)) is amended by striking ''$100,000'' and inserting ''an amount equal to the standard maximum deposit insurance amount''.

(4) Section 6 of the International Banking Act of 1978 (12 U.S.C. 3104) is amended—

(A) by striking ''$100,000'' each place such term appears and inserting ''an amount equal to the standard maximum deposit insurance amount''; and

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

''(e) STANDARD MAXIMUM DEPOSIT INSURANCE AMOUNT DEFINED.—For purposes of this section, the term 'standard maximum deposit insurance amount' means the amount of the maximum amount of deposit insurance as determined under section 11(a)(1) of the Federal Deposit Insurance Act.''.

(g) CONFORMING CHANGE TO CREDIT UNION SHARE INSURANCE FUND.—

(1) IN GENERAL.—Section 207(k) of the Federal Credit Union Act (12 U.S.C. 1787(k)) is amended—

(A) by striking ''(k)(1)'' and all that follows through the end of paragraph (1) and inserting the following:

''(k) INSURED AMOUNTS PAYABLE.—

''(1) NET INSURED AMOUNT.—

''(A) IN GENERAL.—Subject to the provisions of paragraph (2), the net amount of share insurance payable to any member at an insured credit union shall not exceed the total amount of the shares or deposits in the name of the member (after deducting offsets), less any part thereof which is in excess of the standard maximum share insurance amount, as determined in accordance with this paragraph and paragraphs (5) and (6), and consistently with actions taken by the Federal Deposit Insurance Corporation under section 11(a) of the Federal Deposit Insurance Act.

''(B) AGGREGATION.—Determination of the net amount of share insurance under subparagraph (A), shall be in accordance with such regulations as the Board may prescribe, and, in determining the amount payable to any member, there shall be added together all accounts in the credit union maintained by that member for that member's own benefit, either in the member's own name or in the names of others.

''(C) AUTHORITY TO DEFINE THE EXTENT OF COVERAGE.—The Board may define, with such classifications and exceptions as it may prescribe, the extent of the share insurance coverage provided for member accounts, including member accounts in the name of a minor, in trust, or in joint tenancy.'';

(B) in paragraph (2)—

(i) in subparagraph (A)—

(I) in clauses (i) through (v), by moving the margins 4 ems to the right;

(II) in the matter following clause (v), by striking ''his account'' and all that follows through the period; and

(III) by striking the semicolon at the end of clause (v) and inserting a period;

(ii) by striking ''(2)(A) Notwithstanding'' and all that follows through ''a depositor or member who is—'' and inserting the following:

''(2) MUNICIPAL DEPOSITORS OR MEMBERS.—

''(A) IN GENERAL.—Notwithstanding any limitation in this Act or in any other provision of

law relating to the amount of insurance available to any 1 depositor or member, deposits or shares of a municipal depositor or member shall be insured in an amount equal to the standard maximum share insurance amount (as determined under paragraph (5)), except as provided in subparagraph (B).

''(B) IN-STATE MUNICIPAL DEPOSITORS.—In the case of the deposits of an in-State municipal depositor described in clause (ii), (iii), (iv), or (v) of subparagraph (E) at an insured credit union, such deposits shall be insured in an amount equal to the lesser of—

''(i) $2,000,000; or

''(ii) the sum of the standard maximum deposit insurance amount and 80 percent of the amount of any deposits in excess of the standard maximum deposit insurance amount.

''(C) RULE OF CONSTRUCTION.—No provision of this paragraph shall be construed as authorizing an insured credit union to accept the deposits of a municipal depositor in an amount greater than such credit union is authorized to accept under any other provision of Federal or State law.

''(D) IN-STATE MUNICIPAL DEPOSITOR DEFINED.—For purposes of this paragraph, the term 'in-State municipal depositor' means a municipal depositor that is located in the same State as the office or branch of the insured credit union at which the deposits of that depositor are held.

''(E) MUNICIPAL DEPOSITOR.—In this paragraph, the term 'municipal depositor' means a depositor that is—'';

(iii) by striking ''(B) The'' and inserting the following:

''(F) AUTHORITY TO LIMIT DEPOSITS.—The''; and

(iv) by striking ''depositor or member referred to in subparagraph (A)'' and inserting ''municipal depositor or member''; and

(C) by adding at the end the following new paragraphs:

''(4) COVERAGE FOR CERTAIN EMPLOYEE BENEFIT PLAN DEPOSITS.—

''(A) PASS-THROUGH INSURANCE.—The Administration shall provide pass-through share insurance for the deposits or shares of any employee benefit plan.

''(B) PROHIBITION ON ACCEPTANCE OF DEPOSITS.—An insured credit union that is not well capitalized or adequately capitalized may not accept employee benefit plan deposits.

''(C) DEFINITIONS.—For purposes of this paragraph, the following definitions shall apply:

''(i) CAPITAL STANDARDS.—The terms 'well capitalized' and 'adequately capitalized' have the same meanings as in section 216(c).

''(ii) EMPLOYEE BENEFIT PLAN.—The term 'employee benefit plan'—

''(I) has the meaning given to such term in section 3(3) of the Employee Retirement Income Security Act of 1974;

''(II) includes any plan described in section 401(d) of the Internal Revenue Code of 1986; and

''(III) includes any eligible deferred compensation plan described in section 457 of the Internal Revenue Code of 1986.

''(iii) PASS-THROUGH SHARE INSURANCE.—The term 'pass-through share insurance' means, with respect to an employee benefit plan, insurance coverage provided on a pro rata basis to the participants in the plan, in accordance with the interest of each participant.

''(D) RULE OF CONSTRUCTION.—No provision of this paragraph shall be construed as authorizing an insured credit union to accept the deposits of an employee benefit plan in an amount greater than such credit union is authorized to accept under any other provision of Federal or State law.

''(5) STANDARD MAXIMUM SHARE INSURANCE AMOUNT DEFINED.—For purposes of this Act, the term 'standard maximum share insurance amount' means—

''(A) until the effective date of final regulations prescribed pursuant to section 9(a)(2) of the Federal Deposit Insurance Reform Act of 2003, $100,000; and

''(B) on and after such effective date, $130,000, adjusted as provided under section 11(a)(1)(F) of the Federal Deposit Insurance Act.''.

(2) DOUBLING OF SHARE INSURANCE FOR CERTAIN RETIREMENT ACCOUNTS.—Section 207(k)(3) of the Federal Credit Union Act (12 U.S.C. 1787(k)(3)) is amended by striking ''$100,000'' and inserting ''2 times the standard maximum share insurance amount (as determined under paragraph (1))''.

(h) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect on the date the final regulations required under section 9(a)(2) take effect.

SEC. 4. SETTING ASSESSMENTS AND REPEAL OF SPECIAL RULES RELATING TO MINIMUM ASSESSMENTS AND FREE DEPOSIT INSURANCE.

(a) SETTING ASSESSMENTS.—Section 7(b)(2) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)(2)) is amended—

(1) by striking subparagraphs (A) and (B) and inserting the following new subparagraphs:

''(A) IN GENERAL.—The Board of Directors shall set assessments for insured depository institutions in such amounts as the Board of Directors may determine to be necessary or appropriate, subject to subparagraph (D).

''(B) FACTORS TO BE CONSIDERED.—In setting assessments under subparagraph (A), the Board of Directors shall consider the following factors:

''(i) The estimated operating expenses of the Deposit Insurance Fund.

''(ii) The estimated case resolution expenses and income of the Deposit Insurance Fund.

''(iii) The projected effects of the payment of assessments on the capital and earnings of insured depository institutions.

''(iv) the risk factors and other factors taken into account pursuant to paragraph (1) under the risk-based assessment system, including the requirement under such paragraph to maintain a risk-based system.

''(v) Any other factors the Board of Directors may determine to be appropriate.''; and

(2) by inserting after subparagraph (C) the following new subparagraph:

''(D) BASE RATE FOR ASSESSMENTS.—

''(i) IN GENERAL.—In setting assessment rates pursuant to subparagraph (A), the Board of Directors shall establish a base rate of not more than 1 basis point (exclusive of any credit or dividend) for those insured depository institutions in the lowest-risk category under the risk-based assessment system established pursuant to paragraph (1). No insured depository institution shall be barred from the lowest-risk category solely because of size.

''(ii) SUSPENSION.—Clause (i) shall not apply during any period in which the reserve ratio of the Deposit Insurance Fund is less than the amount which is equal to 1.15 percent of the aggregate estimated insured deposits.''.

(b) ASSESSMENT RECORDKEEPING PERIOD SHORTENED.—Paragraph (5) of section 7(b) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)) is amended to read as follows:

''(5) DEPOSITORY INSTITUTION REQUIRED TO MAINTAIN ASSESSMENT-RELATED RECORDS.—Each insured depository institution shall maintain all records that the Corporation may require for verifying the correctness of any assessment on the insured depository institution under this subsection until the later of—

''(A) the end of the 3-year period beginning on the due date of the assessment; or

''(B) in the case of a dispute between the insured depository institution and the Corporation with respect to such assessment, the date of a final determination of any such dispute.''.

(c) INCREASE IN FEES FOR LATE ASSESSMENT PAYMENTS.—Subsection (h) of section 18 of the Federal Deposit Insurance Act (12 U.S.C. 1828(h)) is amended to read as follows:

''(h) PENALTY FOR FAILURE TO TIMELY PAY ASSESSMENTS.—

''(1) IN GENERAL.—Any insured depository institution which fails or refuses to pay any assessment shall be subject to a penalty in an amount not more than 1 percent of the amount of the assessment due for each day that such violation continues.

''(2) EXCEPTION IN CASE OF DISPUTE.—Paragraph (1) shall not apply if—

''(A) the failure to pay an assessment is due to a dispute between the insured depository institution and the Corporation over the amount of such assessment; and

''(B) the insured depository institution deposits security satisfactory to the Corporation for payment upon final determination of the issue.

''(3) AUTHORITY TO MODIFY OR REMIT PENALTY.—The Corporation, in the sole discretion of the Corporation, may compromise, modify or remit any penalty which the Corporation may assess or has already assessed under paragraph (1) upon a finding that good cause prevented the timely payment of an assessment.''.

(d) ASSESSMENTS FOR LIFELINE ACCOUNTS.—

(1) IN GENERAL.—Section 232 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (12 U.S.C. 1834) is amended by striking subsection (c).

(2) CLARIFICATION OF RATE APPLICABLE TO DEPOSITS ATTRIBUTABLE TO LIFELINE ACCOUNTS.—Section 7(b)(2)(H) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)(2)(H)) is amended by striking ''at a rate determined in accordance with such Act'' and inserting ''at ½ the assessment rate otherwise applicable for such insured depository institution''.

(3) REGULATIONS.—Section 232(a)(1) of the Federal Deposit Insurance Corporation Improvement Act of 1991 (12 U.S.C. 1834(a)(1)) is amended by striking ''Board of Governors of the Federal Reserve System, and the''.

(e) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Paragraph (3) of section 7(a) of the Federal Deposit Insurance Act (12 U.S.C. 1817(a)(3)) is amended by striking the 3d sentence and inserting the following: ''Such reports of condition shall be the basis for the certified statements to be filed pursuant to subsection (c).''.

(2) Subparagraphs (B)(ii) and (C) of section 7(b)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)(1)) are each amended by striking ''semiannual'' where such term appears in each such subparagraph.

(3) Section 7(b)(2) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)(2)) is amended—

(A) by striking subparagraphs (E), (F), and (G);

(B) in subparagraph (C), by striking ''semiannual''; and

(C) by redesignating subparagraph (H) (as amended by subsection (e)(2) of this section) as subparagraph (E).

(4) Section 7(b) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)) is amended by striking paragraph (4) and redesignating paragraphs (5) (as amended by subsection (b) of this section), (6), and (7) as paragraphs (4), (5), and (6) respectively.

(5) Section 7(c) of the Federal Deposit Insurance Act (12 U.S.C. 1817(c)) is amended—

(A) in paragraph (1)(A), by striking ''semiannual'';

(B) in paragraph (2)(A), by striking ''semiannual''; and

(C) in paragraph (3), by striking ''semiannual period'' and inserting ''initial assessment period''.

(6) Section 8(p) of the Federal Deposit Insurance Act (12 U.S.C. 1818(p)) is amended by striking ''semiannual''.

(7) Section 8(q) of the Federal Deposit Insurance Act (12 U.S.C. 1818(q)) is amended by striking ''semiannual period'' and inserting ''assessment period''.

(8) Section 13(c)(4)(G)(ii)(II) of the Federal Deposit Insurance Act (12 U.S.C. 1823(c)(4)(G)(ii)(II)) is amended by striking ''semiannual period'' and inserting ''assessment period''.

(9) Section 232(a) of the Federal Deposit Insurance Corporation Improvement Act of 1991 (12 U.S.C. 1834(a)) is amended—

(A) in the matter preceding subparagraph (A) of paragraph (2), by striking ''the Board and'';

(B) in subparagraph (J) of paragraph (2), by striking ''the Board'' and inserting ''the Corporation'';

(C) by striking subparagraph (A) of paragraph (3) and inserting the following new subparagraph:

''(A) CORPORATION.—The term 'Corporation' means the Federal Deposit Insurance Corporation.''; and

(D) in subparagraph (C) of paragraph (3), by striking ''Board'' and inserting ''Corporation''.

(f) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect on the date that the final regulations required under section 9(a)(5) take effect.

SEC. 5. REPLACEMENT OF FIXED DESIGNATED RESERVE RATIO WITH RESERVE RANGE.

(a) IN GENERAL.—Section 7(b)(3) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)(3)) is amended to read as follows:

''(3) DESIGNATED RESERVE RATIO.—

''(A) ESTABLISHMENT.—

''(i) IN GENERAL.—The Board of Directors shall designate, by regulation after notice and opportunity for comment, the reserve ratio applicable with respect to the Deposit Insurance Fund.

''(ii) NOT LESS THAN ANNUAL REDETERMINATION.—A determination under clause (i) shall be made by the Board of Directors at least before the beginning of each calendar year, for such calendar year, and at such other times as the Board of Directors may determine to be appropriate.

''(B) RANGE.—The reserve ratio designated by the Board of Directors for any year—

''(i) may not exceed 1.4 percent of estimated insured deposits; and

''(ii) may not be less than 1.15 percent of estimated insured deposits.

''(C) FACTORS.—In designating a reserve ratio for any year, the Board of Directors shall—

''(i) take into account the risk of losses to the Deposit Insurance Fund in such year and future years, including historic experience and potential and estimated losses from insured depository institutions;

''(ii) take into account economic conditions generally affecting insured depository institutions so as to allow the designated reserve ratio to increase during more favorable economic conditions and to decrease during less favorable economic conditions, notwithstanding the increased risks of loss that may exist during such less favorable conditions, as determined to be appropriate by the Board of Directors;

''(iii) seek to prevent sharp swings in the assessment rates for insured depository institutions; and

''(iv) take into account such other factors as the Board of Directors may determine to be appropriate, consistent with the requirements of this subparagraph.

''(D) PUBLICATION OF PROPOSED CHANGE IN RATIO.—In soliciting comment on any proposed change in the designated reserve ratio in accordance with subparagraph (A), the Board of Directors shall include in the published proposal a thorough analysis of the data and projections on which the proposal is based.''.

(b) TECHNICAL AND CONFORMING AMENDMENT.—Section 3(y) of the Federal Deposit Insurance Act (12 U.S.C. 1813(y)) is amended—

(1) by striking ''(y) The term'' and inserting ''(y) DEFINITIONS RELATING TO DEPOSIT INSURANCE FUND.—

''(1) DEPOSIT INSURANCE FUND.—The term''; and

(2) by inserting after paragraph (1) (as so designated by paragraph (1) of this subsection) the following new paragraph:

''(2) DESIGNATED RESERVE RATIO.—The term 'designated reserve ratio' means the reserve ratio designated by the Board of Directors in accordance with section 7(b)(3).''.

(c) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect on the date that the final regulations required under section 9(a)(1) take effect.

SEC. 6. REQUIREMENTS APPLICABLE TO THE RISK-BASED ASSESSMENT SYSTEM.

Section 7(b)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)(1)) is amended by adding at the end the following new subparagraphs:

''(E) INFORMATION CONCERNING RISK OF LOSS AND ECONOMIC CONDITIONS.—

''(i) SOURCES OF INFORMATION.—For purposes of determining risk of losses at insured depository institutions and economic conditions generally affecting depository institutions, the Corporation shall collect information, as appropriate, from all sources the Board of Directors considers appropriate, such as reports of condition, inspection reports, and other information from all Federal banking agencies, any information available from State bank supervisors, State insurance and securities regulators, the Securities and Exchange Commission (including information described in section 35), the Secretary of the Treasury, the Commodity Futures Trading Commission, the Farm Credit Administration, the Federal Trade Commission, any Federal reserve bank or Federal home loan bank, and other regulators of financial institutions, and any information available from credit rating entities, and other private economic or business analysts.

''(ii) CONSULTATION WITH FEDERAL BANKING AGENCIES.—

''(I) IN GENERAL.—Except as provided in subclause (II), in assessing the risk of loss to the Deposit Insurance Fund with respect to any insured depository institution, the Corporation shall consult with the appropriate Federal banking agency of such institution.

''(II) TREATMENT ON AGGREGATE BASIS.—In the case of insured depository institutions that are well capitalized (as defined in section 38) and, in the most recent examination, were found to be well managed, the consultation under subclause (I) concerning the assessment of the risk of loss posed by such institutions may be made on an aggregate basis.

''(iii) RULE OF CONSTRUCTION.—No provision of this paragraph shall be construed as providing any new authority for the Corporation to require submission of information by insured depository institutions to the Corporation.

''(F) MODIFICATIONS TO THE RISK-BASED ASSESSMENT SYSTEM ALLOWED ONLY AFTER NOTICE AND COMMENT.—In revising or modifying the risk-based assessment system at any time after the date of the enactment of the Federal Deposit Insurance Reform Act of 2003, the Board of Directors may implement such revisions or modification in final form only after notice and opportunity for comment.''.

SEC. 7. REFUNDS, DIVIDENDS, AND CREDITS FROM DEPOSIT INSURANCE FUND.

(a) IN GENERAL.—Subsection (e) of section 7 of the Federal Deposit Insurance Act (12 U.S.C. 1817(e)) is amended to read as follows:

''(e) REFUNDS, DIVIDENDS, AND CREDITS.—

''(1) REFUNDS OF OVERPAYMENTS.—In the case of any payment of an assessment by an insured depository institution in excess of the amount due to the Corporation, the Corporation may—

''(A) refund the amount of the excess payment to the insured depository institution; or

''(B) credit such excess amount toward the payment of subsequent assessments until such credit is exhausted.

''(2) DIVIDENDS FROM EXCESS AMOUNTS IN DEPOSIT INSURANCE FUND.—

''(A) RESERVE RATIO IN EXCESS OF 1.4 PERCENT OF ESTIMATED INSURED DEPOSITS.—Whenever the reserve ratio of the Deposit Insurance Fund exceeds 1.4 percent of estimated insured deposits, the Corporation shall declare the amount in the Fund in excess of the amount required to maintain the reserve ratio at 1.4 percent of estimated insured deposits, as dividends to be paid to insured depository institutions.

''(B) RESERVE RATIO EQUAL TO OR IN EXCESS OF 1.35 PERCENT OF ESTIMATED INSURED DEPOSITS AND NOT MORE THAN 1.4 PERCENT.—Whenever the reserve ratio of the Deposit Insurance Fund equals or exceeds 1.35 percent of estimated insured deposits and is not more than 1.4 percent of such deposits, the Corporation shall declare the amount in the Fund that is equal to 50 percent of the amount in excess of the amount required to maintain the reserve ratio at 1.35 percent of the estimated insured deposits as dividends to be paid to insured depository institutions.

''(C) BASIS FOR DISTRIBUTION OF DIVIDENDS.—

''(i) IN GENERAL.—Solely for the purposes of dividend distribution under this paragraph and credit distribution under paragraph (3)(B), the Corporation shall determine each insured depository institution's relative contribution to the Deposit Insurance Fund (or any predecessor deposit insurance fund) for calculating such institution's share of any dividend or credit declared under this paragraph or paragraph (3)(B), taking into account the factors described in clause (ii).

''(ii) FACTORS FOR DISTRIBUTION.—In implementing this paragraph and paragraph (3)(B) in accordance with regulations, the Corporation shall take into account the following factors:

''(I) The ratio of the assessment base of an insured depository institution (including any predecessor) on December 31, 1996, to the assessment base of all eligible insured depository institutions on that date.

''(II) The total amount of assessments paid on or after January 1, 1997, by an insured depository institution (including any predecessor) to the Deposit Insurance Fund (and any predecessor deposit insurance fund).

''(III) That portion of assessments paid by an insured depository institution (including any predecessor) that reflects higher levels of risk assumed by such institution.

''(IV) Such other factors as the Corporation may determine to be appropriate.

''(D) NOTICE AND OPPORTUNITY FOR COMMENT.—The Corporation shall prescribe by regulation, after notice and opportunity for comment, the method for the calculation, declaration, and payment of dividends under this paragraph.

''(3) CREDIT POOL.—

''(A) ONE-TIME CREDIT BASED ON TOTAL ASSESSMENT BASE AT YEAR-END 1996.—

''(i) IN GENERAL.—Before the end of the 270-day period beginning on the date of the enactment of the Federal Deposit Insurance Reform Act of 2003, the Board of Directors shall, by regulation, provide for a credit to each eligible insured depository institution, based on the assessment base of the institution (including any predecessor institution) on December 31, 1996, as compared to the combined aggregate assessment base of all eligible insured depository institutions, taking into account such factors as the Board of Directors may determine to be appropriate.

''(ii) CREDIT LIMIT.—The aggregate amount of credits available under clause (i) to all eligible insured depository institutions shall equal the amount that the Corporation could collect if the Corporation imposed an assessment of 12 basis points on the combined assessment base of the Bank Insurance Fund and the Savings Association Insurance Fund as of December 31, 2001.

''(iii) ELIGIBLE INSURED DEPOSITORY INSTITUTION DEFINED.—For purposes of this paragraph, the term 'eligible insured depository institution' means any insured depository institution that—

''(I) was in existence on December 31, 1996, and paid a deposit insurance assessment prior to that date; or

''(II) is a successor to any insured depository institution described in subclause (II).

''(iv) APPLICATION OF CREDITS.—

''(I) IN GENERAL.—The amount of a credit to any eligible insured depository institution under this paragraph shall be applied by the Corporation, subject to subsection (b)(3)(e), to the assessments imposed on such institution under subsection (b) that become due for assessment periods beginning after the effective date of regulations prescribed under clause (i).

''(II) REGULATIONS.—The regulations prescribed under clause (i) shall establish the qualifications and procedures governing the application of assessment credits pursuant to subclause (I).

''(v) LIMITATION ON AMOUNT OF CREDIT FOR CERTAIN DEPOSITORY INSTITUTIONS.—In the case of an insured depository institution that exhibits financial, operational, or compliance weaknesses ranging from moderately severe to unsatisfactory, or is not adequately capitalized (as defined in section 38) at the beginning of an assessment period, the amount of any credit allowed under this paragraph against the assessment on that depository institution for such period may not exceed the amount calculated by applying to that depository institution the average assessment rate on all insured depository institutions for such assessment period.

''(vi) PREDECESSOR DEFINED.—For purposes of this paragraph, the term 'predecessor', when used with respect to any insured depository institution, includes any other insured depository institution acquired by or merged with such insured depository institution.

''(B) ON-GOING CREDIT POOL.—

''(i) IN GENERAL.—In addition to the credit provided pursuant to subparagraph (A) and subject to the limitation contained in clause (v) of such subparagraph, the Corporation shall, by regulation, establish an on-going system of credits to be applied against future assessments under subsection (b)(1) on the same basis as the dividends provided under paragraph (2)(C).

''(ii) LIMITATION ON CREDITS UNDER CERTAIN CIRCUMSTANCES.—No credits may be awarded by the Corporation under this subparagraph during any period in which—

''(I) the reserve ratio of the Deposit Insurance Fund is less than the designated reserve ratio of such Fund; or

''(II) the reserve ratio of the Fund is less than 1.25 percent of the amount of estimated insured deposits.

''(iii) CRITERIA FOR DETERMINATION.—In determining the amounts of any assessment credits under this subparagraph, the Board of Directors shall take into account the factors for designating the reserve ratio under subsection (b)(3) and the factors for setting assessments under subsection (b)(2)(B).

''(4) ADMINISTRATIVE REVIEW.—

''(A) IN GENERAL.—The regulations prescribed under paragraph (2)(D) and subparagraphs (A) and (B) of paragraph (3) shall include provisions allowing an insured depository institution a reasonable opportunity to challenge administratively the amount of the credit or dividend determined under paragraph (2) or (3) for such institution.

''(B) ADMINISTRATIVE REVIEW.—Any review under subparagraph (A) of any determination of the Corporation under paragraph (2) or (3) shall be final and not subject to judicial review.''.

(b) DEFINITION OF RESERVE RATIO.—Section 3(y) of the Federal Deposit Insurance Act (12 U.S.C. 1813(y)) (as amended by section 5(b) of this Act) is amended by adding at the end the following new paragraph:

''(3) RESERVE RATIO.—The term 'reserve ratio', when used with regard to the Deposit Insurance Fund other than in connection with a reference to the designated reserve ratio, means the ratio of the net worth of the Deposit Insurance Fund to the value of the aggregate estimated insured deposits.''.

SEC. 8. DEPOSIT INSURANCE FUND RESTORATION PLANS.

Section 7(b)(3) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)(3)) (as amended by section 5(a) of this Act) is amended by adding at the end the following new subparagraph:

''(E) DIF RESTORATION PLANS.—

''(i) IN GENERAL.—Whenever—

''(I) the Corporation projects that the reserve ratio of the Deposit Insurance Fund will, within 6 months of such determination, fall below the minimum amount specified in subparagraph (B)(ii) for the designated reserve ratio; or

''(II) the reserve ratio of the Deposit Insurance Fund actually falls below the minimum amount specified in subparagraph (B)(ii) for the designated reserve ratio without any determination under subclause (I) having been made,

the Corporation shall establish and implement a Deposit Insurance Fund restoration plan within 90 days that meets the requirements of clause (ii) and such other conditions as the Corporation determines to be appropriate.

''(ii) REQUIREMENTS OF RESTORATION PLAN.—A Deposit Insurance Fund restoration plan meets the requirements of this clause if the plan provides that the reserve ratio of the Fund will meet or exceed the minimum amount specified in subparagraph (B)(ii) for the designated reserve ratio before the end of the 10-year period beginning upon the implementation of the plan.

''(iii) RESTRICTION ON ASSESSMENT CREDITS.—As part of any restoration plan under this subparagraph, the Corporation may elect to restrict the application of assessment credits provided under subsection (e)(3) for any period that the plan is in effect.

''(iv) LIMITATION ON RESTRICTION.—Notwithstanding clause (iii), while any restoration plan under this subparagraph is in effect, the Corporation shall apply credits provided to an insured depository institution under subsection (e)(3) against any assessment imposed on the institution for any assessment period in an amount equal to the lesser of—

''(I) the amount of the assessment; or

''(II) the amount equal to 3 basis points of the institution's assessment base.

''(v) TRANSPARENCY.—Not more than 30 days after the Corporation establishes and implements a restoration plan under clause (i), the Corporation shall publish in the Federal Register a detailed analysis of the factors considered and the basis for the actions taken with regard to the plan.''.

SEC. 9. REGULATIONS REQUIRED.

(a) IN GENERAL.—Not later than 270 days after the date of the enactment of this Act, the Board of Directors of the Federal Deposit Insurance Corporation shall prescribe final regulations, after notice and opportunity for comment—

(1) designating the reserve ratio for the Deposit Insurance Fund in accordance with section 7(b)(3) of the Federal Deposit Insurance Act (as amended by section 5 of this Act);

(2) implementing increases in deposit insurance coverage in accordance with the amendments made by section 3 of this Act;

(3) implementing the dividend requirement under section 7(e)(2) of the Federal Deposit Insurance Act (as amended by section 7 of this Act);

(4) implementing the 1-time assessment credit to certain insured depository institutions in accordance with section 7(e)(3) of the Federal Deposit Insurance Act, as amended by section 7 of this Act, including the qualifications and procedures under which the Corporation would apply assessment credits; and

(5) providing for assessments under section 7(b) of the Federal Deposit Insurance Act, as amended by this Act.

(b) RULE OF CONSTRUCTION.—No provision of this Act or any amendment made by this Act shall be construed as affecting the authority of the Corporation to set or collect deposit insurance assessments before the effective date of the final regulations prescribed under subsection (a).

SEC. 10. STUDIES OF FDIC STRUCTURE AND EXPENSES AND CERTAIN ACTIVITIES AND FURTHER POSSIBLE CHANGES TO DEPOSIT INSURANCE SYSTEM.

(a) STUDY BY COMPTROLLER GENERAL.—

(1) STUDY REQUIRED.—The Comptroller General shall conduct a study of the following issues:

(A) The efficiency and effectiveness of the administration of the prompt corrective action program under section 38 of the Federal Deposit Insurance Act by the Federal banking agencies (as defined in section 3 of such Act), including the degree of effectiveness of such agencies in identifying troubled depository institutions and taking effective action with respect to such institutions, and the degree of accuracy of the risk assessments made by the Corporation.

(B) The appropriateness of the organizational structure of the Federal Deposit Insurance Corporation for the mission of the Corporation taking into account—

(i) the current size and complexity of the business of insured depository institutions (as such term is defined in section 3 of the Federal Deposit Insurance Act);

(ii) the extent to which the organizational structure contributes to or reduces operational inefficiencies that increase operational costs; and

(iii) the effectiveness of internal controls.

(2) REPORT TO THE CONGRESS.—The Comptroller General shall submit a report to the Congress before the end of the 1-year period beginning on the date of the enactment of this Act containing the findings and conclusions of the Comptroller General with respect to the study required under paragraph (1) together with such recommendations for legislative or administrative action as the Comptroller General may determine to be appropriate.

(b) INTERNAL STUDY BY THE FDIC.—

(1) STUDY REQUIRED.—Concurrently with the study required to be conducted by the Comptroller General under subsection (a), the Federal Deposit Insurance Corporation shall conduct an internal study of the same conditions and factors included in the study under subsection (a).

(2) REPORT TO THE CONGRESS.—The Federal Deposit Insurance Corporation shall submit a report to the Congress before the end of the 1-year period beginning on the date of the enactment of this Act containing the findings and conclusions of the Corporation with respect to the study required under paragraph (1) together with such recommendations for legislative or administrative action as the Board of Directors of the Corporation may determine to be appropriate.

(c) STUDY OF FURTHER POSSIBLE CHANGES TO DEPOSIT INSURANCE SYSTEM.—

(1) STUDY REQUIRED.—The Board of Directors of the Federal Deposit Insurance Corporation and the National Credit Union Administration Board shall each conduct a study of the following:

(A) The feasibility of establishing a voluntary deposit insurance system for deposits in excess of the maximum amount of deposit insurance for any depositor and the potential benefits and the potential adverse consequences that may result from the establishment of any such system.

(B) The feasibility of privatizing all deposit insurance at insured depository institutions and insured credit unions.

(2) REPORT.—Before the end of the 1-year period beginning on the date of the enactment of this Act, the Board of Directors of the Federal Deposit Insurance Corporation and the National Credit Union Administration Board shall each submit a report to the Congress on the study required under paragraph (1) containing the findings and conclusions of the reporting agency together with such recommendations for legislative or administrative changes as the agency may determine to be appropriate.

(d) STUDY REGARDING APPROPRIATE DEPOSIT BASE IN DESIGNATING RESERVE RATIO.—

(1) STUDY REQUIRED.—The Federal Deposit Insurance Corporation shall conduct a study of the feasibility of using actual domestic deposits rather than estimated insured deposits in calculating the reserve ratio of the Deposit Insurance Fund and designating a reserve ratio for such Fund.

(2) REPORT.—The Federal Deposit Insurance Corporation shall submit a report to the Congress before the end of the 1-year period beginning on the date of the enactment of this Act containing the findings and conclusions of the Corporation with respect to the study required under paragraph (1) together with such recommendations for legislative or administrative action as the Board of Directors of the Corporation may determine to be appropriate.

(e) STUDY OF RESERVE METHODOLOGY AND ACCOUNTING FOR LOSS.—

(1) STUDY REQUIRED.—The Federal Deposit Insurance Corporation, in consultation with the Comptroller General, shall conduct a study of the reserve methodology and loss accounting used by the Corporation during the period beginning on January 1, 1992, and ending December 31, 2002, with respect to insured depository institutions in a troubled condition (as defined in the regulations prescribed pursuant to section 32(f) of the Federal Deposit Insurance Act).

(2) FACTORS TO BE INCLUDED.—In conducting the study pursuant to paragraph (1), the Federal Deposit Insurance Corporation shall—

(A) consider the overall effectiveness and accuracy of the methodology used by the Corporation for establishing and maintaining reserves and estimating and accounting for losses at insured depository institutions, during the period described in such paragraph;

(B) consider the appropriateness and reliability of information and criteria used by the Corporation in determining—

(i) whether an insured depository institution was in a troubled condition; and

(ii) the amount of any loss anticipated at such institution;

(C) analyze the actual historical loss experience over the period described in paragraph (1) and the causes of the exceptionally high rate of losses experienced by the Corporation in the final 3 years of that period; and

(D) rate the efforts of the Corporation to reduce losses in such 3-year period to minimally acceptable levels and to historical levels.

(3) REPORT REQUIRED.—The Board of Directors of the Federal Deposit Insurance Corporation shall submit a report to the Congress before the end of the 6-month period beginning on the date of the enactment of this Act, containing the findings and conclusions of the Corporation, in consultation with the Comptroller General, with respect to the study required under paragraph (1), together with such recommendations for legislative or administrative action as the Board of Directors may determine to be appropriate.

SEC. 11. BI-ANNUAL FDIC SURVEY AND REPORT ON INCREASING THE DEPOSIT BASE BY ENCOURAGING USE OF DEPOSITORY INSTITUTIONS BY THE UNBANKED.

The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is amended by adding at the end the following new section:

"SEC. 49. BI-ANNUAL FDIC SURVEY AND REPORT ON ENCOURAGING USE OF DEPOSITORY INSTITUTIONS BY THE UNBANKED.

''(a) SURVEY REQUIRED.—

''(1) IN GENERAL.—The Corporation shall conduct a bi-annual survey on efforts by insured depository institutions to bring those individuals and families who have rarely, if ever, held a checking account, a savings account or other type of transaction or check cashing account at an insured depository institution (hereafter in this section referred to as the 'unbanked') into the conventional finance system.

''(2) FACTORS AND QUESTIONS TO CONSIDER.—In conducting the survey, the Corporation shall take the following factors and questions into account:

''(A) To what extent do insured depository institutions promote financial education and financial literacy outreach?

''(B) Which financial education efforts appear to be the most effective in bringing 'unbanked' individuals and families into the conventional finance system?

''(C) What efforts are insured institutions making at converting 'unbanked' money order, wire transfer, and international remittance customers into conventional account holders?

''(D) What cultural, language and identification issues as well as transaction costs appear to most prevent 'unbanked' individuals from establishing conventional accounts?

''(E) What is a fair estimate of the size and worth of the 'unbanked' market in the United States?

''(b) REPORTS.—The Chairperson of the Board of Directors shall submit a bi-annual report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate containing the Corporation's findings and conclusions with respect to the survey conducted pursuant to subsection (a), together with such recommendations for legislative or administrative action as the Chairperson may determine to be appropriate.''.

SEC. 12. TECHNICAL AND CONFORMING AMENDMENTS TO THE FEDERAL DEPOSIT INSURANCE ACT RELATING TO THE MERGER OF THE BIF AND SAIF.

(a) IN GENERAL.—The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is amended—

(1) in section 3 (12 U.S.C. 1813)—

(A) by striking subparagraph (B) of subsection (a)(1) and inserting the following new subparagraph:

''(B) includes any former savings association.''; and

(B) by striking paragraph (1) of subsection (y) (as so designated by section 5(b) of this Act) and inserting the following new paragraph:

''(1) DEPOSIT INSURANCE FUND.—The term 'Deposit Insurance Fund' means the Deposit Insurance Fund established under section 11(a)(4).'';

(2) in section 5(b)(5) (12 U.S.C. 1815(b)(5)), by striking ''the Bank Insurance Fund or the Savings Association Insurance Fund,'' and inserting ''the Deposit Insurance Fund,'';

(3) in section 5(c)(4), by striking ''deposit insurance fund'' and inserting ''Deposit Insurance Fund'';

(4) in section 5(d) (12 U.S.C. 1815(d)), by striking paragraphs (2) and (3) (and any funds resulting from the application of such paragraph (2) prior to its repeal shall be deposited into the general fund of the Deposit Insurance Fund);

(5) in section 5(d)(1) (12 U.S.C. 1815(d)(1))—

(A) in subparagraph (A), by striking ''reserve ratios in the Bank Insurance Fund and the Savings Association Insurance Fund as required by section 7'' and inserting ''the reserve ratio of the Deposit Insurance Fund'';

(B) by striking subparagraph (B) and inserting the following:

''(2) FEE CREDITED TO THE DEPOSIT INSURANCE FUND.—The fee paid by the depository institution under paragraph (1) shall be credited to the Deposit Insurance Fund.'';

(C) by striking ''(1) UNINSURED INSTITUTIONS.—''; and

(D) by redesignating subparagraphs (A) and (C) as paragraphs (1) and (3), respectively, and moving the left margins 2 ems to the left;

(6) in section 5(e) (12 U.S.C. 1815(e))—

(A) in paragraph (5)(A), by striking ''Bank Insurance Fund or the Savings Association Insurance Fund'' and inserting ''Deposit Insurance Fund'';

(B) by striking paragraph (6); and

(C) by redesignating paragraphs (7), (8), and (9) as paragraphs (6), (7), and (8), respectively;

(7) in section 6(5) (12 U.S.C. 1816(5)), by striking ''Bank Insurance Fund or the Savings Association Insurance Fund'' and inserting ''Deposit Insurance Fund'';

(8) in section 7(b) (12 U.S.C. 1817(b))—

(A) in paragraph (1)(C), by striking ''deposit insurance fund'' each place that term appears and inserting ''Deposit Insurance Fund'';

(B) in paragraph (1)(D), by striking ''each deposit insurance fund'' and inserting ''the Deposit Insurance Fund''; and

(C) in paragraph (5) (as so redesignated by section 4(e)(4) of this Act)—

(i) by striking ''any such assessment'' and inserting ''any such assessment is necessary'';

(ii) by striking subparagraph (B);

(iii) in subparagraph (A)—

(I) by striking ''(A) is necessary—'';

(II) by striking ''Bank Insurance Fund members'' and inserting ''insured depository institutions''; and

(III) by redesignating clauses (i), (ii), and (iii) as subparagraphs (A), (B), and (C), respectively, and moving the margins 2 ems to the left; and

(iv) in subparagraph (C) (as so redesignated)—

(I) by inserting ''that'' before ''the Corporation''; and

(II) by striking ''; and'' and inserting a period;

(9) in section 7(j)(7)(F) (12 U.S.C. 1817(j)(7)(F)), by striking ''Bank Insurance Fund or the Savings Association Insurance Fund'' and inserting ''Deposit Insurance Fund'';

(10) in section 8(t)(2)(C) (12 U.S.C. 1818(t)(2)(C)), by striking ''deposit insurance fund'' and inserting ''Deposit Insurance Fund'';

(11) in section 11 (12 U.S.C. 1821)—

(A) by striking ''deposit insurance fund'' each place that term appears and inserting ''Deposit Insurance Fund'';

(B) by striking paragraph (4) of subsection (a) and inserting the following new paragraph:

''(4) DEPOSIT INSURANCE FUND.—

''(A) ESTABLISHMENT.—There is established the Deposit Insurance Fund, which the Corporation shall—

''(i) maintain and administer;

''(ii) use to carry out its insurance purposes, in the manner provided by this subsection; and

''(iii) invest in accordance with section 13(a).

''(B) USES.—The Deposit Insurance Fund shall be available to the Corporation for use with respect to insured depository institutions the deposits of which are insured by the Deposit Insurance Fund.

''(C) LIMITATION ON USE.—Notwithstanding any provision of law other than section 13(c)(4)(G), the Deposit Insurance Fund shall not be used in any manner to benefit any shareholder or affiliate (other than an insured depository institution that receives assistance in accordance with the provisions of this Act) of—

''(i) any insured depository institution for which the Corporation has been appointed conservator or receiver, in connection with any type of resolution by the Corporation;

''(ii) any other insured depository institution in default or in danger of default, in connection with any type of resolution by the Corporation; or

''(iii) any insured depository institution, in connection with the provision of assistance under this section or section 13 with respect to such institution, except that this clause shall not prohibit any assistance to any insured depository institution that is not in default, or that is not in danger of default, that is acquiring (as defined in section 13(f)(8)(B)) another insured depository institution.

''(D) DEPOSITS.—All amounts assessed against insured depository institutions by the Corporation shall be deposited into the Deposit Insurance Fund.'';

(C) by striking paragraphs (5), (6), and (7) of subsection (a); and

(D) by redesignating paragraph (8) of subsection (a) as paragraph (5);

(12) in section 11(f)(1) (12 U.S.C. 1821(f)(1)), by striking '', except that—'' and all that follows

through the end of the paragraph and inserting a period;

(13) in section 11(i)(3) (12 U.S.C. 1821(i)(3))—

(A) by striking subparagraph (B);

(B) by redesignating subparagraph (C) as subparagraph (B); and

(C) in subparagraph (B) (as so redesignated), by striking ''subparagraphs (A) and (B)'' and inserting ''subparagraph (A)'';

(14) in section 11(p)(2)(B) (12 U.S.C. 1821(p)(2)(B)), by striking ''institution, any'' and inserting ''institution, the'';

(15) in section 11A(a) (12 U.S.C. 1821a(a))—

(A) in paragraph (2), by striking ''LIABILITIES.—'' and all that follows through ''Except'' and inserting ''LIABILITIES.—Except'';

(B) by striking paragraph (2)(B); and

(C) in paragraph (3), by striking ''the Bank Insurance Fund, the Savings Association Insurance Fund,'' and inserting ''the Deposit Insurance Fund'';

(16) in section 11A(b) (12 U.S.C. 1821a(b)), by striking paragraph (4);

(17) in section 11A(f) (12 U.S.C. 1821a(f)), by striking ''Savings Association Insurance Fund'' and inserting ''Deposit Insurance Fund'';

(18) in section 12(f)(4)(E)(iv) (12 U.S.C. 1822(f)(4)(E)(iv)), by striking ''Federal deposit insurance funds'' and inserting ''the Deposit Insurance Fund (or any predecessor deposit insurance fund)'';

(19) in section 13 (12 U.S.C. 1823)—

(A) by striking ''deposit insurance fund'' each place that term appears and inserting ''Deposit Insurance Fund'';

(B) in subsection (a)(1), by striking ''Bank Insurance Fund, the Savings Association Insurance Fund,'' and inserting ''Deposit Insurance Fund'';

(C) in subsection (c)(4)(E)—

(i) in the subparagraph heading, by striking ''FUNDS'' and inserting ''FUND''; and

(ii) in clause (i), by striking ''any insurance fund'' and inserting ''the Deposit Insurance Fund'';

(D) in subsection (c)(4)(G)(ii)—

(i) by striking ''appropriate insurance fund'' and inserting ''Deposit Insurance Fund'';

(ii) by striking ''the members of the insurance fund (of which such institution is a member)'' and inserting ''insured depository institutions'';

(iii) by striking ''each member's'' and inserting ''each insured depository institution's''; and

(iv) by striking ''the member's'' each place that term appears and inserting ''the institution's'';

(E) in subsection (c), by striking paragraph (11);

(F) in subsection (h), by striking ''Bank Insurance Fund'' and inserting ''Deposit Insurance Fund'';

(G) in subsection (k)(4)(B)(i), by striking ''Savings Association Insurance Fund member'' and inserting ''savings association''; and

(H) in subsection (k)(5)(A), by striking ''Savings Association Insurance Fund members'' and inserting ''savings associations'';

(20) in section 14(a) (12 U.S.C. 1824(a)), in the 5th sentence—

(A) by striking ''Bank Insurance Fund or the Savings Association Insurance Fund'' and inserting ''Deposit Insurance Fund''; and

(B) by striking ''each such fund'' and inserting ''the Deposit Insurance Fund'';

(21) in section 14(b) (12 U.S.C. 1824(b)), by striking ''Bank Insurance Fund or Savings Association Insurance Fund'' and inserting ''Deposit Insurance Fund'';

(22) in section 14(c) (12 U.S.C. 1824(c)), by striking paragraph (3);

(23) in section 14(d) (12 U.S.C. 1824(d))—

(A) by striking ''Bank Insurance Fund member'' each place that term appears and inserting ''insured depository institution'';

(B) by striking ''Bank Insurance Fund members'' each place that term appears and inserting ''insured depository institutions'';

(C) by striking ''Bank Insurance Fund'' each place that term appears (other than in connection with a reference to a term amended by subparagraph (A) or (B) of this paragraph) and inserting ''Deposit Insurance Fund'';

(D) by striking the subsection heading and inserting the following:

''(d) BORROWING FOR THE DEPOSIT INSURANCE FUND FROM INSURED DEPOSITORY INSTITUTIONS.—'';

(E) in paragraph (3), in the paragraph heading, by striking ''BIF'' and inserting ''THE DEPOSIT INSURANCE FUND''; and

(F) in paragraph (5), in the paragraph heading, by striking ''BIF MEMBERS'' and inserting ''INSURED DEPOSITORY INSTITUTIONS'';

(24) in section 14 (12 U.S.C. 1824), by adding at the end the following new subsection:

''(e) BORROWING FOR THE DEPOSIT INSURANCE FUND FROM FEDERAL HOME LOAN BANKS.—

''(1) IN GENERAL.—The Corporation may borrow from the Federal home loan banks, with the concurrence of the Federal Housing Finance Board, such funds as the Corporation considers necessary for the use of the Deposit Insurance Fund.

''(2) TERMS AND CONDITIONS.—Any loan from any Federal home loan bank under paragraph (1) to the Deposit Insurance Fund shall—

''(A) bear a rate of interest of not less than the current marginal cost of funds to that bank, taking into account the maturities involved;

''(B) be adequately secured, as determined by the Federal Housing Finance Board;

''(C) be a direct liability of the Deposit Insurance Fund; and

''(D) be subject to the limitations of section 15(c).'';

(25) in section 15(c)(5) (12 U.S.C. 1825(c)(5))—

(A) by striking ''the Bank Insurance Fund or Savings Association Insurance Fund, respectively'' each place that term appears and inserting ''the Deposit Insurance Fund''; and

(B) in subparagraph (B), by striking ''the Bank Insurance Fund or the Savings Association Insurance Fund, respectively'' and inserting ''the Deposit Insurance Fund'';

(26) in section 17(a) (12 U.S.C. 1827(a))—

(A) in the subsection heading, by striking ''BIF, SAIF,'' and inserting ''THE DEPOSIT INSURANCE FUND''; and

(B) in paragraph (1)—

(i) by striking ''the Bank Insurance Fund, the Savings Association Insurance Fund,'' each place that term appears and inserting ''the Deposit Insurance Fund''; and

(ii) in subparagraph (D), by striking ''each insurance fund'' and inserting ''the Deposit Insurance Fund'';

(27) in section 17(d) (12 U.S.C. 1827(d)), by striking '', the Bank Insurance Fund, the Savings Association Insurance Fund,'' each place that term appears and inserting ''the Deposit Insurance Fund'';

(28) in section 18(m)(3) (12 U.S.C. 1828(m)(3))—

(A) by striking ''Savings Association Insurance Fund'' in the 1st sentence of subparagraph (A) and inserting ''Deposit Insurance Fund'';

(B) by striking ''Savings Association Insurance Fund member'' in the last sentence of subparagraph (A) and inserting ''savings association''; and

(C) by striking ''Savings Association Insurance Fund or the Bank Insurance Fund'' in subparagraph (C) and inserting ''Deposit Insurance Fund'';

(29) in section 18(o) (12 U.S.C. 1828(o)), by striking ''deposit insurance funds'' and ''deposit insurance fund'' each place those terms appear and inserting ''Deposit Insurance Fund'';

(30) in section 18(p) (12 U.S.C. 1828(p)), by striking ''deposit insurance funds'' and inserting ''Deposit Insurance Fund'';

(31) in section 24 (12 U.S.C. 1831a)—

(A) in subsections (a)(1) and (d)(1)(A), by striking ''appropriate deposit insurance fund'' each place that term appears and inserting ''Deposit Insurance Fund'';

(B) in subsection (e)(2)(A), by striking ''risk to'' and all that follows through the period and inserting ''risk to the Deposit Insurance Fund.''; and

(C) in subsections (e)(2)(B)(ii) and (f)(6)(B), by striking ''the insurance fund of which such bank is a member'' each place that term appears and inserting ''the Deposit Insurance Fund'';

(32) in section 28 (12 U.S.C. 1831e), by striking ''affected deposit insurance fund'' each place that term appears and inserting ''Deposit Insurance Fund'';

(33) by striking section 31 (12 U.S.C. 1831h);

(34) in section 36(i)(3) (12 U.S.C. 1831m(i)(3)), by striking ''affected deposit insurance fund'' and inserting ''Deposit Insurance Fund'';

(35) in section 37(a)(1)(C) (12 U.S.C. 1831n(a)(1)(C)), by striking ''insurance funds'' and inserting ''Deposit Insurance Fund'';

(36) in section 38 (12 U.S.C. 1831o), by striking ''the deposit insurance fund'' each place that term appears and inserting ''the Deposit Insurance Fund'';

(37) in section 38(a) (12 U.S.C. 1831o(a)), in the subsection heading, by striking ''FUNDS'' and inserting ''FUND'';

(38) in section 38(k) (12 U.S.C. 1831o(k))—

(A) in paragraph (1), by striking ''a deposit insurance fund'' and inserting ''the Deposit Insurance Fund'';

(B) in paragraph (2), by striking ''A deposit insurance fund'' and inserting ''The Deposit Insurance Fund''; and

(C) in paragraphs (2)(A) and (3)(B), by striking ''the deposit insurance fund's outlays'' each place that term appears and inserting ''the outlays of the Deposit Insurance Fund''; and

(39) in section 38(o) (12 U.S.C. 1831o(o))—

(A) by striking ''ASSOCIATIONS.—'' and all that follows through ''Subsections (e)(2)'' and inserting ''ASSOCIATIONS.—Subsections (e)(2)'';

(B) by redesignating subparagraphs (A), (B), and (C) as paragraphs (1), (2), and (3), respectively, and moving the margins 2 ems to the left; and

(C) in paragraph (1) (as so redesignated), by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively, and moving the margins 2 ems to the left.

(b) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect on the first day of the first calendar quarter that begins after the end of the 90-day period beginning on the date of the enactment of this Act.

SEC. 13. OTHER TECHNICAL AND CONFORMING AMENDMENTS RELATING TO THE MERGER OF THE BIF AND SAIF.

(a) SECTION 5136 OF THE REVISED STATUTES.—The paragraph designated the ''Eleventh'' of section 5136 of the Revised Statutes of the United States (12 U.S.C. 24) is amended in the 5th sentence, by striking ''affected deposit insurance fund'' and inserting ''Deposit Insurance Fund''.

(b) INVESTMENTS PROMOTING PUBLIC WELFARE; LIMITATIONS ON AGGREGATE INVESTMENTS.—The 23d undesignated paragraph of section 9 of the Federal Reserve Act (12 U.S.C. 338a) is amended in the 4th sentence, by striking ''affected deposit insurance fund'' and inserting ''Deposit Insurance Fund''.

(c) ADVANCES TO CRITICALLY UNDERCAPITALIZED DEPOSITORY INSTITUTIONS.—Section 10B(b)(3)(A)(ii) of the Federal Reserve Act (12 U.S.C. 347b(b)(3)(A)(ii)) is amended by striking ''any deposit insurance fund in'' and inserting ''the Deposit Insurance Fund of''.

(d) AMENDMENTS TO THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985.—Section 255(g)(1)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 905(g)(1)(A)) is amended—

(1) by striking ''Bank Insurance Fund'' and inserting ''Deposit Insurance Fund''; and

(2) by striking ''Federal Deposit Insurance Corporation, Savings Association Insurance Fund (51–4066–0–3–373);''.

(e) AMENDMENTS TO THE FEDERAL HOME LOAN BANK ACT.—The Federal Home Loan Bank Act (12 U.S.C. 1421 et seq.) is amended—

(1) in section 11(k) (12 U.S.C. 1431(k))—

(A) in the subsection heading, by striking ''SAIF'' and inserting ''THE DEPOSIT INSURANCE FUND''; and

(B) by striking ''Savings Association Insurance Fund'' each place such term appears and inserting ''Deposit Insurance Fund'';

(2) in section 21 (12 U.S.C. 1441)—

(A) in subsection (f)(2), by striking '', except that'' and all that follows through the end of the paragraph and inserting a period; and

(B) in subsection (k), by striking paragraph (4);

(3) in section 21A(b)(4)(B) (12 U.S.C. 1441a(b)(4)(B)), by striking ''affected deposit insurance fund'' and inserting ''Deposit Insurance Fund'';

(4) in section 21A(b)(6)(B) (12 U.S.C. 1441a(b)(6)(B))—

(A) in the subparagraph heading, by striking ''SAIF-INSURED BANKS'' and inserting ''CHARTER CONVERSIONS''; and

(B) by striking ''Savings Association Insurance Fund member'' and inserting ''savings association'';

(5) in section 21A(b)(10)(A)(iv)(II) (12 U.S.C. 1441a(b)(10)(A)(iv)(II)), by striking ''Savings Association Insurance Fund'' and inserting ''Deposit Insurance Fund'';

(6) in section 21A(n)(6)(E)(iv) (12 U.S.C. 1441(n)(6)(E)(iv)), by striking ''Federal deposit insurance funds'' and inserting ''the Deposit Insurance Fund'';

(7) in section 21B(e) (12 U.S.C. 1441b(e))—

(A) in paragraph (5), by inserting ''as of the date of funding'' after ''Savings Association Insurance Fund members'' each place that term appears; and

(B) by striking paragraphs (7) and (8); and

(8) in section 21B(k) (12 U.S.C. 1441b(k))—

(A) by inserting before the colon '', the following definitions shall apply'';

(B) by striking paragraph (8); and

(C) by redesignating paragraphs (9) and (10) as paragraphs (8) and (9), respectively.

(f) AMENDMENTS TO THE HOME OWNERS' LOAN ACT.—The Home Owners' Loan Act (12 U.S.C. 1461 et seq.) is amended—

(1) in section 5 (12 U.S.C. 1464)—

(A) in subsection (c)(5)(A), by striking ''that is a member of the Bank Insurance Fund'';

(B) in subsection (c)(6), by striking ''As used in this subsection—'' and inserting ''For purposes of this subsection, the following definitions shall apply:'';

(C) in subsection (o)(1), by striking ''that is a Bank Insurance Fund member'';

(D) in subsection (o)(2)(A), by striking ''a Bank Insurance Fund member until such time as it changes its status to a Savings Association Insurance Fund member'' and inserting ''insured by the Deposit Insurance Fund'';

(E) in subsection (t)(5)(D)(iii)(II), by striking ''affected deposit insurance fund'' and inserting ''Deposit Insurance Fund'';

(F) in subsection (t)(7)(C)(i)(I), by striking ''affected deposit insurance fund'' and inserting ''Deposit Insurance Fund''; and

(G) in subsection (v)(2)(A)(i), by striking ''the Savings Association Insurance Fund'' and inserting ''or the Deposit Insurance Fund''; and

(2) in section 10 (12 U.S.C. 1467a)—

(A) in subsection (c)(6)(D), by striking ''this title'' and inserting ''this Act'';

(B) in subsection (e)(1)(B), by striking ''Savings Association Insurance Fund or Bank Insurance Fund'' and inserting ''Deposit Insurance Fund'';

(C) in subsection (e)(2), by striking ''Savings Association Insurance Fund or the Bank Insurance Fund'' and inserting ''Deposit Insurance Fund'';

(D) in subsection (e)(4)(B), by striking ''subsection (1)'' and inserting ''subsection (l)'';

(E) in subsection (g)(3)(A), by striking ''(5) of this section'' and inserting ''(5) of this subsection'';

(F) in subsection (i), by redesignating paragraph (5) as paragraph (4);

(G) in subsection (m)(3), by striking subparagraph (E) and by redesignating subparagraphs (F), (G), and (H) as subparagraphs (E), (F), and (G), respectively;

(H) in subsection (m)(7)(A), by striking ''during period'' and inserting ''during the period''; and

(I) in subsection (o)(3)(D), by striking ''sections 5(s) and (t) of this Act'' and inserting ''subsections (s) and (t) of section 5''.

(g) AMENDMENTS TO THE NATIONAL HOUSING ACT.—The National Housing Act (12 U.S.C. 1701 et seq.) is amended—

(1) in section 317(b)(1)(B) (12 U.S.C. 1723i(b)(1)(B)), by striking ''Bank Insurance Fund for banks or through the Savings Association Insurance Fund for savings associations'' and inserting ''Deposit Insurance Fund''; and

(2) in section 536(b)(1)(B)(ii) (12 U.S.C. 1735f–14(b)(1)(B)(ii)), by striking ''Bank Insurance Fund for banks and through the Savings Association Insurance Fund for savings associations'' and inserting ''Deposit Insurance Fund''.

(h) AMENDMENTS TO THE FINANCIAL INSTITUTIONS REFORM, RECOVERY, AND ENFORCEMENT ACT OF 1989.—The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1811 note) is amended—

(1) in section 951(b)(3)(B) (12 U.S.C. 1833a(b)(3)(B)), by inserting ''and after the merger of such funds, the Deposit Insurance Fund,'' after ''the Savings Association Insurance Fund,''; and

(2) in section 1112(c)(1)(B) (12 U.S.C. 3341(c)(1)(B)), by striking ''Bank Insurance Fund, the Savings Association Insurance Fund,'' and inserting ''Deposit Insurance Fund''.

(i) AMENDMENT TO THE BANK HOLDING COMPANY ACT OF 1956.—The Bank Holding Company Act of 1956 (12 U.S.C. 1841 et seq.) is amended—

(1) in section 2(j)(2) (12 U.S.C. 1841(j)(2)), by striking ''Savings Association Insurance Fund'' and inserting ''Deposit Insurance Fund''; and

(2) in section 3(d)(1)(D)(iii) (12 U.S.C. 1842(d)(1)(D)(iii)), by striking ''appropriate deposit insurance fund'' and inserting ''Deposit Insurance Fund''.

(j) AMENDMENTS TO THE GRAMM-LEACH-BLILEY ACT.—Section 114 of the Gramm-Leach-Bliley Act (12 U.S.C. 1828a) is amended by striking ''any Federal deposit insurance fund'' in subsection (a)(1)(B), paragraphs (2)(B) and (4)(B) of subsection (b), and subsection (c)(1)(B), each place that term appears and inserting ''the Deposit Insurance Fund''.

(k) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect on the first day of the first calendar quarter that begins after the end of the 90-day period beginning on the date of the enactment of this Act.

The CHAIRMAN. No amendment to the committee amendment in the nature of a substitute is in order except the following amendments printed in the CONGRESSIONAL RECORD: amendment No. 1 by the gentleman from California (Mr. OSE); and amendment No. 2 by the gentleman from California (Mr. ROHRABACHER). Each amendment may be offered only in the order specified, by the Member designated or his designee, shall be considered read, shall be debatable for 20 minutes, equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question.

It is now in order to consider amendment No. 1 printed in the CONGRESSIONAL RECORD by the gentleman from California (Mr. OSE).

AMENDMENT NO. 1 OFFERED BY MR. OSE

Mr. OSE. Mr. Chairman, I offer an amendment.

The CHAIRMAN: The Clerk will designate the amendment.

The Clerk designated the amendment as follows:

Amendment No. 1 offered by Mr. OSE:

Page 4, beginning on line 10, strike ''means—'' and all that follows through page 7, line 2, and insert ''means $100,000.'.'' (and conform any cross references appropriately).

Page 19, strike line 20 and all that follows through page 20, line 4, and insert ''means $100,000.'.''.

The CHAIRMAN. Pursuant to the order of the House of Tuesday, April 1, the gentleman from California (Mr. OSE) and a Member opposed each will control 10 minutes.

The Chair recognizes the gentleman from California (Mr. OSE).

Mr. FRANK of Massachusetts. Mr. Chairman, did any Member claim the opposing time?

The CHAIRMAN. Does any Member claim the time in opposition?

Mr. BACHUS. Mr. Chairman, I was standing to claim the time in opposition.

The CHAIRMAN. The gentleman from Alabama (Mr. BACHUS) will be recognized in opposition.

The gentleman from California (Mr. OSE) is recognized.

Mr. OSE. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I fully support many of the reforms in H.R. 522 but must, once again, raise some concern with one particular section that would not only cause harm but could ensure that the other reforms are once again delayed by the other body or by the administration. That issue is the increase in coverage amounts.

I am pleased to see my friend, the gentlewoman from New York (Mrs. MALONEY), a fellow member of Committee on Financial Services, here on the floor today who is joining me in offering this amendment.

This simple amendment returns the base coverage level for insurance on deposits to the current $100,000 level. It removes provisions increasing coverage to $130,000, as well as provisions to automatically increase coverage through inflation adjustments. This is the only change it makes.

Mr. Chairman, I reserve the balance of my time.

Mr. BACHUS. Mr. Chairman, I yield myself such time as I may consume.

I speak in opposition to this amendment. One of the statements by the proponent of this amendment has been that the former increase in coverage was the primary reason for the savings and loan crisis, and let me say in that regard that the cause of the savings and loan collapse, crisis in this country, has been well examined and well documented. The FDIC, in fact, issued a report called ''History of the Eighties, Lessons for the Future and Examination of the Banking Crisis of the 1980s.''

Here is their reasoning. The rise in the number of bank failures in the 1980s had no single cause or short list of causes. Rather, it resulted from a concurrence of various forces working together to produce a decade of banking crises.

First, broad national forces, economic, financial, legislative and regulatory established the preconditions for the increased number of bank failures. Second, a series of severe regional and sectional recessions hit banks in a number of banking markets and led to the majority of the failures. Third, some of the banks in these markets assumed excessive risk and were insufficiently restrained by supervisory authorities with the result that they failed in disproportionate numbers.

As a result of that, Mr. Chairman, we have made several changes in the law in this body in an attempt, and I think a successful attempt thus far, to make these institutions subject to more oversight and to stronger capital requirements.

One Member of our body's father served as the FBI director during the savings and loan crisis. He was asked in a congressional hearing for his comment on the savings and loan crisis, and he said that criminal activity, fraud and looting were the primary causes of the crisis. In fact, the committee staff has made a fairly exhaustive study of the various articles written concerning the collapse of the savings and loans, and these were the reasons given at the time.

My colleagues can see we have a basic laundry list of reasons, but there is actually evidence that the increase in coverage at the time gave savers some degree of security and actually prevented a panic at many institutions, and some of that body of evidence supports that it actually helped in a contagion of that crisis.

Mr. Chairman, the final argument is a moral-hazard argument. The offerer of this amendment has argued that increasing coverage will create a greater moral hazard in the system; but then, surprisingly, his amendment does not raise the level from $100,000 to $130,000. It does away with that, but then he raises retirement accounts to $260,000, and he raises municipal deposits; and by doing that, they have managed in the subcommittee to basically arouse everyone's opposition to the amendment because if we raise the coverage for retirements in municipal deposits, then one is, in fact, arguing against the reason for offering his own amendment.

I will close simply by saying that this moral-hazard argument has been looked at by the FDIC. They asked two respected economists to make a report, and they were Federal Reserve Governor Alan Blinder, and this is what he said. The point is made that if the FDIC is given the authority to charge risk-based premiums, and that is what H.R. 522 does, then ''most objections based on moral hazard should evaporate.'' He goes on to state, ''In a world of properly priced deposit insurance, it seems more appropriate to ask the opposite question: Why have any coverage limits at all?''

In fact, I think that ought to be the question we are debating: Why have any coverage limits at all? Even the CBO says that this bill will result in an increase of insured deposits in our institutions. Is that not something that we have all argued for? Do we not want an increase in the deposits in our financial institutions? Does that not strengthen our economy? Is that not good for America? They say that some institutions will fail and some people in that institution will lose 200 or $220,000 worth of retirement funds. Do we not want them to have federally insured coverage? Do we want them to lose this money? I do not think so.

Finally, do we believe in insurance? I think that is the essence of this whole argument. I mean, do we believe in insurance? Do we believe in insuring for losses? If we do, and I for one think that insurance is a good thing, I believe that insurance is a prudent thing, and I believe that in order for our Federal deposit insurance system to survive and have any relevance then that insurance protection, which I believe in, I believe in insuring against risk, I believe it is a prudent thing to do, then why would we want the Federal deposit insurance system to wither on the vine?

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Why would we not want it to stay current with inflationary rates and per capita income? And the only way to do that is to vote ''yes'' on this bill. A vote against this bill basically would be like going back to 1980 and reducing the coverage from $100,000 to $30,000 if you went on per capita income, or $47,000 if you went on inflation.

How many in our body would do that? How many in our body would vote today to take those levels back to the 1980 level? I do not think any of us would. A few of us would because, as the gentleman from California (Mr. ROHRABACHER) says, I do not believe in Federal deposit insurance. I do not believe in the Federal Government supplying insurance. Well, it is the depositors, for one thing. The Federal Government does not. If he would look, he would see it is the banks through their premiums.

Mr. FRANK of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. BACHUS. I yield to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. Mr. Chairman, I thank the gentleman for yielding to me. I did not want time to expire while discussing the absent gentleman from California, and I did want to make sure I had a chance to express my opposition to this amendment.

I think the committee product is a reasonable approach and so I hope the amendment is defeated. And, once again, I thank the gentleman for yielding to me

Mr. BACHUS. Mr. Chairman, I reserve the balance of my time.

Mr. OSE. Mr. Chairman, could you tell me how much time remains on each side?

The CHAIRMAN. The gentleman from California (Mr. OSE) has 9 minutes remaining.

Mr. OSE. Mr. Chairman, I want to make sure we are talking about the right amendment. It is amendment No. 1, which only deals with the level of insurance and the question of indexing. It does not deal with retirement accounts or municipal deposits. Am I correct in that, Mr. Chairman?

The CHAIRMAN. The Chair cannot interpret the amendment. The gentleman may proceed.

Mr. OSE. Mr. Chairman, I yield 5 minutes to the gentlewoman from New York (Mrs. MALONEY).

Mrs. MALONEY. Mr. Chairman, I thank the gentleman for yielding me this time and for his leadership, and I rise in support of the Ose-Maloney amendment, a compromise approach to deposit insurance coverage that holds standard account coverage at $100,000 while offering increased protection for retirees.

Mr. Chairman, as a whole, this is an outstanding bill. As an original cosponsor of H.R. 522, I am supportive of the overwhelming majority of provisions in the legislation. It is long past time to merge the BIF and SAIF insurance funds. Additionally, eliminating the 23 basis point cliff and providing a new premium system that takes into account the past contributions of institutions are major steps forward.

The bill includes a mechanism for determining credit for past contributions to the insurance funds that is based on an amendment I cosponsored along with the gentleman from Nebraska (Mr. BEREUTER) last session. This is a critically important provision as a matter of fairness to institutions that recapitalized the funds, and I thank the gentleman from Alabama (Mr. BACHUS) for including this balanced amendment in the legislation.

Despite these many positives, I believe the immediate 30 percent increase in insurance coverage in the bill is a serious mistake. This coverage increase to $130,000 is opposed by all the Federal financial service regulators, including Alan Greenspan, Treasury Secretary Peter Fischer, OCC Comptroller John Hawke and OTS Director James Gilleran.

Proponents of increased coverage argue that it poses no new risk to the insurance system, but the regulators who oppose this increase are the very officials whose job it is to protect the safety and soundness of the financial system. The unanimity of regulator opposition to increased coverage is an extremely powerful message.

Another argument put forth by proponents of coverage increases is that inflation has eroded deposit insurance. I do not believe this argument matches the actual situation of the banking industry. The fact is that only 2 percent

of insured accounts have more than $100,000 according to a study by the Federal Reserve. The same Fed study put the average account balance at merely $6,000. Any way you look at it the increase in coverage will benefit very, very few depositors.

Proponents of increasing coverage also contend that because insurance premiums are paid by banks, increasing coverage does not cost taxpayers. While I concede this point, I think we have to remember that behind the deposit insurance funds is the full faith and credit of the United States Government.

Since I joined the Committee on Financial Services at the close of the savings and loan crisis, I have been committed to protecting the safety and soundness of the financial service system. While the causes of the S&L failures were many, as my friend from Alabama pointed out, the fact is that standing behind the insurance system are our constituent taxpayer dollars. No matter what the reasons are for a future bank failure or string of failures, by raising insurance coverage we increase the potential liability of the government. Additionally, raising coverage may encourage the concept of moral hazard. Institutions will be encouraged to engage in riskier behavior to boost earnings if they know that failure is insured by the Federal Government.

Finally, I urge support for this amendment because it strikes a compromise. It holds the line on coverage for standard accounts while offering retirees additional insurance. I believe that there are many valid policy arguments for offering additional coverage and additional insurance for this special class of banking account. At its core this amendment represents a compromise. It allows Members the opportunity to support the concerns of the regulatory community on standard accounts while offering increased insurance on retirement accounts.

This is a good bill and I will support its passage. I simply think it would be much improved with the adoption of this amendment, and I thank the gentleman from California (Mr. OSE) for his leadership and I thank also the gentleman from Alabama (Mr. BACHUS) for crafting a fine underlying bill, along with the chairman, the gentleman from Ohio (Mr. OXLEY), and the Democratic leader, the gentleman from Massachusetts (Mr. FRANK).

Mr. Chairman, I include for the RECORD the following testimony from our committee hearing:

PREPARED TESTIMONY OF THE HONORABLE PETER R. FISCHER, UNDERSECRETARY FOR DOMESTIC FINANCE, DEPARTMENT OF THE TREASURY, 9:30 A.M., WEDNESDAY, FEBRUARY 26, 2003—DIRKSEN 538

Mr. Chairman, Senator Sarbanes, and Members of the Committee, I appreciate the opportunity to provide the Administration's views on deposit insurance reform. I also want to commend Chairman Powell and the FDIC staff for their valuable contributions to the discussion of this important issue.

The Administration strongly supports reforms to our deposit insurance system that would, first, merge the bank and thrift insurance funds, second, allow more flexibility in the management of fund reserves while maintaining adequate reserve levels and, third, ensure that all participating institutions fairly share in the maintenance of FDIC resources in accordance with the insurance fund's loss exposure from each institution. The Administration strongly opposes any increases in deposit insurance coverage limits.

Our current deposit insurance system managed by the Federal Deposit Insurance Corporation (FDIC) serves to protect insured depositors from exposure to bank losses and, as a result, helps to promote public confidence in the U.S. banking system. I am concerned today that our deposit insurance system has structural weaknesses that, in the absence of reform, could deepen over time. I want to emphasize that there is no crisis in the FDIC; both of its funds are strong, well managed, with adequate reserves. This is the right time to act—when we do not face a crisis—and the Administration supports legislation focused on the repair of these structural weaknesses.

Increases in FDIC benefits, however, including any increase in the level of insurance coverage, are not part of the solution to these problems and should be avoided. When I testified before this Committee last April, I argued that an increase in deposit insurance coverage limits would serve no sound public policy purpose. Nothing has occurred since then to change that view. The Administration continues to oppose higher coverage limit in any form. Indeed, we feel that the entire issue of coverage limits regrettably diverts attention from the important reforms that are needed.

MERGING THE BANK AND THRIFT INSURANCE FUNDS

We support a merger of the Bank Insurance Fund (BIF) and Savings Association Insurance Fund (SAIF) as soon as practicable. A larger, combined insurance fund would be better able to diversify risks, and thus withstand losses, than would either fund separately. Merging the funds while the industry is strong and both funds are adequately capitalized would not burden either BIF or SAIF members. A merged fund would also end the possibility that similar institutions could pay significantly different premiums for the same product, as was the case in the recent past and could occur again in the near future without this change. A merger would also recognize changes in the industry. As a result of mergers and consolidations, each fund now insures deposits of both commercial banks and thrifts. Indeed, commercial banks now account for 45 percent of all SAIF-insured deposits.

FLEXIBILITY IN THE MANAGEMENT OF FDIC RESERVES

Current law generally requires each insurance fund to maintain reserves equal to 1.25 percent of estimated insured deposits, the ''designated reserve ratio.'' When the reserve ratio falls below this threshold, the FDIC must charge either a premium sufficient to restore the reserve ratio to 1.25 percent within one year, or a minimum of 23 basis points if the reserve ratio would remain below 1.25 percent for a longer period. Since the latter would be expected when the banking system, and probably the economy as well, were under stress, such a sharp increase in industry assessments could have an undesirable pro-cyclical effect, further reducing liquidity precisely when liquidity is needed. Were FDIC fund contributions to come from resources that otherwise might be part of capital, every dollar paid would mean a potential reduction of 10 or 12 dollars in lending, or as much as $12 billion in reduced lending for a $1 billion FDIC replenishment.

Reserves should be allowed to grow when conditions are good. This would enable the fund to better absorb losses under adverse conditions without sharp increases in premiums. In order to achieve this objective and also to account for changing risks to the insurance fund over time, we support greater latitude for the FDIC to alter the designated reserve ratio within statutorily prescribed upper and lower bounds. Within these bounds, the FDIC should provide for public notice and comment concerning any proposed change to the designated reserve ratio. The FDIC should also have discretion in determining how quickly the fund meets the designated reserve ratio as long as the actual reserve ratio is within these bounds. If the reserve ratio were to fall below the lower bound, the FDIC should restore it to within the statutory range promptly, over a reasonable but limited timeframe. We would also support some reduction in the prescribed minimum premium rate—currently 23 basis points—that would be in effect if more than one year were required to restore the fund's reserves.

Nevertheless, as we learned from the deposit insurance experience of the 1980s, flexibility must be tempered by a clear requirement for prudent and timely fund replenishment. The statutory range for the designated reserve ratio should strike an appropriate balance between the burden of pre-funding future loses and the pro-cyclical costs of replenishing the insurance fund in a downturn. A key benefit to giving the FDIC greater flexibility in managing the reserve ratio within statutorily prescribed bounds is the ability to achieve low, stable premiums over time, adequate to meet FDIC needs in bad times, with the least burden on financial institutions and on the economy. We also believe that with this reform, the possibility of recourse to taxpayer resources is even further removed.

FULL RISK-BASED SHARED FUNDING

Every day that they operate, banks and thrifts benefit from their access to federal deposit insurance. For several years, however, the FDIC has been allowed to obtain premiums for deposit insurance from only a few insured institutions. Currently, over 90 percent of banks and thrifts pay nothing to the FDIC. This is an untenable formula for the long-term stability of the FDIC.

Moreover, current law frustrates one of the most important reforms enacted in the wake of the collapse of the Federal Savings and Loan Insurance Corporation (FSLIC) and the depletion of FDIC reserves: the requirement for risk-based premiums. When 90 percent of the industry pays no premiums, there is little opportunity to do what any prudent insurer would do: adjust premiums for risk. Nearly all banks are treated the same, and lately they have been treated to free service.

For example, today a bank can rapidly increase its insured deposits without paying anything into the insurance fund. As is now well known, some large financial companies have greatly augmented their insured deposits in the past few years by sweeping uninsured funds into their affiliated depository institutions—without compensating the FDIC at all. Other major financial companies might be expected to do the same in the future. In addition, most of the over 1,100 banks and thrifts chartered after 1996 have never paid a penny in deposit insurance premiums. Yet if insured deposit growth by a relatively few institutions were to cause the reserve ratio to decline below the designated reserve ratio, all banks would be required to pay premiums to raise reserves.

To rectify this ''free rider'' problem and ensure that institutions appropriately compensate the FDIC commensurate with their risk, Congress should remove the current restrictions on FDIC premium-setting. In order to recognize past payments to build up current reserves, we support the proposal to apply temporary transition credits against future premiums that would be distributed based on a measure of each institution's contribution to the build-up of insurance fund reserves in the early-to-mid 1990s. In addition to transition credits, allowing the FDIC to provide assessment credits on an on-going basis would permit the FDIC to collect payments from institutions more closely in relation to their deposit growth.

We strongly oppose rebates, which would drain the insurance fund of cash. Over much of its history, the FDIC insurance fund reserve ratio remained well above the current target, only to drop into deficit conditions by the beginning of the 1990s. Therefore, it is vital that funds collected in good times, and the earnings on those collections, be available for times when they will be needed.

There are other important structural issues that need to be addressed sooner than later. It would be appropriate to evaluate whether there are changes to the National Credit Union Share Insurance Fund (NCUSIF) that would be suitable in light of the proposed reforms made of FDIC insurance so as to avoid unintended disparities between the two programs. Perhaps even more important is the need to address the long-term funding of supervision by the National Credit Union Administration, particularly in view of recent trends toward conversions from federal to state charters and growing consolidation of credit unions. Similarly, there are structural problems in the funding of the Office of the Comptroller of the Currency and the Office of Thrift Supervision, the resolution of which should not be delayed.

DEPOSIT INSURANCE COVERAGE LIMITS

The improvements to the deposit insurance system that I have just outlined are vital to the system's long-term health. Other proposals, however, would not contribute to the strength of the taxpayer-backed deposit insurance system and may actually weaken it.

Increasing the general coverage limit up front or through indexation, or raising coverage limits for particular categories of deposits, is unnecessary. Savers do not need an increase in coverage limits and would receive no real financial benefit. Unlike other government benefit programs, there is no need for indexation of deposit insurance coverage because savers can now obtain all the coverage that they desire by using multiple banks and through other means.

Higher coverage limits would not predictably advantage any particular size of banks, would increase all banks' insurance premium costs, and would mean greater taxpayer exposure by adding to the contingent liabilities of the government and weakening market discipline. An increase in coverage limits would reduce—not enhance—competition among banks in general as the efficient and inefficient offer the same investment risk to depositors; in fact, perversely, investors would be drawn at no risk to the worst banks, which usually offer the highest interest rates.

Higher Coverage Limits Not Sought by Savers

First of all, the clamor for raising coverage limits does not come from savers. The evidence that current coverage limits constitute a burden to savers is scant; there has been little demand from depositors for higher maximum levels. The recent consumer finance survey data released by the Federal Reserve confirm what we found in the previous survey, namely that raising the coverage limit would do little, if anything, for most savers. Median family deposit balances are only $4,000 for transaction account deposits and $15,000 for certificates of deposit, far below the current $100,000 ceiling. The same holds true even when considering only older Americans, a segment of the population with higher bank account usage: median transaction account balances and certificates of deposit total $8,000 and $20,000, respectively, for those households headed by individuals between the ages of 65 and 74.

Examining the Federal Reserve data for retirement accounts shows present maximum deposit insurance coverage to be more than adequate. The median balance across age groups held in IRA/Keogh accounts at insured depository institutions is only $15,000. For the 65 to 69 age group, median household IRA/Keogh deposits total $30,000.

A small group of relatively affluent savers might find greater convenience from increased maximum coverage levels. But it is a tiny group. Only 3.4 percent of households with bank accounts held any uninsured deposits, and the median income of these households was more than double the median income of all depositors in the survey.

Under current rules, these savers have plenty of options, with the market place presenting new options for unlimited deposit insurance coverage without changing federal coverage limits. At little inconvenience, savers with substantial bank deposits—including retirees and those with large bank savings for retirement—may place deposits at any number of banks to obtain as much FDIC coverage as desired. They may also establish accounts within the same bank under different legal capacities, qualifying for several multiples of current maximum coverage limits. Firms are now developing programs for exchanging depositor accounts that could offer seamless means of providing unlimited coverage for depositors without any change in current limits.

One of the fundamental rules of prudent retirement planning is to diversify investment vehicles. Many individuals, including those who are retired or planning for retirement, feel comfortable putting substantial amounts into uninsured mutual funds, money market accounts, and a variety of other investment instruments. Just 21 percent of all IRA/Keogh funds are in insured depository institutions. There is simply no widespread consumer concern about existing coverage limits that would justify extending taxpayer exposure by creating a new government-insured retirement program under the FDIC.

Coverage Limits and Bank Competition

Banks, regardless of size, continue to have little trouble attracting deposits under the existing coverage limits. Federal Reserve data have shown that smaller banks have grown more rapidly and experienced higher rates of growth in both insured and uninsured deposits than have larger banks over the past several years. After adjusting for the effects of mergers, domestic assets of the largest 1,000 commercial banks grew 5.5 percent per year on average from 1994 to 2002; all other banks grew 13.8 percent per year on average. Nor are smaller banks losing the competition for uninsured deposits. Uninsured deposits of the top 1,000 banks grew 9.9 percent annually on average over this period, while such deposits at smaller banks grew on average by 21.4 percent annually.

Higher Coverage Limits for Municipal Funds Erode Discipline

Proposals for substantially higher levels of protection of municipal deposits than of other classes of deposits would exacerbate the inherent moral hazard problems of deposit insurance. Rather than keep funds in local institutions, state and municipal treasurers would have powerful incentives to seek out not the safest institutions in which to place taxpayer funds but rather those offering the highest interest rates. Since these are usually riskier institutions, state and municipal treasurers would be drawn into funding the more trouble banks. Local, well run, healthy banks might have to pay a premium in increased deposit rates to retain municipal business. Today there are incentives for state and local government treasurers to monitor risks taken with large volumes of public sector deposits. Should the FDIC largely protect these funds, an important source of credit judgment on the lending and investment decisions of local banks would be lost.

CONCLUSION

In conclusion, I reaffirm the Administration's support for the three-part general framework that I have outlined to correct the structural flaws in the deposit insurance system. I encourage Congress to pursue these improvements with a steady focus on the important work that needs to be done. The Administration does not support legislation that raises deposit insurance coverage limits in any form, and we urge that Congress avoid such an unneeded and counterproductive diversion from real and necessary reform.

Mr. BACHUS. Mr. Chairman, I reserve the balance of my time.

Mr. OSE. Mr. Chairman, I yield myself such time as I may consume, and I want to echo the comments of the gentlewoman from New York (Mrs. MALONEY).

Mr. Chairman, one of the things I have is an experience of having had to survive the savings and loan crisis of the 1980s when I was in the real estate business. This was not a pretty time for those of us who were confronted with that situation, and I would advise those who did not have that pleasure that they do not want to have the opportunity to enjoy that in their future business careers.

I will say that in the context of whether or not to raise from $100,000 to $130,000, or some other level, the plain fact of the matter is that 98 percent of all accounts have balances less than $100,000, and the law allows each of those who might otherwise exceed $100,000, if they wish, to open another insured account up to another $100,000; to drive down the street and open an account in another bank; to diversify their deposits in their community. It is not necessarily a fact that there is only one place at which an individual can receive insurance on their accounts. If you have more than $100,000 in an account, you can reduce the balance in that account and take that money to another bank and receive another layer of protection for that balance.

Mr. Chairman, that is the beauty of this system. That is the strength of the system. And, in fact, it is the strongest argument that we do not need to increase limits. This proposal to increase to $130,000 is a solution in search of a problem.

I urge this body to make an ''aye'' vote on my amendment. And, Mr. Chairman, I want to submit for the

RECORD the statements of Under Secretary of the Treasury Peter Fischer, Federal Reserve Board Chairman Alan Greenspan, Comptroller of the Currency John D. Hawke, Jr., and Director of the Office of Thrift Supervision James Gilleran.

H.R. 3717—FEDERAL DEPOSIT INSURANCE REFORM ACT OF 2002, REP. BACHUS (R) ALABAMA AND 63 COSPONSORS

The Administration supports those provisions of H.R. 3717 that would improve the deposit insurance system's operation and fairness. Specifically, the Administration supports provisions that would: (1) allow the insurance fund reserve ratio to vary within a range and eliminate triggers that could cause sharp changes in premiums; (2) merge the bank and thrift insurance fund; and (3) ensure that institutions appropriately compensate the FDIC for insured deposit growth while also taking into account the past contributions of many institutions to build fund reserves.

The Administration, however, strongly opposes those provisions of H.R. 3717 that would raise deposit insurance coverage limits. The interests of depositors will not be served by an increase in deposit insurance coverage limits. The average saver would derive no financial benefit from increased coverage limits. The small fraction of savers with substantial deposits may obtain as much coverage as desired at minimal inconvenience by placing deposits at multiple institutions. An increase in coverage limits would neither enhance competition among depository institutions in general nor make the nation's community banks more competitive in raising funds.

Increased coverage limits would also expose taxpayers to additional risk while providing no benefit to the overwhelming majority of Americans. Higher coverage limits would mean greater off-balance sheet contingent liabilities of the Government and weaker market discipline, exposing the insurance fund and taxpayers to increased risk of loss.

To avoid dilution of FDIC and NCUA reserves resulting from the higher coverage limits provided in H.R. 3717, banks, thrifts, and credit unions will need to pay at least $3.5 billion in higher insurance assessments according to CBO and OMB estimates. A substantial amount of the higher industry costs will occur in the first year.

The Administration notes the submission to Congress by the FDIC of recommendations for legislative or administration action is subject to the President's authority under the Recommendations Clause of the Constitution.

PAY-AS-YOU-GO-SCORING

Any law that would reduce receipts or increase direct spending is subject to the PAYGO requirements of the Balanced Budget and Emergency Deficit Control Act (BEA) and could cause a sequester of mandatory programs in any fiscal year through 2006. The requirement to score PAYGO costs expires on September 30, 2002, and there are no discretionary caps beyond 2002. The Administration will work with Congress to ensure fiscal discipline consistent with the President's budget and a quick return to a balanced budget. The Administration will also work with Congress to ensure that any unintended sequester of spending does not occur.

TESTIMONY OF CHAIRMAN ALAN GREENSPAN, DEPOSIT INSURANCE, BEFORE THE COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS, U.S. SENATE, FEBRUARY 26, 2003

Chairman Shelby, Senator Sarbanes, and members of the Committee, it is a pleasure to appear once again before this Committee to present the views of the Board of Governors of the Federal Reserve System on deposit insurance. Rather than refer to any specific bill, I will express the broad views of the Federal Reserve Board on the issues associated with modifications of deposit insurance. Those views have not changed since our testimony before this Committee on April 23, 2002.

At the outset, I note that the 2001 report of the Federal Deposit Insurance Corporation (FDIC) on deposit insurance highlighted the significant issues and developed an integrated framework for addressing them. Although as before the Board opposes any increase in coverage, we continue to support the framework constructed by the FDIC report for addressing other reform issues.

BENEFITS AND COSTS OF DEPOSIT INSURANCE

Deposit insurance was adopted in this country as part of the legislative effort to limit the impact of the Great Depression on the public. Against the backdrop of a record number of bank failures, the Congress designed deposit insurance mainly to protect the modest savings of unsophisticated depositors with limited financial assets. With references being made to ''the rent money,'' the initial 1934 limit on deposit insurance was $2,500; the Congress promptly doubled the limit to $5,000 but then kept it at that level for the next sixteen years. I should note that the $5,000 of insurance provided in 1934, an amount consistent with the original intent of the Congress, is equal to slightly less than $60,000 today, based on the personal consumption expenditures deflator in the gross domestic product accounts.

Despite its initial quite limited intent, the Congress has raised the maximum amount of coverage five times since 1950, to its current level of $100,000. The last increase, in 1980, more than doubled the limit and was clearly designed to let depositories, particularly thrift institutions, offer an insured deposit free of the then-prevailing interest rate ceilings on such instruments, which applied only to deposits below $100,000. Insured deposits of exactly $100,000 thus became fully insured instruments in 1980 but were not subject to an interest rate ceiling. The efforts of thrift institutions to use $100,000 CDs to stem their liquidity outflows resulting from public withdrawals of smaller, below-market-rate insured deposits led first to an earnings squeeze and an associated loss of capital and then to a high-risk investment strategy that led to failure after failure. Depositors acquiring the new larger-denomination insured deposits were aware of the plight of the thrift institutions but unconcerned about the risk because the principal amounts of their $100,000 deposits were fully insured by the federal government. In this way, the 1980 increase in deposit insurance to $100,000 exacerbated the fundamental problem facing thrift institutions—a concentration on long-term assets in an environment of high and rising interest rates. Indeed, it significantly increased the taxpayer cost of the bailout of the bankrupt thrift institution deposit insurance fund.

Despite this problematic episode, deposit insurance has clearly played a key—at times even critical—role in achieving the stability in banking and financial markets that has characterized the nearly seventy years since its adoption. Deposit insurance, combined with other components of our banking safety net (the Federal Reserve's discount window and its payment system guarantees), has meant that periods of financial stress no longer entail widespread depositor runs on banks and thrift institutions. Quite the opposite: Asset holders now seek out deposits—both insured and uninsured—as safe havens when they have strong doubts about other financial assets.

Looking beyond the contribution of deposit insurance to overall financial stability, we should not minimize the importance of the security it has brought to millions of households and small businesses with relatively modest financial assets. Deposit insurance has given them a safe and secure place to hold their transaction and other balances.

The benefits of deposit insurance, as significant as they are, have not come without a cost. The very process that has ended deposit runs has made insured depositors largely indifferent to the risks taken by their depository institutions, just as it did with depositors in the 1980s with regard to insolvent, risky thrift institutions. The result has been a weakening of the market discipline that insured depositors would otherwise have imposed on institutions. Relieved of that discipline, depositories naturally feel less cautious about taking on more risk than they would otherwise assume. No other type of private financial institution is able to attract funds from the public without regard to the risks it takes with its creditors' resources. This incentive to take excessive risks at the expense of the insurer, and potentially the taxpayer, is the so-called moral hazard problem of deposit insurance.

Thus, two offsetting implications of deposit insurance must be kept in mind. On the one hand, it is clear that deposit insurance has contributed to the prevention of bank runs that could have destabilized the financial structure in the short run. On the other, even the current levels of deposit insurance may have already increased risk-taking at insured depository institutions to such an extent that future systemic risks have arguably risen.

Indeed, the reduced market discipline and increased moral hazard at depositories have intensified the need for government supervision to protect the interests of taxpayers and, in essence, substitute for the reduced market discipline. Deposit insurance and other components of the safety net also enable banks and thrift institutions to attract more resources, at lower costs, than would otherwise be the case. In short, insured institutions receive a subsidy in the form of a government guarantee that allows them both to attract deposits at lower interest rates than would be necessary without deposit insurance and to take more risk without the fear of losing their deposit funding. Put another way, deposit insurance misallocates resources by breaking the link between risks and rewards for a select set of market competitors.

In sum, from the very beginning, deposit insurance has involved a tradeoff. Deposit insurance contributes to overall short-term financial stability and the protection of small depositors. But at the same time, because it also subsidizes deposit growth and induces greater risk-taking, deposit insurance misallocates resources and creates larger long-term financial imbalances that increase the need for government supervision to protect the taxpayers' interests. Deposit insurance reforms must balance these tradeoffs. Moreover, any reforms should be aimed primarily at protecting the interest of the economy overall and not just the profits or market shares of particular businesses.

The Federal Reserve Board believes that deposit insurance reforms should be designed to preserve the benefits of heightened financial stability and the protection of small depositors without a further increase in moral hazard or reduction in market discipline. In addition, we urge that the implementing details be kept as straightforward as possible to minimize the risk of unintended consequences that comes with complexity.

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

Mr. BACHUS. Mr. Chairman, I yield myself such time as I may consume and simply close by doing two things. One is responding to the gentleman from California when he uses the analogy that if someone wants to deposit or wants over $100,000 in their account they can simply take part of that money out of one account and place it in another account or they can drive down the street.

Now, Americans today are a highly mobile society, and we know that Americans sell their homes and we know that in almost every case, when they do that, they deposit that money in their bank. They do not take that check and split it. They do not ask for two checks. We know that the average cost of a house is well in excess of $100,000 and we know that they deposit that money in a bank. And if that bank fails, they lose all but $100,000. We do not think that is right.

The authors of this amendment also do a strange thing. They say we are increasing the coverage and that is a bad thing; but then they increase the coverage for retirement accounts to $260,000 and municipal accounts to $2 million. So they basically argue against their own amendment.

Mr. Chairman, may I inquire into the amount of time remaining?

The CHAIRMAN. The gentleman from Alabama has 30 seconds remaining.

Mr. BACHUS. Mr. Chairman, I yield 30 seconds to the gentleman from Alabama (Mr. DAVIS).

Mr. DAVIS of Alabama. Mr. Chairman, let me thank my colleague from Alabama for yielding me this time and for his leadership and his work on this bill.

Mr. Chairman, let me say in 30 seconds, just this: This is an important bill from the perspective of small banks. We will not get sustained community development in America until we find ways to put more small community-based banks in rural America.

I happen to think, and those of who support this bill happen to think, that increasing these limits will provide an incentive for small banks to do more of the business that they need to do that will help the people who are living in rural America. A lot of people, if they know the limits have been increased, will feel much more comfortable putting their assets and putting their resources in small community banks.

The CHAIRMAN. All time has expired. The question is on the amendment offered by the gentleman from California (Mr. OSE).

The amendment was rejected.

The CHAIRMAN. It is now in order to consider amendment No. 2 printed in the CONGRESSIONAL RECORD by the gentleman from California (Mr. ROHRABACHER).

There being no further amendments in order, the question is on the committee amendment in the nature of a substitute.

The committee amendment in the nature of a substitute was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. ADERHOLT) having assumed the chair, Mr. LAHOOD, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 522) to reform the Federal deposit insurance system, and for other purposes, pursuant to the previous order of the House of April 1, 2003, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the previous order of the House, the previous question is ordered.

The question is on the committee amendment in the nature of a substitute.

The committee amendment in the nature of a substitute was agreed to.

□ 1145

The SPEAKER pro tempore (Mr. ADERHOLT). The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. BACHUS. 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, this 15-minute vote on the passage of H.R. 522 will be followed by a 5-minute vote on ordering the previous question on H. Res. 168, as well as on any other electronic vote that may be ordered on adoption of H. Res. 168.

The vote was taken by electronic device, and there were—yeas 411, nays 11, not voting 12, as follows:

[Roll No. 98]

YEAS—411

Abercrombie
Ackerman
Aderholt
Akin
Alexander
Allen
Andrews
Baca
Bachus
Baird
Baker
Baldwin
Ballance
Ballenger
Barrett (SC)
Bartlett (MD)
Barton (TX)
Bass
Beauprez
Becerra
Bell
Bereuter
Berkley
Berman
Berry
Biggert
Bilirakis
Bishop (GA)
Bishop (NY)
Bishop (UT)
Blackburn
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonner
Bono
Boozman
Boswell
Boyd
Bradley (NH)
Brady (PA)
Brady (TX)
Brown (OH)
Brown (SC)
Brown, Corrine
Brown-Waite, Ginny
Burgess
Burns
Burr
Burton (IN)
Buyer
Calvert
Camp
Cannon
Cantor
Capito
Capps
Capuano
Cardin
Cardoza
Carson (IN)
Carson (OK)
Carter
Case
Castle
Chabot
Chocola
Clay
Clyburn
Coble
Cole
Collins
Conyers
Costello
Cox
Cramer
Crane
Crenshaw
Crowley
Cubin
Culberson
Cummings
Cunningham
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis, Jo Ann
Davis, Tom
Deal (GA)
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart, L.
Diaz-Balart, M.
Dicks
Dingell
Doggett
Dooley (CA)
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Emanuel
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Farr
Fattah
Feeney
Ferguson
Filner
Fletcher
Foley
Forbes
Ford
Fossella
Frank (MA)
Franks (AZ)
Frelinghuysen
Frost
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Gonzalez
Goode
Goodlatte
Gordon
Goss
Granger
Graves
Green (TX)
Green (WI)
Greenwood
Grijalva
Gutierrez
Gutknecht
Hall
Harman
Harris
Hart
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Hensarling
Herger
Hill
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Honda
Hooley (OR)
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Inslee
Isakson
Israel
Issa
Istook
Jackson (IL)
Jackson-Lee (TX)
Janklow
Jefferson
Jenkins
John
Johnson (CT)
Johnson (IL)
Johnson, E. B.
Johnson, Sam
Jones (OH)
Kanjorski
Kaptur
Keller
Kelly
Kennedy (MN)
Kennedy (RI)
Kildee
Kilpatrick
Kind
King (IA)
King (NY)
Kingston
Kirk
Kleczka
Kline
Knollenberg
Kucinich
LaHood
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Latham
LaTourette
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Lynch
Majette
Maloney
Manzullo
Markey
Marshall
Matheson
Matsui
McCarthy (NY)
McCollum
McCotter
McCrery
McDermott
McGovern
McHugh
McIntyre
McKeon
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Mica
Michaud
Millender-McDonald
Miller (FL)
Miller (MI)
Miller (NC)
Miller, Gary
Miller, George
Mollohan
Moore
Moran (KS)
Moran (VA)
Murphy
Murtha
Musgrave
Myrick
Nadler
Napolitano
Neal (MA)
Nethercutt
Ney
Northup
Norwood
Nunes
Nussle
Oberstar
Obey
Olver
Ortiz
Osborne
Otter
Owens
Oxley
Pallone
Pascrell
Pastor
Payne
Pearce
Pelosi
Pence
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Platts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Putnam
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Rehberg
Renzi
Reyes
Reynolds
Rodriguez
Rogers (AL)
Rogers (KY)
Rogers (MI)
Ros-Lehtinen
Ross
Rothman
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Ryan (WI)
Ryun (KS)
Sabo
Sanchez, Linda T.
Sanchez, Loretta
Sandlin
Saxton
Schakowsky
Schiff
Schrock
Scott (GA)
Scott (VA)
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shuster
Simmons
Simpson
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Solis
Spratt
Stearns
Stenholm
Strickland
Stupak
Sullivan
Sweeney
Tancredo
Tanner
Tauscher
Tauzin
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Tiahrt
Tiberi
Tierney
Toomey
Towns
Turner (OH)
Turner (TX)
Udall (CO)
Udall (NM)

Upton
Van Hollen
Velazquez
Visclosky
Vitter
Walsh
Wamp
Waters
Watson
Watt
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Woolsey
Wu
Young (AK)
Young (FL)

NAYS—11

Boucher
Cooper
DeFazio
Flake
Ose
Paul
Rohrabacher
Royce
Sanders
Stark
Taylor (MS)

NOT VOTING—12

Combest
Davis (TN)
Doolittle
Gephardt
Hyde
Jones (NC)
Kolbe
McCarthy (MO)
McInnis
Souder
Walden (OR)
Wynn

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. LAHOOD) (during the vote). The Chair reminds Members that there are 2 minutes remaining to vote.

□ 1205

Mr. DEFAZIO and Mr. TAYLOR of Mississippi changed their vote from ''yea'' to ''nay.''

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PROVIDING FOR CONSIDERATION OF H.R. 743, SOCIAL SECURITY PROTECTION ACT OF 2003

The SPEAKER pro tempore. The pending business is the question on ordering the previous question on House Resolution 168 on which further proceedings were postponed earlier today.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. The question is on ordering the previous question on which the yeas and nays are ordered.

This will be a 5-minute vote. Any electronic vote that might be ordered on the question of adopting the rule also would be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 245, nays 177, not voting 12, as follows:

[Roll No. 99]

YEAS—245

Ackerman
Aderholt
Akin
Alexander
Bachus
Baker
Ballance
Ballenger
Barrett (SC)
Bartlett (MD)
Barton (TX)
Bass
Beauprez
Bereuter
Biggert
Bilirakis
Bishop (GA)
Bishop (UT)
Blackburn
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonner
Bono
Boozman
Boucher
Bradley (NH)
Brady (TX)
Brown (SC)
Brown-Waite, Ginny
Burgess
Burns
Burr
Burton (IN)
Buyer
Calvert
Camp
Cannon
Cantor
Capito
Carson (OK)
Carter
Case
Castle
Chabot
Chocola
Coble
Cole
Collins
Cox
Cramer
Crane
Crenshaw
Cubin
Culberson
Cummings
Cunningham
Davis (AL)
Davis, Jo Ann
Davis, Tom
Deal (GA)
Delahunt
DeLay
DeMint
Deutsch
Diaz-Balart, L.
Diaz-Balart, M.
Dooley (CA)
Dreier
Duncan
Dunn
Ehlers
Emerson
English
Everett
Feeney
Ferguson
Flake
Fletcher
Foley
Forbes
Fossella
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Goode
Goodlatte
Goss
Granger
Graves
Green (WI)
Greenwood
Gutknecht
Harris
Hart
Hastings (WA)
Hayes
Hayworth
Hefley
Hensarling
Herger
Hobson
Hoeffel
Hoekstra
Hostettler
Houghton
Hulshof
Hunter
Isakson
Issa
Istook
Janklow
Jefferson
Jenkins
Johnson (CT)
Johnson (IL)
Johnson, Sam
Keller
Kelly
Kennedy (MN)
King (IA)
King (NY)
Kingston
Kirk
Kline
Knollenberg
LaHood
Latham
LaTourette
Leach
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (OK)
Manzullo
McCotter
McCrery
McHugh
McKeon
McNulty
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Moran (KS)
Murphy
Murtha
Musgrave
Myrick
Nethercutt
Ney
Northup
Norwood
Nunes
Nussle
Osborne
Ose
Otter
Oxley
Pearce
Pence
Peterson (PA)
Petri
Pickering
Pitts
Platts
Pombo
Pomeroy
Porter
Portman
Pryce (OH)
Putnam
Quinn
Radanovich
Ramstad
Rangel
Regula
Rehberg
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Royce
Ryan (WI)
Ryun (KS)
Saxton
Schrock
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simmons
Simpson
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Stearns
Stupak
Sullivan
Sweeney
Tancredo
Tauzin
Taylor (NC)
Terry
Thomas
Thornberry
Tiahrt
Tiberi
Toomey
Turner (OH)
Upton
Vitter
Walsh
Wamp
Weldon (FL)
Weldon (PA)
Weller
Wexler
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Wu
Young (AK)
Young (FL)

NAYS—177

Abercrombie
Allen
Andrews
Baca
Baird
Baldwin
Becerra
Bell
Berkley
Berman
Berry
Bishop (NY)
Boswell
Boyd
Brady (PA)
Brown (OH)
Brown, Corrine
Capps
Capuano
Cardin
Cardoza
Carson (IN)
Clay
Clyburn
Conyers
Cooper
Costello
Crowley
Davis (CA)
Davis (FL)
Davis (IL)
DeFazio
DeGette
DeLauro
Dicks
Dingell
Doggett
Doyle
Edwards
Emanuel
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Ford
Frank (MA)
Frost
Gonzalez
Gordon
Green (TX)
Grijalva
Gutierrez
Hall
Harman
Hastings (FL)
Hill
Hinchey
Hinojosa
Holden
Holt
Honda
Hooley (OR)
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
John
Johnson, E. B.
Jones (OH)
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kilpatrick
Kind
Kleczka
Kucinich
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Levin
Lofgren
Lowey
Lucas (KY)
Lynch
Majette
Maloney
Markey
Marshall
Matheson
Matsui
McCarthy (NY)
McCollum
McDermott
McGovern
McIntyre
Meehan
Meek (FL)
Meeks (NY)
Menendez
Michaud
Millender-McDonald
Miller (NC)
Miller, George
Mollohan
Moore
Moran (VA)
Nadler
Napolitano
Neal (MA)
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Price (NC)
Rahall
Reyes
Rodriguez
Ross
Rothman
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sabo
Sanchez, Linda T.
Sanchez, Loretta
Sanders
Sandlin
Schakowsky
Schiff
Scott (GA)
Scott (VA)
Serrano
Sherman
Skelton
Slaughter
Snyder
Solis
Spratt
Stark
Stenholm
Strickland
Tanner
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Tierney
Towns
Turner (TX)
Udall (CO)
Udall (NM)
Van Hollen
Velazquez
Visclosky
Waters
Watson
Watt
Waxman
Weiner
Woolsey
Wynn

NOT VOTING—12

Combest
Davis (TN)
Doolittle
Gephardt
Hyde
Jones (NC)
Kolbe
McCarthy (MO)
McInnis
Paul
Souder
Walden (OR)

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). The Chair reminds Members that there are 2 minutes remaining to vote.

□ 1213

Ms. KILPATRICK, Messrs. LANTOS, WYNN and MORAN of Virginia, Mrs. MALONEY, Mr. MCINTYRE and Mr. BELL changed their vote from ''yea'' to ''nay.''

So the previous question was ordered.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. KOLBE. Mr. Speaker, earlier today, I was unavoidably detained and missed votes on the following measures:

1. Final Passage of H.R. 522—Federal Deposit Insurance Reform Act of 2003 (No. 98). Had I been present, I would have voted ''yea.''

2. Previous Question on the Rule providing for consideration of H.R. 743—Social Security Protection Act of 2003 (No. 99). Had I been present, I would have voted ''yea.''

The SPEAKER pro tempore. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

□ 1215

SOCIAL SECURITY PROTECTION ACT OF 2003

Mr. SHAW. Mr. Speaker, pursuant to House Resolution 168, I call up the bill (H.R. 743) to amend the Social Security Act and the Internal Revenue Code of 1986 to provide additional safeguards for Social Security and Supplemental Security Income beneficiaries with representative payees, to enhance program protections, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. LINDER). Pursuant to House Resolution 168, the bill is considered read for amendment.

The text of H.R. 743 is as follows:

H.R. 743

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

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Social Security Protection Act of 2003''.

(b) TABLE OF CONTENTS.—The table of contents is as follows:

Sec. 1. Short title and table of contents.

TITLE I—PROTECTION OF BENEFICIARIES

Subtitle A—Representative Payees

Sec. 101. Authority to reissue benefits misused by organizational representative payees.
Sec. 102. Oversight of representative payees.
Sec. 103. Disqualification from service as representative payee of persons convicted of offenses resulting in imprisonment for more than 1 year or fleeing prosecution, custody, or confinement.
Sec. 104. Fee forfeiture in case of benefit misuse by representative payees.
Sec. 105. Liability of representative payees for misused benefits.
Sec. 106. Authority to redirect delivery of benefit payments when a representative payee fails to provide required accounting.

Subtitle B—Enforcement

Sec. 111. Civil monetary penalty authority with respect to wrongful conversions by representative payees.

TITLE II—PROGRAM PROTECTIONS

Sec. 201. Civil monetary penalty authority with respect to knowing withholding of material facts.
Sec. 202. Issuance by Commissioner of Social Security of receipts to acknowledge submission of reports of changes in work or earnings status of disabled beneficiaries.
Sec. 203. Denial of title II benefits to persons fleeing prosecution, custody, or confinement, and to persons violating probation or parole.
Sec. 204. Requirements relating to offers to provide for a fee a product or service available without charge from the Social Security Administration.
Sec. 205. Refusal to recognize certain individuals as claimant representatives.
Sec. 206. Penalty for corrupt or forcible interference with administration of Social Security Act.
Sec. 207. Use of symbols, emblems, or names in reference to social security or medicare.
Sec. 208. Disqualification from payment during trial work period upon conviction of fraudulent concealment of work activity.
Sec. 209. Authority for judicial orders of restitution.

TITLE III—ATTORNEY FEE PAYMENT SYSTEM IMPROVEMENTS

Sec. 301. Cap on attorney assessments.
Sec. 302. Extension of attorney fee payment system to title XVI claims.

TITLE IV—MISCELLANEOUS AND TECHNICAL AMENDMENTS

Subtitle A—Amendments Relating to the Ticket to Work and Work Incentives Improvement Act of 1999

Sec. 401. Application of demonstration authority sunset date to new projects.
Sec. 402. Expansion of waiver authority available in connection with demonstration projects providing for reductions in disability insurance benefits based on earnings.
Sec. 403. Funding of demonstration projects provided for reductions in disability insurance benefits based on earnings.
Sec. 404. Availability of Federal and State work incentive services to additional individuals.
Sec. 405. Technical amendment clarifying treatment for certain purposes of individual work plans under the Ticket to Work and Self-Sufficiency Program.

Subtitle B—Miscellaneous Amendments

Sec. 411. Elimination of transcript requirement in remand cases fully favorable to the claimant.
Sec. 412. Nonpayment of benefits upon removal from the United States.
Sec. 413. Reinstatement of certain reporting requirements.
Sec. 414. Clarification of definitions regarding certain survivor benefits.
Sec. 415. Clarification respecting the FICA and SECA tax exemptions for an individual whose earnings are subject to the laws of a totalization agreement partner.
Sec. 416. Coverage under divided retirement system for public employees in Kentucky.
Sec. 417. Compensation for the Social Security Advisory Board.
Sec. 418. 60-month period of employment requirement for application of government pension offset exemption.

Subtitle C—Technical Amendments

Sec. 421. Technical correction relating to responsible agency head.
Sec. 422. Technical correction relating to retirement benefits of ministers.
Sec. 423. Technical corrections relating to domestic employment.
Sec. 424. Technical corrections of outdated references.
Sec. 425. Technical correction respecting self-employment income in community property States.

TITLE I—PROTECTION OF BENEFICIARIES

Subtitle A—Representative Payees

SEC. 101. AUTHORITY TO REISSUE BENEFITS MISUSED BY ORGANIZATIONAL REPRESENTATIVE PAYEES.

(a) TITLE II AMENDMENTS.—

(1) REISSUANCE OF BENEFITS.—Section 205(j)(5) of the Social Security Act (42 U.S.C. 405(j)(5)) is amended by inserting after the first sentence the following new sentences: ''In any case in which a representative payee that—

''(A) is not an individual (regardless of whether it is a 'qualified organization' within the meaning of paragraph (4)(B)); or

''(B) is an individual who, for any month during a period when misuse occurs, serves 15 or more individuals who are beneficiaries under this title, title VIII, title XVI, or any combination of such titles;

misuses all or part of an individual's benefit paid to such representative payee, the Commissioner of Social Security shall certify for payment to the beneficiary or the beneficiary's alternative representative payee an amount equal to the amount of such benefit so misused. The provisions of this paragraph are subject to the limitations of paragraph (7)(B).''.

(2) MISUSE OF BENEFITS DEFINED.—Section 205(j) of such Act (42 U.S.C. 405(j)) is amended by adding at the end the following new paragraph:

''(8) For purposes of this subsection, misuse of benefits by a representative payee occurs in any case in which the representative payee receives payment under this title for the use and benefit of another person and converts such payment, or any part thereof, to a use other than for the use and benefit of such other person. The Commissioner of Social Security may prescribe by regulation the meaning of the term 'use and benefit' for purposes of this paragraph.''.

(b) TITLE VIII AMENDMENTS.—

(1) REISSUANCE OF BENEFITS.—Section 807(i) of the Social Security Act (42 U.S.C. 1007(i)) is amended by inserting after the first sentence the following new sentences: ''In any case in which a representative payee that—

''(1) is not an individual; or

''(2) is an individual who, for any month during a period when misuse occurs, serves 15 or more individuals who are beneficiaries under this title, title II, title XVI, or any combination of such titles;

misuses all or part of an individual's benefit paid to such representative payee, the Commissioner of Social Security shall pay to the beneficiary or the beneficiary's alternative representative payee an amount equal to the amount of such benefit so misused. The provisions of this paragraph are subject to the limitations of subsection (l)(2).''.

(2) MISUSE OF BENEFITS DEFINED.—Section 807 of such Act (42 U.S.C. 1007) is amended by adding at the end the following new subsection:

''(j) MISUSE OF BENEFITS.—For purposes of this title, misuse of benefits by a representative payee occurs in any case in which the representative payee receives payment under this title for the use and benefit of another person under this title and converts such payment, or any part thereof, to a use other than for the use and benefit of such person. The Commissioner of Social Security may prescribe by regulation the meaning of the term 'use and benefit' for purposes of this subsection.''.

(3) TECHNICAL AMENDMENT.—Section 807(a) of such Act (42 U.S.C. 1007(a)) is amended, in the first sentence, by striking ''for his or her benefit'' and inserting ''for his or her use and benefit''.

(c) TITLE XVI AMENDMENTS.—

(1) REISSUANCE OF BENEFITS.—Section 1631(a)(2)(E) of such Act (42 U.S.C. 1383(a)(2)(E)) is amended by inserting after the first sentence the following new sentences: ''In any case in which a representative payee that—

''(i) is not an individual (regardless of whether it is a 'qualified organization' within the meaning of subparagraph (D)(ii)); or

''(ii) is an individual who, for any month during a period when misuse occurs, serves 15 or more individuals who are beneficiaries under this title, title II, title VIII, or any combination of such titles;

misuses all or part of an individual's benefit paid to the representative payee, the Commissioner of Social Security shall pay to the beneficiary or the beneficiary's alternative representative payee an amount equal to the amount of the benefit so misused. The provisions of this subparagraph are subject to the limitations of subparagraph (H)(ii).''.

(2) EXCLUSION OF REISSUED BENEFITS FROM RESOURCES.—Section 1613(a) of such Act (42 U.S.C. 1382b(a)) is amended—

(A) in paragraph (12), by striking ''and'' at the end;

(B) in paragraph (13), by striking the period and inserting ''; and''; and

(C) by inserting after paragraph (13) the following new paragraph:

''(14) for the 9-month period beginning after the month in which received, any amount received by such individual (or spouse) or any other person whose income is deemed to be included in such individual's (or spouse's) income for purposes of this title as restitution for benefits under this title, title II, or title VIII that a representative

payee of such individual (or spouse) or such other person under section 205(j), 807, or 1631(a)(2) has misused.''.

(3) MISUSE OF BENEFITS DEFINED.—Section 1631(a)(2)(A) of such Act (42 U.S.C. 1383(a)(2)(A)) is amended by adding at the end the following new clause:

''(iv) For purposes of this paragraph, misuse of benefits by a representative payee occurs in any case in which the representative payee receives payment under this title for the use and benefit of another person and converts such payment, or any part thereof, to a use other than for the use and benefit of such other person. The Commissioner of Social Security may prescribe by regulation the meaning of the term 'use and benefit' for purposes of this clause.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to any case of benefit misuse by a representative payee with respect to which the Commissioner makes the determination of misuse on or after January 1, 1995.

SEC. 102. OVERSIGHT OF REPRESENTATIVE PAYEES.

(a) CERTIFICATION OF BONDING AND LICENSING REQUIREMENTS FOR NONGOVERNMENTAL ORGANIZATIONAL REPRESENTATIVE PAYEES.—

(1) TITLE II AMENDMENTS.—Section 205(j) of the Social Security Act (42 U.S.C. 405(j)) is amended—

(A) in paragraph (2)(C)(v), by striking ''a community-based nonprofit social service agency licensed or bonded by the State'' in subclause (I) and inserting ''a certified community-based nonprofit social service agency (as defined in paragraph (9))'';

(B) in paragraph (3)(F), by striking ''community-based nonprofit social service agencies'' and inserting ''certified community-based nonprofit social service agencies (as defined in paragraph (9))'';

(C) in paragraph (4)(B), by striking ''any community-based nonprofit social service agency which is bonded or licensed in each State in which it serves as a representative payee'' and inserting ''any certified community-based nonprofit social service agency (as defined in paragraph (9))''; and

(D) by adding after paragraph (8) (as added by section 101(a)(2) of this Act) the following new paragraph:

''(9) For purposes of this subsection, the term 'certified community-based nonprofit social service agency' means a community-based nonprofit social service agency which is in compliance with requirements, under regulations which shall be prescribed by the Commissioner, for annual certification to the Commissioner that it is bonded in accordance with requirements specified by the Commissioner and that it is licensed in each State in which it serves as a representative payee (if licensing is available in such State) in accordance with requirements specified by the Commissioner. Any such annual certification shall include a copy of any independent audit on such agency which may have been performed since the previous certification.''.

(2) TITLE XVI AMENDMENTS.—Section 1631(a)(2) of such Act (42 U.S.C. 1383(a)(2)) is amended—

(A) in subparagraph (B)(vii), by striking ''a community-based nonprofit social service agency licensed or bonded by the State'' in subclause (I) and inserting ''a certified community-based nonprofit social service agency (as defined in subparagraph (I))'';

(B) in subparagraph (D)(ii)—

(i) by striking ''or any community-based'' and all that follows through ''in accordance'' in subclause (II) and inserting ''or any certified community-based nonprofit social service agency (as defined in subparagraph (I)), if the agency, in accordance'';

(ii) by redesignating items (aa) and (bb) as subclauses (I) and (II), respectively (and adjusting the margination accordingly); and

(iii) by striking ''subclause (II)(bb)'' and inserting ''subclause (II)''; and

(C) by adding at the end the following new subparagraph:

''(I) For purposes of this paragraph, the term 'certified community-based nonprofit social service agency' means a community-based nonprofit social service agency which is in compliance with requirements, under regulations which shall be prescribed by the Commissioner, for annual certification to the Commissioner that it is bonded in accordance with requirements specified by the Commissioner and that it is licensed in each State in which it serves as a representative payee (if licensing is available in the State) in accordance with requirements specified by the Commissioner. Any such annual certification shall include a copy of any independent audit on the agency which may have been performed since the previous certification.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on the first day of the thirteenth month beginning after the date of the enactment of this Act.

(b) PERIODIC ONSITE REVIEW.—

(1) TITLE II AMENDMENT.—Section 205(j)(6) of such Act (42 U.S.C. 405(j)(6)) is amended to read as follows:

''(6)(A) In addition to such other reviews of representative payees as the Commissioner of Social Security may otherwise conduct, the Commissioner shall provide for the periodic onsite review of any person or agency located in the United States that receives the benefits payable under this title (alone or in combination with benefits payable under title VIII or title XVI) to another individual pursuant to the appointment of such person or agency as a representative payee under this subsection, section 807, or section 1631(a)(2) in any case in which—

''(i) the representative payee is a person who serves in that capacity with respect to 15 or more such individuals;

''(ii) the representative payee is a certified community-based nonprofit social service agency (as defined in paragraph (9) of this subsection or section 1631(a)(2)(I)); or

''(iii) the representative payee is an agency (other than an agency described in clause (ii)) that serves in that capacity with respect to 50 or more such individuals.

''(B) Within 120 days after the end of each fiscal year, the Commissioner shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the results of periodic onsite reviews conducted during the fiscal year pursuant to subparagraph (A) and of any other reviews of representative payees conducted during such fiscal year in connection with benefits under this title. Each such report shall describe in detail all problems identified in such reviews and any corrective action taken or planned to be taken to correct such problems, and shall include—

''(i) the number of such reviews;

''(ii) the results of such reviews;

''(iii) the number of cases in which the representative payee was changed and why;

''(iv) the number of cases involving the exercise of expedited, targeted oversight of the representative payee by the Commissioner conducted upon receipt of an allegation of misuse of funds, failure to pay a vendor, or a similar irregularity;

''(v) the number of cases discovered in which there was a misuse of funds;

''(vi) how any such cases of misuse of funds were dealt with by the Commissioner;

''(vii) the final disposition of such cases of misuse of funds, including any criminal penalties imposed; and

''(viii) such other information as the Commissioner deems appropriate.''.

(2) TITLE VIII AMENDMENT.—Section 807 of such Act (as amended by section 101(b)(2) of this Act) is amended further by adding at the end the following new subsection:

''(k) PERIODIC ONSITE REVIEW.—(1) In addition to such other reviews of representative payees as the Commissioner of Social Security may otherwise conduct, the Commissioner may provide for the periodic onsite review of any person or agency that receives the benefits payable under this title (alone or in combination with benefits payable under title II or title XVI) to another individual pursuant to the appointment of such person or agency as a representative payee under this section, section 205(j), or section 1631(a)(2) in any case in which—

''(A) the representative payee is a person who serves in that capacity with respect to 15 or more such individuals; or

''(B) the representative payee is an agency that serves in that capacity with respect to 50 or more such individuals.

''(2) Within 120 days after the end of each fiscal year, the Commissioner shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the results of periodic onsite reviews conducted during the fiscal year pursuant to paragraph (1) and of any other reviews of representative payees conducted during such fiscal year in connection with benefits under this title. Each such report shall describe in detail all problems identified in such reviews and any corrective action taken or planned to be taken to correct such problems, and shall include—

''(A) the number of such reviews;

''(B) the results of such reviews;

''(C) the number of cases in which the representative payee was changed and why;

''(D) the number of cases involving the exercise of expedited, targeted oversight of the representative payee by the Commissioner conducted upon receipt of an allegation of misuse of funds, failure to pay a vendor, or a similar irregularity;

''(E) the number of cases discovered in which there was a misuse of funds;

''(F) how any such cases of misuse of funds were dealt with by the Commissioner;

''(G) the final disposition of such cases of misuse of funds, including any criminal penalties imposed; and

''(H) such other information as the Commissioner deems appropriate.''.

(3) TITLE XVI AMENDMENT.—Section 1631(a)(2)(G) of such Act (42 U.S.C. 1383(a)(2)(G)) is amended to read as follows:

''(G)(i) In addition to such other reviews of representative payees as the Commissioner of Social Security may otherwise conduct, the Commissioner shall provide for the periodic onsite review of any person or agency that receives the benefits payable under this title (alone or in combination with benefits payable under title II or title VIII) to another individual pursuant to the appointment of the person or agency as a representative payee under this paragraph, section 205(j), or section 807 in any case in which—

''(I) the representative payee is a person who serves in that capacity with respect to 15 or more such individuals;

''(II) the representative payee is a certified community-based nonprofit social service agency (as defined in subparagraph (I) of this paragraph or section 205(j)(9)); or

''(III) the representative payee is an agency (other than an agency described in subclause (II)) that serves in that capacity with respect to 50 or more such individuals.

''(ii) Within 120 days after the end of each fiscal year, the Commissioner shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the results of periodic onsite reviews conducted during the fiscal year pursuant to clause (i) and of any other reviews of representative payees conducted during such fiscal year in connection with benefits under this title. Each such report shall describe in detail all problems identified in the reviews and any corrective action taken or planned to be taken to correct the problems, and shall include—

''(I) the number of the reviews;

''(II) the results of such reviews;

''(III) the number of cases in which the representative payee was changed and why;

''(IV) the number of cases involving the exercise of expedited, targeted oversight of the representative payee by the Commissioner conducted upon receipt of an allegation of misuse of funds, failure to pay a vendor, or a similar irregularity;

''(V) the number of cases discovered in which there was a misuse of funds;

''(VI) how any such cases of misuse of funds were dealt with by the Commissioner;

''(VII) the final disposition of such cases of misuse of funds, including any criminal penalties imposed; and

''(VIII) such other information as the Commissioner deems appropriate.''.

SEC. 103. DISQUALIFICATION FROM SERVICE AS REPRESENTATIVE PAYEE OF PERSONS CONVICTED OF OFFENSES RESULTING IN IMPRISONMENT FOR MORE THAN 1 YEAR OR FLEEING PROSECUTION, CUSTODY, OR CONFINEMENT.

(a) TITLE II AMENDMENTS.—Section 205(j)(2) of the Social Security Act (42 U.S.C. 405(j)(2)) is amended—

(1) in subparagraph (B)(i)—

(A) by striking ''and'' at the end of subclause (III);

(B) by redesignating subclause (IV) as subclause (VI); and

(C) by inserting after subclause (III) the following new subclauses:

''(IV) obtain information concerning whether such person has been convicted of any other offense under Federal or State law which resulted in imprisonment for more than 1 year,

''(V) obtain information concerning whether such person is a person described in section 202(x)(1)(A)(iv), and''.

(2) in subparagraph (C)(i)(II), by striking ''subparagraph (B)(i)(IV),,'' and inserting ''subparagraph (B)(i)(VI)'' and striking ''section 1631(a)(2)(B)(ii)(IV)'' and inserting ''section 1631(a)(2)(B)(ii)(VI)''; and

(3) in subparagraph (C)(i)—

(A) by striking ''or'' at the end of subclause (II);

(B) by striking the period at the end of subclause (III) and inserting a comma; and

(C) by adding at the end the following new subclauses:

''(IV) such person has previously been convicted as described in subparagraph (B)(i)(IV), unless the Commissioner determines that such certification would be appropriate notwithstanding such conviction, or

''(V) such person is person described in section 202(x)(1)(A)(iv).''.

(b) TITLE VIII AMENDMENTS.—Section 807 of such Act (42 U.S.C. 1007) is amended—

(1) in subsection (b)(2)—

(A) by striking ''and'' at the end of subparagraph (C);

(B) by redesignating subparagraph (D) as subparagraph (F); and

(C) by inserting after subparagraph (C) the following new subparagraphs:

''(D) obtain information concerning whether such person has been convicted of any other offense under Federal or State law which resulted in imprisonment for more than 1 year;

''(E) obtain information concerning whether such person is a person described in section 804(a)(2); and''; and

(2) in subsection (d)(1)—

(A) by striking ''or'' at the end of subparagraph (B);

(B) by striking the period at the end of subparagraph (C) and inserting a semicolon; and

(C) by adding at the end the following new subparagraphs:

''(D) such person has previously been convicted as described in subsection (b)(2)(D), unless the Commissioner determines that such payment would be appropriate notwithstanding such conviction; or

''(E) such person is a person described in section 804(a)(2).''.

(c) TITLE XVI AMENDMENTS.—Section 1631(a)(2)(B) of such Act (42 U.S.C. 1383(a)(2)(B)) is amended—

(1) in clause (ii)—

(A) by striking ''and'' at the end of subclause (III);

(B) by redesignating subclause (IV) as subclause (VI); and

(C) by inserting after subclause (III) the following new subclauses:

''(IV) obtain information concerning whether the person has been convicted of any other offense under Federal or State law which resulted in imprisonment for more than 1 year;

''(V) obtain information concerning whether such person is a person described in section 1611(e)(4)(A); and'';

(2) in clause (iii)(II)—

(A) by striking ''clause (ii)(IV)'' and inserting ''clause (ii)(VI)''; and

(B) by striking ''section 205(j)(2)(B)(i)(IV)'' and inserting ''section 205(j)(2)(B)(i)(VI)''; and

(3) in clause (iii)—

(A) by striking ''or'' at the end of subclause (II);

(B) by striking the period at the end of subclause (III) and inserting a semicolon; and

(C) by adding at the end the following new subclauses:

''(IV) the person has previously been convicted as described in clause (ii)(IV) of this subparagraph, unless the Commissioner determines that the payment would be appropriate notwithstanding the conviction; or

''(V) such person is a person described in section 1611(e)(4)(A).''.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the first day of the thirteenth month beginning after the date of the enactment of this Act.

(e) REPORT TO THE CONGRESS.—The Commissioner of Social Security, in consultation with the Inspector General of the Social Security Administration, shall prepare a report evaluating whether the existing procedures and reviews for the qualification (including disqualification) of representative payees are sufficient to enable the Commissioner to protect benefits from being misused by representative payees. The Commissioner shall submit the report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate no later than 270 days after the date of the enactment of this Act. The Commissioner shall include in such report any recommendations that the Commissioner considers appropriate.

SEC. 104. FEE FORFEITURE IN CASE OF BENEFIT MISUSE BY REPRESENTATIVE PAYEES.

(a) TITLE II AMENDMENTS.—Section 205(j)(4)(A)(i) of the Social Security Act (42 U.S.C. 405(j)(4)(A)(i)) is amended—

(1) in the first sentence, by striking ''A'' and inserting ''Except as provided in the next sentence, a''; and

(2) in the second sentence, by striking ''The Secretary'' and inserting the following: ''A qualified organization may not collect a fee from an individual for any month with respect to which the Commissioner of Social Security or a court of competent jurisdiction has determined that the organization misused all or part of the individual's benefit, and any amount so collected by the qualified organization for such month shall be treated as a misused part of the individual's benefit for purposes of paragraphs (5) and (6). The Commissioner''.

(b) TITLE XVI AMENDMENTS.—Section 1631(a)(2)(D)(i) of such Act (42 U.S.C. 1383(a)(2)(D)(i)) is amended—

(1) in the first sentence, by striking ''A'' and inserting ''Except as provided in the next sentence, a''; and

(2) in the second sentence, by striking ''The Commissioner'' and inserting the following: ''A qualified organization may not collect a fee from an individual for any month with respect to which the Commissioner of Social Security or a court of competent jurisdiction has determined that the organization misused all or part of the individual's benefit, and any amount so collected by the qualified organization for such month shall be treated as a misused part of the individual's benefit for purposes of subparagraphs (E) and (F). The Commissioner''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any month involving benefit misuse by a representative payee in any case with respect to which the Commissioner of Social Security or a court of competent jurisdiction makes the determination of misuse after 180 days after the date of the enactment of this Act.

SEC. 105. LIABILITY OF REPRESENTATIVE PAYEES FOR MISUSED BENEFITS.

(a) TITLE II AMENDMENTS.—Section 205(j) of the Social Security Act (42 U.S.C. 405(j)) (as amended by sections 101 and 102) is amended further—

(1) by redesignating paragraphs (7), (8), and (9) as paragraphs (8), (9), and (10), respectively;

(2) in paragraphs (2)(C)(v), (3)(F), and (4)(B), by striking ''paragraph (9)'' and inserting ''paragraph (10)'';

(3) in paragraph (6)(A)(ii), by striking ''paragraph (9)'' and inserting ''paragraph (10)''; and

(4) by inserting after paragraph (6) the following new paragraph:

''(7)(A) If the Commissioner of Social Security or a court of competent jurisdiction determines that a representative payee that is not a Federal, State, or local government agency has misused all or part of an individual's benefit that was paid to such representative payee under this subsection, the representative payee shall be liable for the amount misused, and such amount (to the extent not repaid by the representative payee) shall be treated as an overpayment of benefits under this title to the representative payee for all purposes of this Act and related laws pertaining to the recovery of such overpayments. Subject to subparagraph (B), upon recovering all or any part of such amount, the Commissioner shall certify an amount equal to the recovered amount for payment to such individual or such individual's alternative representative payee.

''(B) The total of the amount certified for payment to such individual or such individual's alternative representative payee under

subparagraph (A) and the amount certified for payment under paragraph (5) may not exceed the total benefit amount misused by the representative payee with respect to such individual.''.

(b) TITLE VIII AMENDMENT.—Section 807 of such Act (as amended by section 102(b)(2)) is amended further by adding at the end the following new subsection:

''(l) LIABILITY FOR MISUSED AMOUNTS.—

''(1) IN GENERAL.—If the Commissioner of Social Security or a court of competent jurisdiction determines that a representative payee that is not a Federal, State, or local government agency has misused all or part of a qualified individual's benefit that was paid to such representative payee under this section, the representative payee shall be liable for the amount misused, and such amount (to the extent not repaid by the representative payee) shall be treated as an overpayment of benefits under this title to the representative payee for all purposes of this Act and related laws pertaining to the recovery of such overpayments. Subject to paragraph (2), upon recovering all or any part of such amount, the Commissioner shall make payment of an amount equal to the recovered amount to such qualified individual or such qualified individual's alternative representative payee.

''(2) LIMITATION.—The total of the amount paid to such individual or such individual's alternative representative payee under paragraph (1) and the amount paid under subsection (i) may not exceed the total benefit amount misused by the representative payee with respect to such individual.''.

(c) TITLE XVI AMENDMENTS.—Section 1631(a)(2) of such Act (42 U.S.C. 1383(a)(2)) (as amended by section 102(b)(3)) is amended further—

(1) in subparagraph (G)(i)(II), by striking ''section 205(j)(9)'' and inserting ''section 205(j)(10)''; and

(2) by striking subparagraph (H) and inserting the following:

''(H)(i) If the Commissioner of Social Security or a court of competent jurisdiction determines that a representative payee that is not a Federal, State, or local government agency has misused all or part of an individual's benefit that was paid to the representative payee under this paragraph, the representative payee shall be liable for the amount misused, and the amount (to the extent not repaid by the representative payee) shall be treated as an overpayment of benefits under this title to the representative payee for all purposes of this Act and related laws pertaining to the recovery of the overpayments. Subject to clause (ii), upon recovering all or any part of the amount, the Commissioner shall make payment of an amount equal to the recovered amount to such individual or such individual's alternative representative payee.

''(ii) The total of the amount paid to such individual or such individual's alternative representative payee under clause (i) and the amount paid under subparagraph (E) may not exceed the total benefit amount misused by the representative payee with respect to such individual.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to benefit misuse by a representative payee in any case with respect to which the Commissioner of Social Security or a court of competent jurisdiction makes the determination of misuse after 180 days after the date of the enactment of this Act.

SEC. 106. AUTHORITY TO REDIRECT DELIVERY OF BENEFIT PAYMENTS WHEN A REPRESENTATIVE PAYEE FAILS TO PROVIDE REQUIRED ACCOUNTING.

(a) TITLE II AMENDMENTS.—Section 205(j)(3) of the Social Security Act (42 U.S.C. 405(j)(3)) (as amended by sections 102(a)(1)(B) and 105(a)(2)) is amended—

(1) by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (G), respectively; and

(2) by inserting after subparagraph (D) the following new subparagraph:

''(E) In any case in which the person described in subparagraph (A) or (D) receiving payments on behalf of another fails to submit a report required by the Commissioner of Social Security under subparagraph (A) or (D), the Commissioner may, after furnishing notice to such person and the individual entitled to such payment, require that such person appear in person at a field office of the Social Security Administration serving the area in which the individual resides in order to receive such payments.''.

(b) TITLE VIII AMENDMENTS.—Section 807(h) of such Act (42 U.S.C. 1007(h)) is amended—

(1) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and

(2) by inserting after paragraph (2) the following new paragraph:

''(3) AUTHORITY TO REDIRECT DELIVERY OF BENEFIT PAYMENTS WHEN A REPRESENTATIVE PAYEE FAILS TO PROVIDE REQUIRED ACCOUNTING.—In any case in which the person described in paragraph (1) or (2) receiving benefit payments on behalf of a qualified individual fails to submit a report required by the Commissioner of Social Security under paragraph (1) or (2), the Commissioner may, after furnishing notice to such person and the qualified individual, require that such person appear in person at a United States Government facility designated by the Social Security Administration as serving the area in which the qualified individual resides in order to receive such benefit payments.''.

(c) TITLE XVI AMENDMENT.—Section 1631(a)(2)(C) of such Act (42 U.S.C. 1383(a)(2)(C)) is amended by adding at the end the following new clause:

''(v) In any case in which the person described in clause (i) or (iv) receiving payments on behalf of another fails to submit a report required by the Commissioner of Social Security under clause (i) or (iv), the Commissioner may, after furnishing notice to the person and the individual entitled to the payment, require that such person appear in person at a field office of the Social Security Administration serving the area in which the individual resides in order to receive such payments.''.

(d) EFFECTIVE DATE.—The amendment made by this section shall take effect 180 days after the date of the enactment of this Act.

Subtitle B—Enforcement

SEC. 111. CIVIL MONETARY PENALTY AUTHORITY WITH RESPECT TO WRONGFUL CONVERSIONS BY REPRESENTATIVE PAYEES.

(a) IN GENERAL.—Section 1129(a) of the Social Security Act (42 U.S.C. 1320a–8) is amended by adding at the end the following new paragraph:

''(3) Any person (including an organization, agency, or other entity) who, having received, while acting in the capacity of a representative payee pursuant to section 205(j), 807, or 1631(a)(2), a payment under title II, VIII, or XVI for the use and benefit of another individual, converts such payment, or any part thereof, to a use that such person knows or should know is other than for the use and benefit of such other individual shall be subject to, in addition to any other penalties that may be prescribed by law, a civil money penalty of not more than $5,000 for each such conversion. Such person shall also be subject to an assessment, in lieu of damages sustained by the United States resulting from the conversion, of not more than twice the amount of any payments so converted.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to violations committed after the date of the enactment of this Act.

TITLE II—PROGRAM PROTECTIONS

SEC. 201. CIVIL MONETARY PENALTY AUTHORITY WITH RESPECT TO KNOWING WITHHOLDING OF MATERIAL FACTS.

(a) TREATMENT OF WITHHOLDING OF MATERIAL FACTS.—

(1) CIVIL PENALTIES.—Section 1129(a)(1) of the Social Security Act (42 U.S.C. 1320a–8(a)(1)) is amended—

(A) by striking ''who'' in the first sentence and inserting ''who—'';

(B) by striking ''makes'' in the first sentence and all that follows through ''shall be subject to'' and inserting the following:

''(A) makes, or causes to be made, a statement or representation of a material fact, for use in determining any initial or continuing right to or the amount of monthly insurance benefits under title II or benefits or payments under title VIII or XVI, that the person knows or should know is false or misleading,

''(B) makes such a statement or representation for such use with knowing disregard for the truth, or

''(C) omits from a statement or representation for such use, or otherwise withholds disclosure of, a fact which the person knows or should know is material to the determination of any initial or continuing right to or the amount of monthly insurance benefits under title II or benefits or payments under title VIII or XVI, if the person knows, or should know, that the statement or representation with such omission is false or misleading or that the withholding of such disclosure is misleading,

shall be subject to'';

(C) by inserting ''or each receipt of such benefits or payments while withholding disclosure of such fact'' after ''each such statement or representation'' in the first sentence;

(D) by inserting ''or because of such withholding of disclosure of a material fact'' after ''because of such statement or representation'' in the second sentence; and

(E) by inserting ''or such a withholding of disclosure'' after ''such a statement or representation'' in the second sentence.

(2) ADMINISTRATIVE PROCEDURE FOR IMPOSING PENALTIES.—Section 1129A(a) of such Act (42 U.S.C. 1320a–8a(a)) is amended—

(A) by striking ''who'' the first place it appears and inserting ''who—''; and

(B) by striking ''makes'' and all that follows through ''shall be subject to,'' and inserting the following:

''(1) makes, or causes to be made, a statement or representation of a material fact, for use in determining any initial or continuing right to or the amount of monthly insurance benefits under title II or benefits or payments under title XVI that the person knows or should know is false or misleading,

''(2) makes such a statement or representation for such use with knowing disregard for the truth, or

''(3) omits from a statement or representation for such use, or otherwise withholds disclosure of, a fact which the person knows or should know is material to the determination of any initial or continuing right to or the amount of monthly insurance benefits under title II or benefits or payments under title XVI, if the person knows, or should know, that the statement or representation with such omission is false or misleading or that the withholding of such disclosure is misleading,

shall be subject to,''.

(b) CLARIFICATION OF TREATMENT OF RECOVERED AMOUNTS.—Section 1129(e)(2)(B) of such Act (42 U.S.C. 1320a–8(e)(2)(B)) is amended by striking ''In the case of amounts recovered arising out of a determination relating to title VIII or XVI,'' and inserting ''In the case of any other amounts recovered under this section,''.

(c) CONFORMING AMENDMENTS.—

(1) Section 1129(b)(3)(A) of such Act (42 U.S.C. 1320a–8(b)(3)(A)) is amended by striking ''charging fraud or false statements''.

(2) Section 1129(c)(1) of such Act (42 U.S.C. 1320a–8(c)(1)) is amended by striking ''and representations'' and inserting '', representations, or actions''.

(3) Section 1129(e)(1)(A) of such Act (42 U.S.C. 1320a–8(e)(1)(A)) is amended by striking ''statement or representation referred to in subsection (a) was made'' and inserting ''violation occurred''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to violations committed after the date on which the Commissioner implements the centralized computer file described in section 202.

SEC. 202. ISSUANCE BY COMMISSIONER OF SOCIAL SECURITY OF RECEIPTS TO ACKNOWLEDGE SUBMISSION OF REPORTS OF CHANGES IN WORK OR EARNINGS STATUS OF DISABLED BENEFICIARIES.

Effective as soon as possible, but not later than 1 year after the date of the enactment of this Act, until such time as the Commissioner of Social Security implements a centralized computer file recording the date of the submission of information by a disabled beneficiary (or representative) regarding a change in the beneficiary's work or earnings status, the Commissioner shall issue a receipt to the disabled beneficiary (or representative) each time he or she submits documentation, or otherwise reports to the Commissioner, on a change in such status.

SEC. 203. DENIAL OF TITLE II BENEFITS TO PERSONS FLEEING PROSECUTION, CUSTODY, OR CONFINEMENT, AND TO PERSONS VIOLATING PROBATION OR PAROLE.

(a) IN GENERAL.—Section 202(x) of the Social Security Act (42 U.S.C. 402(x)) is amended—

(1) in the heading, by striking ''Prisoners'' and all that follows and inserting the following: ''Prisoners, Certain Other Inmates of Publicly Funded Institutions, and Fugitives'';

(2) in paragraph (1)(A)(ii)(IV), by striking ''or'' at the end;

(3) in paragraph (1)(A)(iii), by striking the period at the end and inserting a comma;

(4) by inserting after paragraph (1)(A)(iii) the following:

''(iv) is fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the person flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the person flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State, or

''(v) is violating a condition of probation or parole imposed under Federal or State law.

In the case of an individual from whom such monthly benefits have been withheld pursuant to clause (iv), the Commissioner may, for good cause shown, pay such withheld benefits to the individual.''; and

(5) in paragraph (3), by adding at the end the following new subparagraph:

''(C) Notwithstanding the provisions of section 552a of title 5, United States Code, or any other provision of Federal or State law (other than section 6103 of the Internal Revenue Code of 1986 and section 1106(c) of this Act), the Commissioner shall furnish any Federal, State, or local law enforcement officer, upon the written request of the officer, with the current address, Social Security number, and photograph (if applicable) of any beneficiary under this title, if the officer furnishes the Commissioner with the name of the beneficiary, and other identifying information as reasonably required by the Commissioner to establish the unique identity of the beneficiary, and notifies the Commissioner that—

''(i) the beneficiary—

''(I) is described in clause (iv) or (v) of paragraph (1)(A); and

''(II) has information that is necessary for the officer to conduct the officer's official duties; and

''(ii) the location or apprehension of the beneficiary is within the officer's official duties.''.

(b) REGULATIONS.—Not later than the first day of the first month that begins on or after the date that is 9 months after the date of the enactment of this Act, the Commissioner of Social Security shall promulgate regulations governing payment by the Commissioner, for good cause shown, of withheld benefits, pursuant to the last sentence of section 202(x)(1)(A) of the Social Security Act (as amended by subsection (a)).

(c) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on the first day of the first month that begins on or after the date that is 9 months after the date of the enactment of this Act.

SEC. 204. REQUIREMENTS RELATING TO OFFERS TO PROVIDE FOR A FEE A PRODUCT OR SERVICE AVAILABLE WITHOUT CHARGE FROM THE SOCIAL SECURITY ADMINISTRATION.

(a) IN GENERAL.—Section 1140 of the Social Security Act (42 U.S.C. 1320b–10) is amended—

(1) in subsection (a), by adding at the end the following new paragraph:

''(4)(A) No person shall offer, for a fee, to assist an individual to obtain a product or service that the person knows or should know is provided free of charge by the Social Security Administration unless, at the time the offer is made, the person provides to the individual to whom the offer is tendered a notice that—

''(i) explains that the product or service is available free of charge from the Social Security Administration, and

''(ii) complies with standards prescribed by the Commissioner of Social Security respecting the content of such notice and its placement, visibility, and legibility.

''(B) Subparagraph (A) shall not apply to any offer—

''(i) to serve as a claimant representative in connection with a claim arising under title II, title VIII, or title XVI; or

''(ii) to prepare, or assist in the preparation of, an individual's plan for achieving self-support under title XVI.''; and

(2) in the heading, by striking ''PROHIBITION OF MISUSE OF SYMBOLS, EMBLEMS, OR NAMES IN REFERENCE'' and inserting ''PROHIBITIONS RELATING TO REFERENCES''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to offers of assistance made after the sixth month ending after the Commissioner of Social Security promulgates final regulations prescribing the standards applicable to the notice required to be provided in connection with such offer. The Commissioner shall promulgate such final regulations within 1 year after the date of the enactment of this Act.

SEC. 205. REFUSAL TO RECOGNIZE CERTAIN INDIVIDUALS AS CLAIMANT REPRESENTATIVES.

Section 206(a)(1) of the Social Security Act (42 U.S.C. 406(a)(1)) is amended by inserting after the second sentence the following: ''Notwithstanding the preceding sentences, the Commissioner, after due notice and opportunity for hearing, (A) may refuse to recognize as a representative, and may disqualify a representative already recognized, any attorney who has been disbarred or suspended from any court or bar to which he or she was previously admitted to practice or who has been disqualified from participating in or appearing before any Federal program or agency, and (B) may refuse to recognize, and may disqualify, as a non-attorney representative any attorney who has been disbarred or suspended from any court or bar to which he or she was previously admitted to practice. A representative who has been disqualified or suspended pursuant to this section from appearing before the Social Security Administration as a result of collecting or receiving a fee in excess of the amount authorized shall be barred from appearing before the Social Security Administration as a representative until full restitution is made to the claimant and, thereafter, may be considered for reinstatement only under such rules as the Commissioner may prescribe.''.

SEC. 206. PENALTY FOR CORRUPT OR FORCIBLE INTERFERENCE WITH ADMINISTRATION OF SOCIAL SECURITY ACT.

Part A of title XI of the Social Security Act (42 U.S.C. 1301 et seq.) is amended by inserting after section 1129A the following new section:

''ATTEMPTS TO INTERFERE WITH ADMINISTRATION OF SOCIAL SECURITY ACT

''SEC. 1129B. Whoever corruptly or by force or threats of force (including any threatening letter or communication) attempts to intimidate or impede any officer, employee, or contractor of the Social Security Administration (including any State employee of a disability determination service or any other individual designated by the Commissioner of Social Security) acting in an official capacity to carry out a duty under this Act, or in any other way corruptly or by force or threats of force (including any threatening letter or communication) obstructs or impedes, or attempts to obstruct or impede, the due administration of this Act, shall be fined not more than $5,000, imprisoned not more than 3 years, or both, except that if the offense is committed only by threats of force, the person shall be fined not more than $3,000, imprisoned not more than 1 year, or both. In this subsection, the term 'threats of force' means threats of harm to the officer or employee of the United States or to a contractor of the Social Security Administration, or to a member of the family of such an officer or employee or contractor.''.

SEC. 207. USE OF SYMBOLS, EMBLEMS, OR NAMES IN REFERENCE TO SOCIAL SECURITY OR MEDICARE.

(a) IN GENERAL.—Section 1140(a)(1) of the Social Security Act (42 U.S.C. 1320b–10(a)(1)) is amended—

(1) in subparagraph (A), by inserting '' 'Centers for Medicare & Medicaid Services','' after '' 'Health Care Financing Administration','', by striking ''or 'Medicaid', '' and inserting '' 'Medicaid', 'Death Benefits Update', 'Federal Benefit Information', 'Funeral Expenses', or 'Final Supplemental Plan','' and by inserting '' 'CMS','' after '' 'HCFA','';

(2) in subparagraph (B), by inserting ''Centers for Medicare & Medicaid Services,'' after ''Health Care Financing Administration,'' each place it appears; and

(3) in the matter following subparagraph (B), by striking ''the Health Care Financing Administration,'' each place it appears and inserting ''the Centers for Medicare & Medicaid Services,''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to items

sent after 180 days after the date of the enactment of this Act.

SEC. 208. DISQUALIFICATION FROM PAYMENT DURING TRIAL WORK PERIOD UPON CONVICTION OF FRAUDULENT CONCEALMENT OF WORK ACTIVITY.

(a) IN GENERAL.—Section 222(c) of the Social Security Act (42 U.S.C. 422(c)) is amended by adding at the end the following new paragraph:

''(5) Upon conviction by a Federal court that an individual has fraudulently concealed work activity during a period of trial work from the Commissioner of Social Security by—

''(A) providing false information to the Commissioner of Social Security as to whether the individual had earnings in or for a particular period, or as to the amount thereof;

''(B) receiving disability insurance benefits under this title while engaging in work activity under another identity, including under another social security account number or a number purporting to be a social security account number; or

''(C) taking other actions to conceal work activity with an intent fraudulently to secure payment in a greater amount than is due or when no payment is authorized,

no benefit shall be payable to such individual under this title with respect to a period of disability for any month before such conviction during which the individual rendered services during the period of trial work with respect to which the fraudulently concealed work activity occurred, and amounts otherwise due under this title as restitution, penalties, assessments, fines, or other repayments shall in all cases be in addition to any amounts for which such individual is liable as overpayments by reason of such concealment.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to work activity performed after the date of the enactment of this Act.

SEC. 209. AUTHORITY FOR JUDICIAL ORDERS OF RESTITUTION.

(a) AMENDMENTS TO TITLE II.—Section 208 of the Social Security Act (42 U.S.C. 408) is amended—

(1) by redesignating subsections (b), (c), and (d) as subsections (c), (d), and (e), respectively; and

(2) by inserting after subsection (a) the following new subsection:

''(b)(1) Any Federal court, when sentencing a defendant convicted of an offense under subsection (a), may order, in addition to or in lieu of any other penalty authorized by law, that the defendant make restitution to the Social Security Administration.

''(2) Sections 3612, 3663, and 3664 of title 18, United States Code, shall apply with respect to the issuance and enforcement of orders of restitution under this subsection. In so applying such sections, the Social Security Administration shall be considered the victim.

''(3) If the court does not order restitution, or orders only partial restitution, under this subsection, the court shall state on the record the reasons therefor.''.

(b) AMENDMENTS TO TITLE VIII.—Section 807(i) of such Act (42 U.S.C. 1007(i)) is amended—

(1) by striking ''(i) RESTITUTION.—In any case where'' and inserting the following:

''(i) RESTITUTION.—

''(1) IN GENERAL.—In any case where''; and

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

''(2) COURT ORDER FOR RESTITUTION.—

''(A) IN GENERAL.—Any Federal court, when sentencing a defendant convicted of an offense under subsection (a), may order, in addition to or in lieu of any other penalty authorized by law, that the defendant make restitution to the Social Security Administration.

''(B) RELATED PROVISIONS.—Sections 3612, 3663, and 3664 of title 18, United States Code, shall apply with respect to the issuance and enforcement of orders of restitution under this paragraph. In so applying such sections, the Social Security Administration shall be considered the victim.

''(C) STATED REASONS FOR NOT ORDERING RESTITUTION.—If the court does not order restitution, or orders only partial restitution, under this paragraph, the court shall state on the record the reasons therefor.''.

(c) AMENDMENTS TO TITLE XVI.—Section 1632 of such Act (42 U.S.C. 1383a) is amended—

(1) by redesignating subsection (b) as subsection (c); and

(2) by inserting after subsection (a) the following new subsection:

''(b)(1) Any Federal court, when sentencing a defendant convicted of an offense under subsection (a), may order, in addition to or in lieu of any other penalty authorized by law, that the defendant make restitution to the Social Security Administration.

''(2) Sections 3612, 3663, and 3664 of title 18, United States Code, shall apply with respect to the issuance and enforcement of orders of restitution under this subsection. In so applying such sections, the Social Security Administration shall be considered the victim.

''(3) If the court does not order restitution, or orders only partial restitution, under this subsection, the court shall state on the record the reasons therefor.''.

(d) SPECIAL ACCOUNT FOR RECEIPT OF RESTITUTION PAYMENTS.—Section 704(b) of such Act (42 U.S.C. 904(b)) is amended by adding at the end the following new paragraph:

''(3)(A) Except as provided in subparagraph (B), amounts received by the Social Security Administration pursuant to an order of restitution under section 208(b), 807(i), or 1632(b) shall be credited to a special fund established in the Treasury of the United States for amounts so received or recovered. The amounts so credited, to the extent and in the amounts provided in advance in appropriations Acts, shall be available to defray expenses incurred in carrying out titles II, VIII, and XVI.

''(B) Subparagraph (A) shall not apply with respect to amounts received in connection with misuse by a representative payee (within the meaning of sections 205(j), 807, and 1631(a)(2)) of funds paid as benefits under title II, VIII, or XVI. Such amounts received in connection with misuse of funds paid as benefits under title II shall be transferred to the Managing Trustee of the Federal Old-Age and Survivors Insurance Trust Fund or the Federal Disability Insurance Trust Fund, as determined appropriate by the Commissioner of Social Security, and such amounts shall be deposited by the Managing Trustee into such Trust Fund. All other such amounts shall be deposited by the Commissioner into the general fund of the Treasury as miscellaneous receipts.''.

(e) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall apply with respect to violations occurring on or after the date of the enactment of this Act.

TITLE III—ATTORNEY FEE PAYMENT SYSTEM IMPROVEMENTS

SEC. 301. CAP ON ATTORNEY ASSESSMENTS.

(a) IN GENERAL.—Section 206(d)(2)(A) of the Social Security Act (42 U.S.C. 406(d)(2)(A)) is amended—

(1) by inserting '', except that the maximum amount of the assessment may not exceed the greater of $75 or the adjusted amount as provided pursuant to the following two sentences'' after ''subparagraph (B)''; and

(2) by adding at the end the following new sentence: ''In the case of any calendar year beginning after the date of the enactment of the Social Security Program Protection Act of 2003, the dollar amount specified in the preceding sentence (including a previously adjusted amount) shall be adjusted annually under the procedures used to adjust benefit amounts under section 215(i)(2)(A)(ii), except such adjustment shall be based on the higher of $75 or the previously adjusted amount that would have been in effect for December of the preceding year, but for the rounding of such amount pursuant to the following sentence. Any amount so adjusted that is not a multiple of $10 shall be rounded to the next lowest multiple of $10, but in no case less than $75.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to fees for representation of claimants which are first required to be certified or paid under section 206 of the Social Security Act on or after the first day of the first month that begins after 180 days after the date of the enactment of this Act.

SEC. 302. EXTENSION OF ATTORNEY FEE PAYMENT SYSTEM TO TITLE XVI CLAIMS.

(a) IN GENERAL.—Section 1631(d)(2) of the Social Security Act (42 U.S.C. 1383(d)(2)) is amended—

(1) in subparagraph (A), in the matter preceding clause (i)—

(A) by striking ''section 206(a)'' and inserting ''section 206'';

(B) by striking ''(other than paragraph (4) thereof)'' and inserting ''(other than subsections (a)(4) and (d) thereof)''; and

(C) by striking ''paragraph (2) thereof'' and inserting ''such section'';

(2) in subparagraph (A)(i), by striking ''in subparagraphs (A)(ii)(I) and (C)(i),'' and inserting ''in subparagraphs (A)(ii)(I) and (D)(i) of subsection (a)(2)'', and by striking ''and'' at the end;

(3) by striking subparagraph (A)(ii) and inserting the following:

''(ii) by substituting, in subsections (a)(2)(B) and (b)(1)(B)(i), the phrase 'section 1631(a)(7)(A) or the requirements of due process of law' for the phrase 'subsection (g) or (h) of section 223';

''(iii) by substituting, in subsection (a)(2)(C)(i), the phrase 'under title II' for the phrase 'under title XVI';

''(iv) by substituting, in subsection (b)(1)(A), the phrase 'pay the amount of such fee' for the phrase 'certify the amount of such fee for payment' and by striking, in subsection (b)(1)(A), the phrase 'or certified for payment'; and

''(v) by substituting, in subsection (b)(1)(B)(ii), the phrase 'deemed to be such amounts as determined before any applicable reduction under section 1631(g), and reduced by the amount of any reduction in benefits under this title or title II made pursuant to section 1127(a)' for the phrase 'determined before any applicable reduction under section 1127(a))'.''; and

(4) by striking subparagraph (B) and inserting the following new subparagraphs:

''(B) Subject to subparagraph (C), if the claimant is determined to be entitled to past-due benefits under this title and the person representing the claimant is an attorney, the Commissioner of Social Security shall pay out of such past-due benefits to such attorney an amount equal to the lesser of—

''(i) so much of the maximum fee as does not exceed 25 percent of such past-due benefits (as determined before any applicable reduction under section 1631(g) and reduced by the amount of any reduction in benefits under this title or title II pursuant to section 1127(a)), or

''(ii) the amount of past-due benefits available after any applicable reductions under sections 1631(g) and 1127(a).

''(C)(i) Whenever a fee for services is required to be paid to an attorney from a claimant's past-due benefits pursuant to subparagraph (B), the Commissioner shall impose on the attorney an assessment calculated in accordance with clause (ii).

''(ii)(I) The amount of an assessment under clause (i) shall be equal to the product obtained by multiplying the amount of the representative's fee that would be required to be paid by subparagraph (B) before the application of this subparagraph, by the percentage specified in subclause (II), except that the maximum amount of the assessment may not exceed $75. In the case of any calendar year beginning after the date of the enactment of the Social Security Program Protection Act of 2003, the dollar amount specified in the preceding sentence (including a previously adjusted amount) shall be adjusted annually under the procedures used to adjust benefit amounts under section 215(i)(2)(A)(ii), except such adjustment shall be based on the higher of $75 or the previously adjusted amount that would have been in effect for December of the preceding year, but for the rounding of such amount pursuant to the following sentence. Any amount so adjusted that is not a multiple of $10 shall be rounded to the next lowest multiple of $10, but in no case less than $75.

''(II) The percentage specified in this subclause is such percentage rate as the Commissioner determines is necessary in order to achieve full recovery of the costs of determining and approving fees to attorneys from the past-due benefits of claimants, but not in excess of 6.3 percent.

''(iii) The Commissioner may collect the assessment imposed on an attorney under clause (i) by offset from the amount of the fee otherwise required by subparagraph (B) to be paid to the attorney from a claimant's past-due benefits.

''(iv) An attorney subject to an assessment under clause (i) may not, directly or indirectly, request or otherwise obtain reimbursement for such assessment from the claimant whose claim gave rise to the assessment.

''(v) Assessments on attorneys collected under this subparagraph shall be deposited in the Treasury in a separate fund created for this purpose.

''(vi) The assessments authorized under this subparagraph shall be collected and available for obligation only to the extent and in the amount provided in advance in appropriations Acts. Amounts so appropriated are authorized to remain available until expended, for administrative expenses in carrying out this title and related laws.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply with respect to fees for representation of claimants which are first required to be certified or paid under section 1631(d)(2) of the Social Security Act on or after the first day of the first month that begins after 270 days after the date of the enactment of this Act.

(2) SUNSET.—Such amendments shall not apply with respect to fees for representation of claimants in the case of any claim for benefits with respect to which the agreement for representation is entered into after 3 years after the date of the enactment of this Act.

(c) STUDY REGARDING FEE-WITHHOLDING FOR NON-ATTORNEY REPRESENTATIVES.—

(1) STUDY.—As soon as practicable after the date of the enactment of this Act, the Comptroller General of the United States shall undertake a study regarding fee-withholding for non-attorney representatives representing claimants before the Social Security Administration.

(2) MATTERS TO BE STUDIED.—In conducting the study under this subsection, the Comptroller General shall—

(A) compare the non-attorney representatives who seek fee approval for representing claimants before the Social Security Administration to attorney representatives who seek such fee approval, with regard to—

(i) their training, qualifications, and competency,

(ii) the type and quality of services provided, and

(iii) the extent to which claimants are protected through oversight of such representatives by the Social Security Administration or other organizations, and

(B) consider the potential results of extending to non-attorney representatives the fee withholding procedures that apply under titles II and XVI of the Social Security Act for the payment of attorney fees, including the effect on claimants and program administration.

(3) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Comptroller General shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report detailing the results of the Comptroller General's study conducted pursuant to this subsection.

TITLE IV—MISCELLANEOUS AND TECHNICAL AMENDMENTS

Subtitle A—Amendments Relating to the Ticket to Work and Work Incentives Improvement Act of 1999

SEC. 401. APPLICATION OF DEMONSTRATION AUTHORITY SUNSET DATE TO NEW PROJECTS.

Section 234 of the Social Security Act (42 U.S.C. 434) is amended—

(1) in the first sentence of subsection (c), by striking ''conducted under subsection (a)'' and inserting ''initiated under subsection (a) on or before December 17, 2004''; and

(2) in subsection (d)(2), by amending the first sentence to read as follows: ''The authority to initiate projects under the preceding provisions of this section shall terminate on December 18, 2004.''.

SEC. 402. EXPANSION OF WAIVER AUTHORITY AVAILABLE IN CONNECTION WITH DEMONSTRATION PROJECTS PROVIDING FOR REDUCTIONS IN DISABILITY INSURANCE BENEFITS BASED ON EARNINGS.

Section 302(c) of the Ticket to Work and Work Incentives Improvement Act of 1999 (42 U.S.C. 434 note) is amended by striking ''(42 U.S.C. 401 et seq.),'' and inserting ''(42 U.S.C. 401 et seq.) and the requirements of section 1148 of such Act (42 U.S.C. 1320b–19) as they relate to the program established under title II of such Act,''.

SEC. 403. FUNDING OF DEMONSTRATION PROJECTS PROVIDED FOR REDUCTIONS IN DISABILITY INSURANCE BENEFITS BASED ON EARNINGS.

Section 302(f) of the Ticket to Work and Work Incentives Improvement Act of 1999 (42 U.S.C. 434 note) is amended to read as follows:

''(f) EXPENDITURES.—Administrative expenses for demonstration projects under this section shall be paid from funds available for the administration of title II or XVIII of the Social Security Act, as appropriate. Benefits payable to or on behalf of individuals by reason of participation in projects under this section shall be made from the Federal Disability Insurance Trust Fund and the Federal Old-Age and Survivors Insurance Trust Fund, as determined appropriate by the Commissioner of Social Security, and from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund, as determined appropriate by the Secretary of Health and Human Services, from funds available for benefits under such title II or XVIII.''.

SEC. 404. AVAILABILITY OF FEDERAL AND STATE WORK INCENTIVE SERVICES TO ADDITIONAL INDIVIDUALS.

(a) FEDERAL WORK INCENTIVES OUTREACH PROGRAM.—

(1) IN GENERAL.—Section 1149(c)(2) of the Social Security Act (42 U.S.C. 1320b–20(c)(2)) is amended to read as follows:

''(2) DISABLED BENEFICIARY.—The term 'disabled beneficiary' means an individual—

''(A) who is a disabled beneficiary as defined in section 1148(k)(2) of this Act;

''(B) who is receiving a cash payment described in section 1616(a) of this Act or a supplementary payment described in section 212(a)(3) of Public Law 93–66 (without regard to whether such payment is paid by the Commissioner pursuant to an agreement under section 1616(a) of this Act or under section 212(b) of Public Law 93–66);

''(C) who, pursuant to section 1619(b) of this Act, is considered to be receiving benefits under title XVI of this Act; or

''(D) who is entitled to benefits under part A of title XVIII of this Act by reason of the penultimate sentence of section 226(b) of this Act.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply with respect to grants, cooperative agreements, or contracts entered into on or after the date of the enactment of this Act.

(b) STATE GRANTS FOR WORK INCENTIVES ASSISTANCE.—

(1) DEFINITION OF DISABLED BENEFICIARY.—Section 1150(g)(2) of such Act (42 U.S.C. 1320b–21(g)(2)) is amended to read as follows:

''(2) DISABLED BENEFICIARY.—The term 'disabled beneficiary' means an individual—

''(A) who is a disabled beneficiary as defined in section 1148(k)(2) of this Act;

''(B) who is receiving a cash payment described in section 1616(a) of this Act or a supplementary payment described in section 212(a)(3) of Public Law 93–66 (without regard to whether such payment is paid by the Commissioner pursuant to an agreement under section 1616(a) of this Act or under section 212(b) of Public Law 93–66);

''(C) who, pursuant to section 1619(b) of this Act, is considered to be receiving benefits under title XVI of this Act; or

''(D) who is entitled to benefits under part A of title XVIII of this Act by reason of the penultimate sentence of section 226(b) of this Act.''.

(2) ADVOCACY OR OTHER SERVICES NEEDED TO MAINTAIN GAINFUL EMPLOYMENT.—Section 1150(b)(2) of such Act (42 U.S.C. 1320b–21(b)(2)) is amended by striking ''secure or regain'' and inserting ''secure, maintain, or regain''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply with respect to payments provided after the date of the enactment of this Act.

SEC. 405. TECHNICAL AMENDMENT CLARIFYING TREATMENT FOR CERTAIN PURPOSES OF INDIVIDUAL WORK PLANS UNDER THE TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM.

(a) IN GENERAL.—Section 1148(g)(1) of the Social Security Act (42 U.S.C. 1320b–19) is amended by adding at the end, after and below subparagraph (E), the following new sentence:

''An individual work plan established pursuant to this subsection shall be treated, for purposes of section 51(d)(6)(B)(i) of the Internal Revenue Code of 1986, as an individualized written plan for employment under a State plan for vocational rehabilitation services approved under the Rehabilitation Act of 1973.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if

included in section 505 of the Ticket to Work and Work Incentives Improvement Act of 1999 (Public Law 106–170; 113 Stat. 1921).

Subtitle B—Miscellaneous Amendments

SEC. 411. ELIMINATION OF TRANSCRIPT REQUIREMENT IN REMAND CASES FULLY FAVORABLE TO THE CLAIMANT.

(a) IN GENERAL.—Section 205(g) of the Social Security Act (42 U.S.C. 405(g)) is amended in the sixth sentence by striking ''and a transcript'' and inserting ''and, in any case in which the Commissioner has not made a decision fully favorable to the individual, a transcript''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to final determinations issued (upon remand) on or after the date of the enactment of this Act.

SEC. 412. NONPAYMENT OF BENEFITS UPON REMOVAL FROM THE UNITED STATES.

(a) IN GENERAL.—Paragraphs (1) and (2) of section 202(n) of the Social Security Act (42 U.S.C. 402(n)(1), (2)) are each amended by striking ''or (1)(E)''.

(b) EFFECTIVE DATE.—The amendment made by this section to section 202(n)(1) of the Social Security Act shall apply to individuals with respect to whom the Commissioner of Social Security receives a removal notice from the Attorney General after the date of the enactment of this Act. The amendment made by this section to section 202(n)(2) of the Social Security Act shall apply with respect to removals occurring after the date of the enactment of this Act.

SEC. 413. REINSTATEMENT OF CERTAIN REPORTING REQUIREMENTS.

Section 3003(a)(1) of the Federal Reports Elimination and Sunset Act of 1995 (31 U.S.C. 1113 note) shall not apply to any report required to be submitted under any of the following provisions of law:

(1)(A) Section 201(c)(2) of the Social Security Act (42 U.S.C. 401(c)(2)).

(B) Section 1817(b)(2) of the Social Security Act (42 U.S.C. 1395i(b)(2)).

(C) Section 1841(b)(2) of the Social Security Act (42 U.S.C. 1395t(b)(2)).

(2)(A) Section 221(c)(3)(C) of the Social Security Act (42 U.S.C. 421(c)(3)(C)).

(B) Section 221(i)(3) of the Social Security Act (42 U.S.C. 421(i)(3)).

SEC. 414. CLARIFICATION OF DEFINITIONS REGARDING CERTAIN SURVIVOR BENEFITS.

(a) WIDOWS.—Section 216(c) of the Social Security Act (42 U.S.C. 416(c)) is amended—

(1) by redesignating subclauses (A) through (C) of clause (6) as subclauses (i) through (iii), respectively;

(2) by redesignating clauses (1) through (6) as clauses (A) through (F), respectively;

(3) in clause (E) (as redesignated), by inserting ''except as provided in paragraph (2),'' before ''she was married'';

(4) by inserting ''(1)'' after ''(c)''; and

(5) by adding at the end the following new paragraph:

''(2) The requirements of paragraph (1)(E) in connection with the surviving wife of an individual shall be treated as satisfied if—

''(A) the individual had been married prior to the individual's marriage to the surviving wife,

''(B) the prior wife was institutionalized during the individual's marriage to the prior wife due to mental incompetence or similar incapacity,

''(C) during the period of the prior wife's institutionalization, the individual would have divorced the prior wife and married the surviving wife, but the individual did not do so because such divorce would have been unlawful, by reason of the prior wife's institutionalization, under the laws of the State in which the individual was domiciled at the time (as determined based on evidence satisfactory to the Commissioner of Social Security),

''(D) the prior wife continued to remain institutionalized up to the time of her death, and

''(E) the individual married the surviving wife within 60 days after the prior wife's death.''.

(b) WIDOWERS.—Section 216(g) of such Act (42 U.S.C. 416(g)) is amended—

(1) by redesignating subclauses (A) through (C) of clause (6) as subclauses (i) through (iii), respectively;

(2) by redesignating clauses (1) through (6) as clauses (A) through (F), respectively;

(3) in clause (E) (as redesignated), by inserting ''except as provided in paragraph (2),'' before ''he was married'';

(4) by inserting ''(1)'' after ''(g)''; and

(5) by adding at the end the following new paragraph:

''(2) The requirements of paragraph (1)(E) in connection with the surviving husband of an individual shall be treated as satisfied if—

''(A) the individual had been married prior to the individual's marriage to the surviving husband,

''(B) the prior husband was institutionalized during the individual's marriage to the prior husband due to mental incompetence or similar incapacity,

''(C) during the period of the prior husband's institutionalization, the individual would have divorced the prior husband and married the surviving husband, but the individual did not do so because such divorce would have been unlawful, by reason of the prior husband's institutionalization, under the laws of the State in which the individual was domiciled at the time (as determined based on evidence satisfactory to the Commissioner of Social Security),

''(D) the prior husband continued to remain institutionalized up to the time of his death, and

''(E) the individual married the surviving husband within 60 days after the prior husband's death.''.

(c) CONFORMING AMENDMENT.—Section 216(k) of such Act (42 U.S.C. 416(k)) is amended by striking ''clause (5) of subsection (c) or clause (5) of subsection (g)'' and inserting ''clause (E) of subsection (c)(1) or clause (E) of subsection (g)(1)''.

(d) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to applications for benefits under title II of the Social Security Act filed during months ending after the date of the enactment of this Act.

SEC. 415. CLARIFICATION RESPECTING THE FICA AND SECA TAX EXEMPTIONS FOR AN INDIVIDUAL WHOSE EARNINGS ARE SUBJECT TO THE LAWS OF A TOTALIZATION AGREEMENT PARTNER.

Sections 1401(c), 3101(c), and 3111(c) of the Internal Revenue Code of 1986 are each amended by striking ''to taxes or contributions for similar purposes under'' and inserting ''exclusively to the laws applicable to''.

SEC. 416. COVERAGE UNDER DIVIDED RETIREMENT SYSTEM FOR PUBLIC EMPLOYEES IN KENTUCKY.

(a) IN GENERAL.—Section 218(d)(6)(C) of the Social Security Act (42 U.S.C. 418(d)(6)(C)) is amended by inserting ''Kentucky,'' after ''Illinois,''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) takes effect on January 1, 2003.

SEC. 417. COMPENSATION FOR THE SOCIAL SECURITY ADVISORY BOARD.

(a) IN GENERAL.—Subsection (f) of section 703 of the Social Security Act (42 U.S.C. 903(f)) is amended to read as follows:

''Compensation, Expenses, and Per Diem

''(f) A member of the Board shall, for each day (including traveltime) during which the member is attending meetings or conferences of the Board or otherwise engaged in the business of the Board, be compensated at the daily rate of basic pay for level IV of the Executive Schedule for each day during which the member is engaged in performing a function of the Board. While serving on business of the Board away from their homes or regular places of business, members may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government employed intermittently.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall be effective as of January 1, 2003.

SEC. 418. 60-MONTH PERIOD OF EMPLOYMENT REQUIREMENT FOR APPLICATION OF GOVERNMENT PENSION OFFSET EXEMPTION.

(a) WIFE'S INSURANCE BENEFITS.—Section 202(b)(4)(A) of the Social Security Act (42 U.S.C. 402(b)(4)(A)) is amended by striking ''if, on the last day she was employed by such entity'' and inserting ''if, throughout the period beginning with the period of 60 calendar months preceding the last day she was employed by such entity and ending with such last day''.

(b) HUSBAND'S INSURANCE BENEFITS.—Section 202(c)(2)(A) of such Act (42 U.S.C. 402(c)(2)(A)) is amended by striking ''if, on the last day he was employed by such entity'' and inserting ''if, throughout the period beginning with the period of 60 calendar months preceding the last day he was employed by such entity and ending with such last day''.

(c) WIDOW'S INSURANCE BENEFITS.—Section 202(e)(7)(A) of such Act (42 U.S.C. 402(e)(7)(A)) is amended by striking ''if, on the last day she was employed by such entity'' and inserting ''if, throughout the period beginning with the period of 60 calendar months preceding the last day she was employed by such entity and ending with such last day''.

(d) WIDOWER'S INSURANCE BENEFITS.—Section 202(f)(2)(A) of such Act (42 U.S.C. 402(f)(2)(A)) is amended by striking ''if, on the last day he was employed by such entity'' and inserting ''if, throughout the period beginning with the period of 60 calendar months preceding the last day he was employed by such entity and ending with such last day''.

(e) MOTHER'S AND FATHER'S INSURANCE BENEFITS.—Section 202(g)(4)(A) of the such Act (42 U.S.C. 402(g)(4)(A)) is amended by striking ''if, on the last day the individual was employed by such entity'' and inserting ''if, throughout the period beginning with the period of 60 calendar months preceding the last day the individual was employed by such entity and ending with such last day''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to applications for benefits under title II of the Social Security Act filed on or after the first day of the first month that begins after the date of the enactment of this Act, except that such amendments shall not apply in connection with monthly periodic benefits of any individual based on earnings while in service described in section 202(b)(4)(A), 202(c)(2)(A), 202(e)(7)(A), or 202(f)(2)(A) of the Social Security Act (in the matter preceding clause (i) thereof)—

(1) if the last day of such service occurs before the end of the 90-day period following the date of the enactment of this Act, or

(2) in any case in which the last day of such service occurs after the end of such 90-day period, such individual performed such service during such 90-day period which constituted ''employment'' as defined in section

210 of such Act, and all such service subsequently performed by such individual has constituted such ''employment''.

Subtitle C—Technical Amendments

SEC. 421. TECHNICAL CORRECTION RELATING TO RESPONSIBLE AGENCY HEAD.

Section 1143 of the Social Security Act (42 U.S.C. 1320b–13) is amended—

(1) by striking ''Secretary'' the first place it appears and inserting ''Commissioner of Social Security''; and

(2) by striking ''Secretary'' each subsequent place it appears and inserting ''Commissioner''.

SEC. 422. TECHNICAL CORRECTION RELATING TO RETIREMENT BENEFITS OF MINISTERS.

(a) IN GENERAL.—Section 211(a)(7) of the Social Security Act (42 U.S.C. 411(a)(7)) is amended by inserting '', but shall not include in any such net earnings from self-employment the rental value of any parsonage or any parsonage allowance (whether or not excluded under section 107 of the Internal Revenue Code of 1986) provided after the individual retires, or any other retirement benefit received by such individual from a church plan (as defined in section 414(e) of such Code) after the individual retires'' before the semicolon.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to years beginning before, on, or after December 31, 1994.

SEC. 423. TECHNICAL CORRECTIONS RELATING TO DOMESTIC EMPLOYMENT.

(a) AMENDMENT TO INTERNAL REVENUE CODE.—Section 3121(a)(7)(B) of the Internal Revenue Code of 1986 is amended by striking ''described in subsection (g)(5)'' and inserting ''on a farm operated for profit''.

(b) AMENDMENT TO SOCIAL SECURITY ACT.—Section 209(a)(6)(B) of the Social Security Act (42 U.S.C. 409(a)(6)(B)) is amended by striking ''described in section 210(f)(5)'' and inserting ''on a farm operated for profit''.

(c) CONFORMING AMENDMENT.—Section 3121(g)(5) of such Code and section 210(f)(5) of such Act (42 U.S.C. 410(f)(5)) are amended by striking ''or is domestic service in a private home of the employer''.

SEC. 424. TECHNICAL CORRECTIONS OF OUTDATED REFERENCES.

(a) CORRECTION OF TERMINOLOGY AND CITATIONS RESPECTING REMOVAL FROM THE UNITED STATES.—Section 202(n) of the Social Security Act (42 U.S.C. 402(n)) (as amended by section 412) is amended further—

(1) by striking ''deportation'' each place it appears and inserting ''removal'';

(2) by striking ''deported'' each place it appears and inserting ''removed'';

(3) in paragraph (1) (in the matter preceding subparagraph (A)), by striking ''under section 241(a) (other than under paragraph (1)(C) thereof)'' and inserting ''under section 237(a) (other than paragraph (1)(C) thereof) or 212(a)(6)(A)'';

(4) in paragraph (2), by striking ''under any of the paragraphs of section 241(a) of the Immigration and Nationality Act (other than under paragraph (1)(C) thereof)'' and inserting ''under any of the paragraphs of section 237(a) of the Immigration and Nationality Act (other than paragraph (1)(C) thereof) or under section 212(a)(6)(A) of such Act'';

(5) in paragraph (3)—

(A) by striking ''paragraph (19) of section 241(a)'' and inserting ''subparagraph (D) of section 237(a)(4)''; and

(B) by striking ''paragraph (19)'' and inserting ''subparagraph (D)''; and

(6) in the heading, by striking ''Deportation'' and inserting ''Removal''.

(b) CORRECTION OF CITATION RESPECTING THE TAX DEDUCTION RELATING TO HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.—Section 211(a)(15) of such Act (42 U.S.C. 411(a)(15)) is amended by striking ''section 162(m)'' and inserting ''section 162(l)''.

(c) ELIMINATION OF REFERENCE TO OBSOLETE 20-DAY AGRICULTURAL WORK TEST.—Section 3102(a) of the Internal Revenue Code of 1986 is amended by striking ''and the employee has not performed agricultural labor for the employer on 20 days or more in the calendar year for cash remuneration computed on a time basis''.

SEC. 425. TECHNICAL CORRECTION RESPECTING SELF-EMPLOYMENT INCOME IN COMMUNITY PROPERTY STATES.

(a) SOCIAL SECURITY ACT AMENDMENT.—Section 211(a)(5)(A) of the Social Security Act (42 U.S.C. 411(a)(5)(A)) is amended by striking ''all of the gross income'' and all that follows and inserting ''the gross income and deductions attributable to such trade or business shall be treated as the gross income and deductions of the spouse carrying on such trade or business or, if such trade or business is jointly operated, treated as the gross income and deductions of each spouse on the basis of their respective distributive share of the gross income and deductions;''.

(b) INTERNAL REVENUE CODE OF 1986 AMENDMENT.—Section 1402(a)(5)(A) of the Internal Revenue Code of 1986 is amended by striking ''all of the gross income'' and all that follows and inserting ''the gross income and deductions attributable to such trade or business shall be treated as the gross income and deductions of the spouse carrying on such trade or business or, if such trade or business is jointly operated, treated as the gross income and deductions of each spouse on the basis of their respective distributive share of the gross income and deductions; and''.

The SPEAKER pro tempore. The amendment printed in the bill is adopted.

The text of H.R. 743, as amended, is as follows:

H.R. 743

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

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Social Security Protection Act of 2003''.

(b) TABLE OF CONTENTS.—The table of contents is as follows:

Sec. 1. Short title and table of contents.

TITLE I—PROTECTION OF BENEFICIARIES

Subtitle A—Representative Payees

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TITLE I—PROTECTION OF BENEFICIARIES

Subtitle A—Representative Payees

SEC. 101. AUTHORITY TO REISSUE BENEFITS MISUSED BY ORGANIZATIONAL REPRESENTATIVE PAYEES.

(a) TITLE II AMENDMENTS.—

(1) REISSUANCE OF BENEFITS.—Section 205(j)(5) of the Social Security Act (42 U.S.C. 405(j)(5)) is amended by inserting after the first sentence the following new sentences: ''In any case in which a representative payee that—

''(A) is not an individual (regardless of whether it is a 'qualified organization' within the meaning of paragraph (4)(B)); or

''(B) is an individual who, for any month during a period when misuse occurs, serves 15 or more individuals who are beneficiaries under this title, title VIII, title XVI, or any combination of such titles;

misuses all or part of an individual's benefit paid to such representative payee, the Commissioner of Social Security shall certify for payment to the beneficiary or the beneficiary's alternative representative payee an amount equal to the amount of such benefit so misused. The provisions of this paragraph are subject to the limitations of paragraph (7)(B).''.

(2) MISUSE OF BENEFITS DEFINED.—Section 205(j) of such Act (42 U.S.C. 405(j)) is amended by adding at the end the following new paragraph:

''(8) For purposes of this subsection, misuse of benefits by a representative payee occurs in any case in which the representative payee receives payment under this title for the use and benefit of another person and converts such payment, or any part thereof, to a use other than for the use and benefit of such other person. The Commissioner of Social Security may prescribe by regulation the meaning of the term 'use and benefit' for purposes of this paragraph.''.

(b) TITLE VIII AMENDMENTS.—

(1) REISSUANCE OF BENEFITS.—Section 807(i) of the Social Security Act (42 U.S.C. 1007(i)) (as amended by section 209(b)(1) of this Act) is amended further by inserting after the first sentence the following new sentences: ''In any case in which a representative payee that—

''(A) is not an individual; or

''(B) is an individual who, for any month during a period when misuse occurs, serves 15 or more individuals who are beneficiaries under this title, title II, title XVI, or any combination of such titles;

misuses all or part of an individual's benefit paid to such representative payee, the Commissioner of Social Security shall pay to the beneficiary or the beneficiary's alternative representative payee an amount equal to the amount of such benefit so misused. The provisions of this paragraph are subject to the limitations of subsection (l)(2).''.

(2) MISUSE OF BENEFITS DEFINED.—Section 807 of such Act (42 U.S.C. 1007) is amended by adding at the end the following new subsection:

''(j) MISUSE OF BENEFITS.—For purposes of this title, misuse of benefits by a representative payee occurs in any case in which the representative payee receives payment under this title for the use and benefit of another person under this title and converts such payment, or any part thereof, to a use other than for the use and benefit of such person. The Commissioner of Social Security may prescribe by regulation the meaning of the term 'use and benefit' for purposes of this subsection.''.

(3) TECHNICAL AMENDMENT.—Section 807(a) of such Act (42 U.S.C. 1007(a)) is amended, in the first sentence, by striking ''for his or her benefit'' and inserting ''for his or her use and benefit''.

(c) TITLE XVI AMENDMENTS.—

(1) REISSUANCE OF BENEFITS.—Section 1631(a)(2)(E) of such Act (42 U.S.C. 1383(a)(2)(E)) is amended by inserting after the first sentence the following new sentences: ''In any case in which a representative payee that—

''(i) is not an individual (regardless of whether it is a 'qualified organization' within the meaning of subparagraph (D)(ii)); or

''(ii) is an individual who, for any month during a period when misuse occurs, serves 15 or more individuals who are beneficiaries under this title, title II, title VIII, or any combination of such titles;

misuses all or part of an individual's benefit paid to the representative payee, the Commissioner of Social Security shall pay to the beneficiary or the beneficiary's alternative representative payee an amount equal to the amount of the benefit so misused. The provisions of this subparagraph are subject to the limitations of subparagraph (H)(ii).''.

(2) EXCLUSION OF REISSUED BENEFITS FROM RESOURCES.—Section 1613(a) of such Act (42 U.S.C. 1382b(a)) is amended—

(A) in paragraph (12), by striking ''and'' at the end;

(B) in paragraph (13), by striking the period and inserting ''; and''; and

(C) by inserting after paragraph (13) the following new paragraph:

''(14) for the 9-month period beginning after the month in which received, any amount received by such individual (or spouse) or any other person whose income is deemed to be included in such individual's (or spouse's) income for purposes of this title as restitution for benefits under this title, title II, or title VIII that a representative payee of such individual (or spouse) or such other person under section 205(j), 807, or 1631(a)(2) has misused.''.

(3) MISUSE OF BENEFITS DEFINED.—Section 1631(a)(2)(A) of such Act (42 U.S.C. 1383(a)(2)(A)) is amended by adding at the end the following new clause:

''(iv) For purposes of this paragraph, misuse of benefits by a representative payee occurs in any case in which the representative payee receives payment under this title for the use and benefit of another person and converts such payment, or any part thereof, to a use other than for the use and benefit of such other person. The Commissioner of Social Security may prescribe by regulation the meaning of the term 'use and benefit' for purposes of this clause.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to any case of benefit misuse by a representative payee with respect to which the Commissioner makes the determination of misuse on or after January 1, 1995.

SEC. 102. OVERSIGHT OF REPRESENTATIVE PAYEES.

(a) CERTIFICATION OF BONDING AND LICENSING REQUIREMENTS FOR NONGOVERNMENTAL ORGANIZATIONAL REPRESENTATIVE PAYEES.—

(1) TITLE II AMENDMENTS.—Section 205(j) of the Social Security Act (42 U.S.C. 405(j)) is amended—

(A) in paragraph (2)(C)(v), by striking ''a community-based nonprofit social service agency licensed or bonded by the State'' in subclause (I) and inserting ''a certified community-based nonprofit social service agency (as defined in paragraph (9))'';

(B) in paragraph (3)(F), by striking ''community-based nonprofit social service agencies'' and inserting ''certified community-based nonprofit social service agencies (as defined in paragraph (9))'';

(C) in paragraph (4)(B), by striking ''any community-based nonprofit social service agency which is bonded or licensed in each State in which it serves as a representative payee'' and inserting ''any certified community-based nonprofit social service agency (as defined in paragraph (9))''; and

(D) by adding after paragraph (8) (as added by section 101(a)(2) of this Act) the following new paragraph:

''(9) For purposes of this subsection, the term 'certified community-based nonprofit social service agency' means a community-based nonprofit social service agency which is in compliance with requirements, under regulations which shall be prescribed by the Commissioner, for annual certification to the Commissioner that it is bonded in accordance with requirements specified by the Commissioner and that it is licensed in each State in which it serves as a representative payee (if licensing is available in such State) in accordance with requirements specified by the Commissioner. Any such annual certification shall include a copy of any independent audit on such agency which may have been performed since the previous certification.''.

(2) TITLE XVI AMENDMENTS.—Section 1631(a)(2) of such Act (42 U.S.C. 1383(a)(2)) is amended—

(A) in subparagraph (B)(vii), by striking ''a community-based nonprofit social service agency licensed or bonded by the State'' in subclause (I) and inserting ''a certified community-based nonprofit social service agency (as defined in subparagraph (I))'';

(B) in subparagraph (D)(ii)—

(i) by striking ''or any community-based'' and all that follows through ''in accordance'' in subclause (II) and inserting ''or any certified community-based nonprofit social service agency (as defined in subparagraph (I)), if the agency, in accordance'';

(ii) by redesignating items (aa) and (bb) as subclauses (I) and (II), respectively (and adjusting the margination accordingly); and

(iii) by striking ''subclause (II)(bb)'' and inserting ''subclause (II)''; and

(C) by adding at the end the following new subparagraph:

''(I) For purposes of this paragraph, the term 'certified community-based nonprofit social service agency' means a community-based nonprofit social service agency which is in compliance with requirements, under regulations which shall be prescribed by the Commissioner, for annual certification to the Commissioner that it is bonded in accordance with requirements specified by the Commissioner and that it is licensed in each State in which it serves as a representative payee (if licensing is available in the State) in accordance with requirements specified by the Commissioner. Any such annual certification shall include a copy of any independent audit on the agency which may have been performed since the previous certification.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on the first day of the thirteenth month beginning after the date of the enactment of this Act.

(b) PERIODIC ONSITE REVIEW.—

(1) TITLE II AMENDMENT.—Section 205(j)(6) of such Act (42 U.S.C. 405(j)(6)) is amended to read as follows:

''(6)(A) In addition to such other reviews of representative payees as the Commissioner of Social Security may otherwise conduct, the Commissioner shall provide for the periodic onsite review of any person or agency located in the United States that receives the benefits payable under this title (alone or in combination with benefits payable under title VIII or title XVI) to another individual pursuant to the appointment of such person or agency as a representative payee under this subsection, section 807, or section 1631(a)(2) in any case in which—

''(i) the representative payee is a person who serves in that capacity with respect to 15 or more such individuals;

''(ii) the representative payee is a certified community-based nonprofit social service agency (as defined in paragraph (9) of this subsection or section 1631(a)(2)(I)); or

''(iii) the representative payee is an agency (other than an agency described in clause (ii)) that serves in that capacity with respect to 50 or more such individuals.

''(B) Within 120 days after the end of each fiscal year, the Commissioner shall submit to the

Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the results of periodic onsite reviews conducted during the fiscal year pursuant to subparagraph (A) and of any other reviews of representative payees conducted during such fiscal year in connection with benefits under this title. Each such report shall describe in detail all problems identified in such reviews and any corrective action taken or planned to be taken to correct such problems, and shall include—

''(i) the number of such reviews;

''(ii) the results of such reviews;

''(iii) the number of cases in which the representative payee was changed and why;

''(iv) the number of cases involving the exercise of expedited, targeted oversight of the representative payee by the Commissioner conducted upon receipt of an allegation of misuse of funds, failure to pay a vendor, or a similar irregularity;

''(v) the number of cases discovered in which there was a misuse of funds;

''(vi) how any such cases of misuse of funds were dealt with by the Commissioner;

''(vii) the final disposition of such cases of misuse of funds, including any criminal penalties imposed; and

''(viii) such other information as the Commissioner deems appropriate.''.

(2) TITLE VIII AMENDMENT.—Section 807 of such Act (as amended by section 101(b)(2) of this Act) is amended further by adding at the end the following new subsection:

''(k) PERIODIC ONSITE REVIEW.—(1) In addition to such other reviews of representative payees as the Commissioner of Social Security may otherwise conduct, the Commissioner may provide for the periodic onsite review of any person or agency that receives the benefits payable under this title (alone or in combination with benefits payable under title II or title XVI) to another individual pursuant to the appointment of such person or agency as a representative payee under this section, section 205(j), or section 1631(a)(2) in any case in which—

''(A) the representative payee is a person who serves in that capacity with respect to 15 or more such individuals; or

''(B) the representative payee is an agency that serves in that capacity with respect to 50 or more such individuals.

''(2) Within 120 days after the end of each fiscal year, the Commissioner shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the results of periodic onsite reviews conducted during the fiscal year pursuant to paragraph (1) and of any other reviews of representative payees conducted during such fiscal year in connection with benefits under this title. Each such report shall describe in detail all problems identified in such reviews and any corrective action taken or planned to be taken to correct such problems, and shall include—

''(A) the number of such reviews;

''(B) the results of such reviews;

''(C) the number of cases in which the representative payee was changed and why;

''(D) the number of cases involving the exercise of expedited, targeted oversight of the representative payee by the Commissioner conducted upon receipt of an allegation of misuse of funds, failure to pay a vendor, or a similar irregularity;

''(E) the number of cases discovered in which there was a misuse of funds;

''(F) how any such cases of misuse of funds were dealt with by the Commissioner;

''(G) the final disposition of such cases of misuse of funds, including any criminal penalties imposed; and

''(H) such other information as the Commissioner deems appropriate.''.

(3) TITLE XVI AMENDMENT.—Section 1631(a)(2)(G) of such Act (42 U.S.C. 1383(a)(2)(G)) is amended to read as follows:

''(G)(i) In addition to such other reviews of representative payees as the Commissioner of Social Security may otherwise conduct, the Commissioner shall provide for the periodic onsite review of any person or agency that receives the benefits payable under this title (alone or in combination with benefits payable under title II or title VIII) to another individual pursuant to the appointment of the person or agency as a representative payee under this paragraph, section 205(j), or section 807 in any case in which—

''(I) the representative payee is a person who serves in that capacity with respect to 15 or more such individuals;

''(II) the representative payee is a certified community-based nonprofit social service agency (as defined in subparagraph (I) of this paragraph or section 205(j)(9)); or

''(III) the representative payee is an agency (other than an agency described in subclause (II)) that serves in that capacity with respect to 50 or more such individuals.

''(ii) Within 120 days after the end of each fiscal year, the Commissioner shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the results of periodic onsite reviews conducted during the fiscal year pursuant to clause (i) and of any other reviews of representative payees conducted during such fiscal year in connection with benefits under this title. Each such report shall describe in detail all problems identified in the reviews and any corrective action taken or planned to be taken to correct the problems, and shall include—

''(I) the number of the reviews;

''(II) the results of such reviews;

''(III) the number of cases in which the representative payee was changed and why;

''(IV) the number of cases involving the exercise of expedited, targeted oversight of the representative payee by the Commissioner conducted upon receipt of an allegation of misuse of funds, failure to pay a vendor, or a similar irregularity;

''(V) the number of cases discovered in which there was a misuse of funds;

''(VI) how any such cases of misuse of funds were dealt with by the Commissioner;

''(VII) the final disposition of such cases of misuse of funds, including any criminal penalties imposed; and

''(VIII) such other information as the Commissioner deems appropriate.''.

SEC. 103. DISQUALIFICATION FROM SERVICE AS REPRESENTATIVE PAYEE OF PERSONS CONVICTED OF OFFENSES RESULTING IN IMPRISONMENT FOR MORE THAN 1 YEAR OR FLEEING PROSECUTION, CUSTODY, OR CONFINEMENT.

(a) TITLE II AMENDMENTS.—Section 205(j)(2) of the Social Security Act (42 U.S.C. 405(j)(2)) is amended—

(1) in subparagraph (B)(i)—

(A) by striking ''and'' at the end of subclause (III);

(B) by redesignating subclause (IV) as subclause (VI); and

(C) by inserting after subclause (III) the following new subclauses:

''(IV) obtain information concerning whether such person has been convicted of any other offense under Federal or State law which resulted in imprisonment for more than 1 year,

''(V) obtain information concerning whether such person is a person described in section 202(x)(1)(A)(iv), and'';

(2) in subparagraph (B), by adding at the end the following new clause:

''(iii) Notwithstanding the provisions of section 552a of title 5, United States Code, or any other provision of Federal or State law (other than section 6103 of the Internal Revenue Code of 1986 and section 1106(c) of this Act), the Commissioner shall furnish any Federal, State, or local law enforcement officer, upon the written request of the officer, with the current address, social security account number, and photograph (if applicable) of any person investigated under this paragraph, if the officer furnishes the Commissioner with the name of such person and such other identifying information as may reasonably be required by the Commissioner to establish the unique identity of such person, and notifies the Commissioner that—

''(I) such person is described in section 202(x)(1)(A)(iv),

''(II) such person has information that is necessary for the officer to conduct the officer's official duties, and

''(III) the location or apprehension of such person is within the officer's official duties.'';

(3) in subparagraph (C)(i)(II), by striking ''subparagraph (B)(i)(IV),,'' and inserting ''subparagraph (B)(i)(VI)'' and striking ''section 1631(a)(2)(B)(ii)(IV)'' and inserting ''section 1631(a)(2)(B)(ii)(VI)''; and

(4) in subparagraph (C)(i)—

(A) by striking ''or'' at the end of subclause (II);

(B) by striking the period at the end of subclause (III) and inserting a comma; and

(C) by adding at the end the following new subclauses:

''(IV) such person has previously been convicted as described in subparagraph (B)(i)(IV), unless the Commissioner determines that such certification would be appropriate notwithstanding such conviction, or

''(V) such person is person described in section 202(x)(1)(A)(iv).''.

(b) TITLE VIII AMENDMENTS.—Section 807 of such Act (42 U.S.C. 1007) is amended—

(1) in subsection (b)(2)—

(A) by striking ''and'' at the end of subparagraph (C);

(B) by redesignating subparagraph (D) as subparagraph (F); and

(C) by inserting after subparagraph (C) the following new subparagraphs:

''(D) obtain information concerning whether such person has been convicted of any other offense under Federal or State law which resulted in imprisonment for more than 1 year;

''(E) obtain information concerning whether such person is a person described in section 804(a)(2); and'';

(2) in subsection (b), by adding at the end the following new paragraph:

''(3) Notwithstanding the provisions of section 552a of title 5, United States Code, or any other provision of Federal or State law (other than section 6103 of the Internal Revenue Code of 1986 and section 1106(c) of this Act), the Commissioner shall furnish any Federal, State, or local law enforcement officer, upon the written request of the officer, with the current address, social security account number, and photograph (if applicable) of any person investigated under this subsection, if the officer furnishes the Commissioner with the name of such person and such other identifying information as may reasonably be required by the Commissioner to establish the unique identity of such person, and notifies the Commissioner that—

''(A) such person is described in section 804(a)(2),

''(B) such person has information that is necessary for the officer to conduct the officer's official duties, and

''(C) the location or apprehension of such person is within the officer's official duties.''; and

(3) in subsection (d)(1)—

(A) by striking ''or'' at the end of subparagraph (B);

(B) by striking the period at the end of subparagraph (C) and inserting a semicolon; and

(C) by adding at the end the following new subparagraphs:

''(D) such person has previously been convicted as described in subsection (b)(2)(D), unless the Commissioner determines that such payment would be appropriate notwithstanding such conviction; or

''(E) such person is a person described in section 804(a)(2).''.

(c) TITLE XVI AMENDMENTS.—Section 1631(a)(2)(B) of such Act (42 U.S.C. 1383(a)(2)(B)) is amended—

(1) in clause (ii)—

(A) by striking ''and'' at the end of subclause (III);

(B) by redesignating subclause (IV) as subclause (VI); and

(C) by inserting after subclause (III) the following new subclauses:

''(IV) obtain information concerning whether the person has been convicted of any other offense under Federal or State law which resulted in imprisonment for more than 1 year;

''(V) obtain information concerning whether such person is a person described in section 1611(e)(4)(A); and'';

(2) in clause (iii)(II)—

(A) by striking ''clause (ii)(IV)'' and inserting ''clause (ii)(VI)''; and

(B) by striking ''section 205(j)(2)(B)(i)(IV)'' and inserting ''section 205(j)(2)(B)(i)(VI)'';

(3) in clause (iii)—

(A) by striking ''or'' at the end of subclause (II);

(B) by striking the period at the end of subclause (III) and inserting a semicolon; and

(C) by adding at the end the following new subclauses:

''(IV) the person has previously been convicted as described in clause (ii)(IV) of this subparagraph, unless the Commissioner determines that the payment would be appropriate notwithstanding the conviction; or

''(V) such person is a person described in section 1611(e)(4)(A).''; and

(4) by adding at the end the following new clause:

''(xiv) Notwithstanding the provisions of section 552a of title 5, United States Code, or any other provision of Federal or State law (other than section 6103 of the Internal Revenue Code of 1986 and section 1106(c) of this Act), the Commissioner shall furnish any Federal, State, or local law enforcement officer, upon the written request of the officer, with the current address, social security account number, and photograph (if applicable) of any person investigated under this subparagraph, if the officer furnishes the Commissioner with the name of such person and such other identifying information as may reasonably be required by the Commissioner to establish the unique identity of such person, and notifies the Commissioner that—

''(I) such person is described in section 1611(e)(4)(A),

''(II) such person has information that is necessary for the officer to conduct the officer's official duties, and

''(III) the location or apprehension of such person is within the officer's official duties.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the first day of the thirteenth month beginning after the date of the enactment of this Act.

(e) REPORT TO THE CONGRESS.—The Commissioner of Social Security, in consultation with the Inspector General of the Social Security Administration, shall prepare a report evaluating whether the existing procedures and reviews for the qualification (including disqualification) of representative payees are sufficient to enable the Commissioner to protect benefits from being misused by representative payees. The Commissioner shall submit the report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate no later than 270 days after the date of the enactment of this Act. The Commissioner shall include in such report any recommendations that the Commissioner considers appropriate.

SEC. 104. FEE FORFEITURE IN CASE OF BENEFIT MISUSE BY REPRESENTATIVE PAYEES.

(a) TITLE II AMENDMENTS.—Section 205(j)(4)(A)(i) of the Social Security Act (42 U.S.C. 405(j)(4)(A)(i)) is amended—

(1) in the first sentence, by striking ''A'' and inserting ''Except as provided in the next sentence, a''; and

(2) in the second sentence, by striking ''The Secretary'' and inserting the following:

''A qualified organization may not collect a fee from an individual for any month with respect to which the Commissioner of Social Security or a court of competent jurisdiction has determined that the organization misused all or part of the individual's benefit, and any amount so collected by the qualified organization for such month shall be treated as a misused part of the individual's benefit for purposes of paragraphs (5) and (6). The Commissioner''.

(b) TITLE XVI AMENDMENTS.—Section 1631(a)(2)(D)(i) of such Act (42 U.S.C. 1383(a)(2)(D)(i)) is amended—

(1) in the first sentence, by striking ''A'' and inserting ''Except as provided in the next sentence, a''; and

(2) in the second sentence, by striking ''The Commissioner'' and inserting the following: ''A qualified organization may not collect a fee from an individual for any month with respect to which the Commissioner of Social Security or a court of competent jurisdiction has determined that the organization misused all or part of the individual's benefit, and any amount so collected by the qualified organization for such month shall be treated as a misused part of the individual's benefit for purposes of subparagraphs (E) and (F). The Commissioner''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any month involving benefit misuse by a representative payee in any case with respect to which the Commissioner of Social Security or a court of competent jurisdiction makes the determination of misuse after 180 days after the date of the enactment of this Act.

SEC. 105. LIABILITY OF REPRESENTATIVE PAYEES FOR MISUSED BENEFITS.

(a) TITLE II AMENDMENTS.—Section 205(j) of the Social Security Act (42 U.S.C. 405(j)) (as amended by sections 101 and 102) is amended further—

(1) by redesignating paragraphs (7), (8), and (9) as paragraphs (8), (9), and (10), respectively;

(2) in paragraphs (2)(C)(v), (3)(F), and (4)(B), by striking ''paragraph (9)'' and inserting ''paragraph (10)'';

(3) in paragraph (6)(A)(ii), by striking ''paragraph (9)'' and inserting ''paragraph (10)''; and

(4) by inserting after paragraph (6) the following new paragraph:

''(7)(A) If the Commissioner of Social Security or a court of competent jurisdiction determines that a representative payee that is not a Federal, State, or local government agency has misused all or part of an individual's benefit that was paid to such representative payee under this subsection, the representative payee shall be liable for the amount misused, and such amount (to the extent not repaid by the representative payee) shall be treated as an overpayment of benefits under this title to the representative payee for all purposes of this Act and related laws pertaining to the recovery of such overpayments. Subject to subparagraph (B), upon recovering all or any part of such amount, the Commissioner shall certify an amount equal to the recovered amount for payment to such individual or such individual's alternative representative payee.

''(B) The total of the amount certified for payment to such individual or such individual's alternative representative payee under subparagraph (A) and the amount certified for payment under paragraph (5) may not exceed the total benefit amount misused by the representative payee with respect to such individual.''.

(b) TITLE VIII AMENDMENT.—Section 807 of such Act (as amended by section 102(b)(2)) is amended further by adding at the end the following new subsection:

''(l) LIABILITY FOR MISUSED AMOUNTS.—

''(1) IN GENERAL.—If the Commissioner of Social Security or a court of competent jurisdiction determines that a representative payee that is not a Federal, State, or local government agency has misused all or part of a qualified individual's benefit that was paid to such representative payee under this section, the representative payee shall be liable for the amount misused, and such amount (to the extent not repaid by the representative payee) shall be treated as an overpayment of benefits under this title to the representative payee for all purposes of this Act and related laws pertaining to the recovery of such overpayments. Subject to paragraph (2), upon recovering all or any part of such amount, the Commissioner shall make payment of an amount equal to the recovered amount to such qualified individual or such qualified individual's alternative representative payee.

''(2) LIMITATION.—The total of the amount paid to such individual or such individual's alternative representative payee under paragraph (1) and the amount paid under subsection (i) may not exceed the total benefit amount misused by the representative payee with respect to such individual.''.

(c) TITLE XVI AMENDMENTS.—Section 1631(a)(2) of such Act (42 U.S.C. 1383(a)(2)) (as amended by section 102(b)(3)) is amended further—

(1) in subparagraph (G)(i)(II), by striking ''section 205(j)(9)'' and inserting ''section 205(j)(10)''; and

(2) by striking subparagraph (H) and inserting the following:

''(H)(i) If the Commissioner of Social Security or a court of competent jurisdiction determines that a representative payee that is not a Federal, State, or local government agency has misused all or part of an individual's benefit that was paid to the representative payee under this paragraph, the representative payee shall be liable for the amount misused, and the amount (to the extent not repaid by the representative payee) shall be treated as an overpayment of benefits under this title to the representative payee for all purposes of this Act and related laws pertaining to the recovery of the overpayments. Subject to clause (ii), upon recovering all or any part of the amount, the Commissioner shall make payment of an amount equal to the recovered amount to such individual or such individual's alternative representative payee.

''(ii) The total of the amount paid to such individual or such individual's alternative representative payee under clause (i) and the amount paid under subparagraph (E) may not exceed the total benefit amount misused by the representative payee with respect to such individual.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to benefit misuse by a representative payee in any case with respect to which the Commissioner of Social Security or a court of competent jurisdiction makes the determination of misuse after 180 days after the date of the enactment of this Act.

SEC. 106. AUTHORITY TO REDIRECT DELIVERY OF BENEFIT PAYMENTS WHEN A REPRESENTATIVE PAYEE FAILS TO PROVIDE REQUIRED ACCOUNTING.

(a) TITLE II AMENDMENTS.—Section 205(j)(3) of the Social Security Act (42 U.S.C. 405(j)(3)) (as amended by sections 102(a)(1)(B) and 105(a)(2)) is amended—

(1) by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (G), respectively; and

(2) by inserting after subparagraph (D) the following new subparagraph:

''(E) In any case in which the person described in subparagraph (A) or (D) receiving payments on behalf of another fails to submit a report required by the Commissioner of Social Security under subparagraph (A) or (D), the Commissioner may, after furnishing notice to such person and the individual entitled to such payment, require that such person appear in

person at a field office of the Social Security Administration serving the area in which the individual resides in order to receive such payments.''.

(b) TITLE VIII AMENDMENTS.—Section 807(h) of such Act (42 U.S.C. 1007(h)) is amended—

(1) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and

(2) by inserting after paragraph (2) the following new paragraph:

''(3) AUTHORITY TO REDIRECT DELIVERY OF BENEFIT PAYMENTS WHEN A REPRESENTATIVE PAYEE FAILS TO PROVIDE REQUIRED ACCOUNTING.—In any case in which the person described in paragraph (1) or (2) receiving benefit payments on behalf of a qualified individual fails to submit a report required by the Commissioner of Social Security under paragraph (1) or (2), the Commissioner may, after furnishing notice to such person and the qualified individual, require that such person appear in person at a United States Government facility designated by the Social Security Administration as serving the area in which the qualified individual resides in order to receive such benefit payments.''.

(c) TITLE XVI AMENDMENT.—Section 1631(a)(2)(C) of such Act (42 U.S.C. 1383(a)(2)(C)) is amended by adding at the end the following new clause:

''(v) In any case in which the person described in clause (i) or (iv) receiving payments on behalf of another fails to submit a report required by the Commissioner of Social Security under clause (i) or (iv), the Commissioner may, after furnishing notice to the person and the individual entitled to the payment, require that such person appear in person at a field office of the Social Security Administration serving the area in which the individual resides in order to receive such payments.''.

(d) EFFECTIVE DATE.—The amendment made by this section shall take effect 180 days after the date of the enactment of this Act.

Subtitle B—Enforcement

SEC. 111. CIVIL MONETARY PENALTY AUTHORITY WITH RESPECT TO WRONGFUL CONVERSIONS BY REPRESENTATIVE PAYEES.

(a) IN GENERAL.—Section 1129(a) of the Social Security Act (42 U.S.C. 1320a–8) is amended by adding at the end the following new paragraph:

''(3) Any person (including an organization, agency, or other entity) who, having received, while acting in the capacity of a representative payee pursuant to section 205(j), 807, or 1631(a)(2), a payment under title II, VIII, or XVI for the use and benefit of another individual, converts such payment, or any part thereof, to a use that such person knows or should know is other than for the use and benefit of such other individual shall be subject to, in addition to any other penalties that may be prescribed by law, a civil money penalty of not more than $5,000 for each such conversion. Such person shall also be subject to an assessment, in lieu of damages sustained by the United States resulting from the conversion, of not more than twice the amount of any payments so converted.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to violations committed after the date of the enactment of this Act.

TITLE II—PROGRAM PROTECTIONS

SEC. 201. CIVIL MONETARY PENALTY AUTHORITY WITH RESPECT TO KNOWING WITHHOLDING OF MATERIAL FACTS.

(a) TREATMENT OF WITHHOLDING OF MATERIAL FACTS.—

(1) CIVIL PENALTIES.—Section 1129(a)(1) of the Social Security Act (42 U.S.C. 1320a–8(a)(1)) is amended—

(A) by striking ''who'' in the first sentence and inserting ''who—'';

(B) by striking ''makes'' in the first sentence and all that follows through ''shall be subject to,'' and inserting the following:

''(A) makes, or causes to be made, a statement or representation of a material fact, for use in determining any initial or continuing right to or the amount of monthly insurance benefits under title II or benefits or payments under title VIII or XVI, that the person knows or should know is false or misleading,

''(B) makes such a statement or representation for such use with knowing disregard for the truth, or

''(C) omits from a statement or representation for such use, or otherwise withholds disclosure of, a fact which the person knows or should know is material to the determination of any initial or continuing right to or the amount of monthly insurance benefits under title II or benefits or payments under title VIII or XVI, if the person knows, or should know, that the statement or representation with such omission is false or misleading or that the withholding of such disclosure is misleading,

shall be subject to,'';

(C) by inserting ''or each receipt of such benefits or payments while withholding disclosure of such fact'' after ''each such statement or representation'' in the first sentence;

(D) by inserting ''or because of such withholding of disclosure of a material fact'' after ''because of such statement or representation'' in the second sentence; and

(E) by inserting ''or such a withholding of disclosure'' after ''such a statement or representation'' in the second sentence.

(2) ADMINISTRATIVE PROCEDURE FOR IMPOSING PENALTIES.—Section 1129A(a) of such Act (42 U.S.C. 1320a–8a(a)) is amended—

(A) by striking ''who'' the first place it appears and inserting ''who—''; and

(B) by striking ''makes'' and all that follows through ''shall be subject to,'' and inserting the following:

''(1) makes, or causes to be made, a statement or representation of a material fact, for use in determining any initial or continuing right to or the amount of monthly insurance benefits under title II or benefits or payments under title XVI that the person knows or should know is false or misleading,

''(2) makes such a statement or representation for such use with knowing disregard for the truth, or

''(3) omits from a statement or representation for such use, or otherwise withholds disclosure of, a fact which the person knows or should know is material to the determination of any initial or continuing right to or the amount of monthly insurance benefits under title II or benefits or payments under title XVI, if the person knows, or should know, that the statement or representation with such omission is false or misleading or that the withholding of such disclosure is misleading,

shall be subject to,''.

(b) CLARIFICATION OF TREATMENT OF RECOVERED AMOUNTS.—Section 1129(e)(2)(B) of such Act (42 U.S.C. 1320a–8(e)(2)(B)) is amended by striking ''In the case of amounts recovered arising out of a determination relating to title VIII or XVI,'' and inserting ''In the case of any other amounts recovered under this section,''.

(c) CONFORMING AMENDMENTS.—

(1) Section 1129(b)(3)(A) of such Act (42 U.S.C. 1320a–8(b)(3)(A)) is amended by striking ''charging fraud or false statements''.

(2) Section 1129(c)(1) of such Act (42 U.S.C. 1320a–8(c)(1)) is amended by striking ''and representations'' and inserting '', representations, or actions''.

(3) Section 1129(e)(1)(A) of such Act (42 U.S.C. 1320a–8(e)(1)(A)) is amended by striking ''statement or representation referred to in subsection (a) was made'' and inserting ''violation occurred''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to violations committed after the date on which the Commissioner implements the centralized computer file described in section 202.

SEC. 202. ISSUANCE BY COMMISSIONER OF SOCIAL SECURITY OF RECEIPTS TO ACKNOWLEDGE SUBMISSION OF REPORTS OF CHANGES IN WORK OR EARNINGS STATUS OF DISABLED BENEFICIARIES.

Effective as soon as possible, but not later than 1 year after the date of the enactment of this Act, until such time as the Commissioner of Social Security implements a centralized computer file recording the date of the submission of information by a disabled beneficiary (or representative) regarding a change in the beneficiary's work or earnings status, the Commissioner shall issue a receipt to the disabled beneficiary (or representative) each time he or she submits documentation, or otherwise reports to the Commissioner, on a change in such status.

SEC. 203. DENIAL OF TITLE II BENEFITS TO PERSONS FLEEING PROSECUTION, CUSTODY, OR CONFINEMENT, AND TO PERSONS VIOLATING PROBATION OR PAROLE.

(a) IN GENERAL.—Section 202(x) of the Social Security Act (42 U.S.C. 402(x)) is amended—

(1) in the heading, by striking ''Prisoners'' and all that follows and inserting the following: ''Prisoners, Certain Other Inmates of Publicly Funded Institutions, Fugitives, Probationers, and Parolees'';

(2) in paragraph (1)(A)(ii)(IV), by striking ''or'' at the end;

(3) in paragraph (1)(A)(iii), by striking the period at the end and inserting a comma;

(4) by inserting after paragraph (1)(A)(iii) the following:

''(iv) is fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the person flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the person flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State, or

''(v) is violating a condition of probation or parole imposed under Federal or State law.

In the case of an individual from whom such monthly benefits have been withheld pursuant to clause (iv) or (v), the Commissioner may, for good cause shown, pay such withheld benefits to the individual.''; and

(5) in paragraph (3), by adding at the end the following new subparagraph:

''(C) Notwithstanding the provisions of section 552a of title 5, United States Code, or any other provision of Federal or State law (other than section 6103 of the Internal Revenue Code of 1986 and section 1106(c) of this Act), the Commissioner shall furnish any Federal, State, or local law enforcement officer, upon the written request of the officer, with the current address, Social Security number, and photograph (if applicable) of any beneficiary under this title, if the officer furnishes the Commissioner with the name of the beneficiary, and other identifying information as reasonably required by the Commissioner to establish the unique identity of the beneficiary, and notifies the Commissioner that—

''(i) the beneficiary—

''(I) is described in clause (iv) or (v) of paragraph (1)(A); and

''(II) has information that is necessary for the officer to conduct the officer's official duties; and

''(ii) the location or apprehension of the beneficiary is within the officer's official duties.''.

(b) REGULATIONS.—Not later than the first day of the first month that begins on or after the date that is 9 months after the date of the enactment of this Act, the Commissioner of Social Security shall promulgate regulations governing payment by the Commissioner, for good cause shown, of withheld benefits, pursuant to the last sentence of section 202(x)(1)(A) of the Social Security Act (as amended by subsection (a)).

(c) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on the first

day of the first month that begins on or after the date that is 9 months after the date of the enactment of this Act.

SEC. 204. REQUIREMENTS RELATING TO OFFERS TO PROVIDE FOR A FEE A PRODUCT OR SERVICE AVAILABLE WITHOUT CHARGE FROM THE SOCIAL SECURITY ADMINISTRATION.

(a) IN GENERAL.—Section 1140 of the Social Security Act (42 U.S.C. 1320b–10) is amended—

(1) in subsection (a), by adding at the end the following new paragraph:

''(4)(A) No person shall offer, for a fee, to assist an individual to obtain a product or service that the person knows or should know is provided free of charge by the Social Security Administration unless, at the time the offer is made, the person provides to the individual to whom the offer is tendered a notice that—

''(i) explains that the product or service is available free of charge from the Social Security Administration, and

''(ii) complies with standards prescribed by the Commissioner of Social Security respecting the content of such notice and its placement, visibility, and legibility.

''(B) Subparagraph (A) shall not apply to any offer—

''(i) to serve as a claimant representative in connection with a claim arising under title II, title VIII, or title XVI; or

''(ii) to prepare, or assist in the preparation of, an individual's plan for achieving self-support under title XVI.''; and

(2) in the heading, by striking ''PROHIBITION OF MISUSE OF SYMBOLS, EMBLEMS, OR NAMES IN REFERENCE'' and inserting ''PROHIBITIONS RELATING TO REFERENCES''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to offers of assistance made after the sixth month ending after the Commissioner of Social Security promulgates final regulations prescribing the standards applicable to the notice required to be provided in connection with such offer. The Commissioner shall promulgate such final regulations within 1 year after the date of the enactment of this Act.

SEC. 205. REFUSAL TO RECOGNIZE CERTAIN INDIVIDUALS AS CLAIMANT REPRESENTATIVES.

Section 206(a)(1) of the Social Security Act (42 U.S.C. 406(a)(1)) is amended by inserting after the second sentence the following: ''Notwithstanding the preceding sentences, the Commissioner, after due notice and opportunity for hearing, (A) may refuse to recognize as a representative, and may disqualify a representative already recognized, any attorney who has been disbarred or suspended from any court or bar to which he or she was previously admitted to practice or who has been disqualified from participating in or appearing before any Federal program or agency, and (B) may refuse to recognize, and may disqualify, as a non-attorney representative any attorney who has been disbarred or suspended from any court or bar to which he or she was previously admitted to practice. A representative who has been disqualified or suspended pursuant to this section from appearing before the Social Security Administration as a result of collecting or receiving a fee in excess of the amount authorized shall be barred from appearing before the Social Security Administration as a representative until full restitution is made to the claimant and, thereafter, may be considered for reinstatement only under such rules as the Commissioner may prescribe.''.

SEC. 206. PENALTY FOR CORRUPT OR FORCIBLE INTERFERENCE WITH ADMINISTRATION OF SOCIAL SECURITY ACT.

Part A of title XI of the Social Security Act (42 U.S.C. 1301 et seq.) is amended by inserting after section 1129A the following new section:

''ATTEMPTS TO INTERFERE WITH ADMINISTRATION OF SOCIAL SECURITY ACT

''SEC. 1129B. Whoever corruptly or by force or threats of force (including any threatening letter or communication) attempts to intimidate or impede any officer, employee, or contractor of the Social Security Administration (including any State employee of a disability determination service or any other individual designated by the Commissioner of Social Security) acting in an official capacity to carry out a duty under this Act, or in any other way corruptly or by force or threats of force (including any threatening letter or communication) obstructs or impedes, or attempts to obstruct or impede, the due administration of this Act, shall be fined not more than $5,000, imprisoned not more than 3 years, or both, except that if the offense is committed only by threats of force, the person shall be fined not more than $3,000, imprisoned not more than 1 year, or both. In this subsection, the term 'threats of force' means threats of harm to the officer or employee of the United States or to a contractor of the Social Security Administration, or to a member of the family of such an officer or employee or contractor.''.

SEC. 207. USE OF SYMBOLS, EMBLEMS, OR NAMES IN REFERENCE TO SOCIAL SECURITY OR MEDICARE.

(a) IN GENERAL.—Section 1140(a)(1) of the Social Security Act (42 U.S.C. 1320b–10(a)(1)) is amended—

(1) in subparagraph (A), by inserting '' 'Centers for Medicare & Medicaid Services','' after '' 'Health Care Financing Administration','', by striking ''or 'Medicaid','' and inserting '' 'Medicaid', 'Death Benefits Update', 'Federal Benefit Information', 'Funeral Expenses', or 'Final Supplemental Plan','' and by inserting '' 'CMS','' after '' 'HCFA','';

(2) in subparagraph (B), by inserting ''Centers for Medicare & Medicaid Services,'' after ''Health Care Financing Administration,'' each place it appears; and

(3) in the matter following subparagraph (B), by striking ''the Health Care Financing Administration,'' each place it appears and inserting ''the Centers for Medicare & Medicaid Services,''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to items sent after 180 days after the date of the enactment of this Act.

SEC. 208. DISQUALIFICATION FROM PAYMENT DURING TRIAL WORK PERIOD UPON CONVICTION OF FRAUDULENT CONCEALMENT OF WORK ACTIVITY.

(a) IN GENERAL.—Section 222(c) of the Social Security Act (42 U.S.C. 422(c)) is amended by adding at the end the following new paragraph:

''(5) Upon conviction by a Federal court that an individual has fraudulently concealed work activity during a period of trial work from the Commissioner of Social Security by—

''(A) providing false information to the Commissioner of Social Security as to whether the individual had earnings in or for a particular period, or as to the amount thereof;

''(B) receiving disability insurance benefits under this title while engaging in work activity under another identity, including under another social security account number or a number purporting to be a social security account number; or

''(C) taking other actions to conceal work activity with an intent fraudulently to secure payment in a greater amount than is due or when no payment is authorized,

no benefit shall be payable to such individual under this title with respect to a period of disability for any month before such conviction during which the individual rendered services during the period of trial work with respect to which the fraudulently concealed work activity occurred, and amounts otherwise due under this title as restitution, penalties, assessments, fines, or other repayments shall in all cases be in addition to any amounts for which such individual is liable as overpayments by reason of such concealment.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to work activity performed after the date of the enactment of this Act.

SEC. 209. AUTHORITY FOR JUDICIAL ORDERS OF RESTITUTION.

(a) AMENDMENTS TO TITLE II.—Section 208 of the Social Security Act (42 U.S.C. 408) is amended—

(1) by redesignating subsections (b), (c), and (d) as subsections (c), (d), and (e), respectively; and

(2) by inserting after subsection (a) the following new subsection:

''(b)(1) Any Federal court, when sentencing a defendant convicted of an offense under subsection (a), may order, in addition to or in lieu of any other penalty authorized by law, that the defendant make restitution to the Social Security Administration.

''(2) Sections 3612, 3663, and 3664 of title 18, United States Code, shall apply with respect to the issuance and enforcement of orders of restitution under this subsection. In so applying such sections, the Social Security Administration shall be considered the victim.

''(3) If the court does not order restitution, or orders only partial restitution, under this subsection, the court shall state on the record the reasons therefor.''.

(b) AMENDMENTS TO TITLE VIII.—Section 807(i) of such Act (42 U.S.C. 1007(i)) is amended—

(1) by striking ''(i) RESTITUTION.—In any case where'' and inserting the following:

''(i) RESTITUTION.—

''(1) IN GENERAL.—In any case where''; and

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

''(2) COURT ORDER FOR RESTITUTION.—

''(A) IN GENERAL.—Any Federal court, when sentencing a defendant convicted of an offense under subsection (a), may order, in addition to or in lieu of any other penalty authorized by law, that the defendant make restitution to the Social Security Administration.

''(B) RELATED PROVISIONS.—Sections 3612, 3663, and 3664 of title 18, United States Code, shall apply with respect to the issuance and enforcement of orders of restitution under this paragraph. In so applying such sections, the Social Security Administration shall be considered the victim.

''(C) STATED REASONS FOR NOT ORDERING RESTITUTION.—If the court does not order restitution, or orders only partial restitution, under this paragraph, the court shall state on the record the reasons therefor.''.

(c) AMENDMENTS TO TITLE XVI.—Section 1632 of such Act (42 U.S.C. 1383a) is amended—

(1) by redesignating subsection (b) as subsection (c); and

(2) by inserting after subsection (a) the following new subsection:

''(b)(1) Any Federal court, when sentencing a defendant convicted of an offense under subsection (a), may order, in addition to or in lieu of any other penalty authorized by law, that the defendant make restitution to the Social Security Administration.

''(2) Sections 3612, 3663, and 3664 of title 18, United States Code, shall apply with respect to the issuance and enforcement of orders of restitution under this subsection. In so applying such sections, the Social Security Administration shall be considered the victim.

''(3) If the court does not order restitution, or orders only partial restitution, under this subsection, the court shall state on the record the reasons therefor.''.

(d) SPECIAL ACCOUNT FOR RECEIPT OF RESTITUTION PAYMENTS.—Section 704(b) of such Act (42 U.S.C. 904(b)) is amended by adding at the end the following new paragraph:

''(3)(A) Except as provided in subparagraph (B), amounts received by the Social Security Administration pursuant to an order of restitution under section 208(b), 807(i), or 1632(b) shall be credited to a special fund established in the Treasury of the United States for amounts so received or recovered. The amounts so credited, to the extent and in the amounts provided in advance in appropriations Acts, shall be available

to defray expenses incurred in carrying out titles II, VIII, and XVI.

''(B) Subparagraph (A) shall not apply with respect to amounts received in connection with misuse by a representative payee (within the meaning of sections 205(j), 807, and 1631(a)(2)) of funds paid as benefits under title II, VIII, or XVI. Such amounts received in connection with misuse of funds paid as benefits under title II shall be transferred to the Managing Trustee of the Federal Old-Age and Survivors Insurance Trust Fund or the Federal Disability Insurance Trust Fund, as determined appropriate by the Commissioner of Social Security, and such amounts shall be deposited by the Managing Trustee into such Trust Fund. All other such amounts shall be deposited by the Commissioner into the general fund of the Treasury as miscellaneous receipts.''.

(e) EFFECTIVE DATE.—The amendments made by subsections (a), (b), and (c) shall apply with respect to violations occurring on or after the date of the enactment of this Act.

TITLE III—ATTORNEY FEE PAYMENT SYSTEM IMPROVEMENTS

SEC. 301. CAP ON ATTORNEY ASSESSMENTS.

(a) IN GENERAL.—Section 206(d)(2)(A) of the Social Security Act (42 U.S.C. 406(d)(2)(A)) is amended—

(1) by inserting '', except that the maximum amount of the assessment may not exceed the greater of $75 or the adjusted amount as provided pursuant to the following two sentences'' after ''subparagraph (B)''; and

(2) by adding at the end the following new sentence: ''In the case of any calendar year beginning after the amendments made by section 301 of the Social Security Protection Act of 2003 take effect, the dollar amount specified in the preceding sentence (including a previously adjusted amount) shall be adjusted annually under the procedures used to adjust benefit amounts under section 215(i)(2)(A)(ii), except such adjustment shall be based on the higher of $75 or the previously adjusted amount that would have been in effect for December of the preceding year, but for the rounding of such amount pursuant to the following sentence. Any amount so adjusted that is not a multiple of $1 shall be rounded to the next lowest multiple of $1, but in no case less than $75.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to fees for representation of claimants which are first required to be certified or paid under section 206 of the Social Security Act on or after the first day of the first month that begins after 180 days after the date of the enactment of this Act.

SEC. 302. EXTENSION OF ATTORNEY FEE PAYMENT SYSTEM TO TITLE XVI CLAIMS.

(a) IN GENERAL.—Section 1631(d)(2) of the Social Security Act (42 U.S.C. 1383(d)(2)) is amended—

(1) in subparagraph (A), in the matter preceding clause (i)—

(A) by striking ''section 206(a)'' and inserting ''section 206'';

(B) by striking ''(other than paragraph (4) thereof)'' and inserting ''(other than subsections (a)(4) and (d) thereof)''; and

(C) by striking ''paragraph (2) thereof'' and inserting ''such section'';

(2) in subparagraph (A)(i), by striking ''in subparagraphs (A)(ii)(I) and (C)(i),'' and inserting ''in subparagraphs (A)(ii)(I) and (D)(i) of subsection (a)(2)'', and by striking ''and'' at the end;

(3) by striking subparagraph (A)(ii) and inserting the following:

''(ii) by substituting, in subsections (a)(2)(B) and (b)(1)(B)(i), the phrase 'section 1631(a)(7)(A) or the requirements of due process of law' for the phrase 'subsection (g) or (h) of section 223';

''(iii) by substituting, in subsection (a)(2)(C)(i), the phrase 'under title II' for the phrase 'under title XVI';

''(iv) by substituting, in subsection (b)(1)(A), the phrase 'pay the amount of such fee' for the phrase 'certify the amount of such fee for payment' and by striking, in subsection (b)(1)(A), the phrase 'or certified for payment'; and

''(v) by substituting, in subsection (b)(1)(B)(ii), the phrase 'deemed to be such amounts as determined before any applicable reduction under section 1631(g), and reduced by the amount of any reduction in benefits under this title or title II made pursuant to section 1127(a)' for the phrase 'determined before any applicable reduction under section 1127(a))'.''; and

(4) by striking subparagraph (B) and inserting the following new subparagraphs:

''(B) Subject to subparagraph (C), if the claimant is determined to be entitled to past-due benefits under this title and the person representing the claimant is an attorney, the Commissioner of Social Security shall pay out of such past-due benefits to such attorney an amount equal to the lesser of—

''(i) so much of the maximum fee as does not exceed 25 percent of such past-due benefits (as determined before any applicable reduction under section 1631(g) and reduced by the amount of any reduction in benefits under this title or title II pursuant to section 1127(a)), or

''(ii) the amount of past-due benefits available after any applicable reductions under sections 1631(g) and 1127(a).

''(C)(i) Whenever a fee for services is required to be paid to an attorney from a claimant's past-due benefits pursuant to subparagraph (B), the Commissioner shall impose on the attorney an assessment calculated in accordance with clause (ii).

''(ii)(I) The amount of an assessment under clause (i) shall be equal to the product obtained by multiplying the amount of the representative's fee that would be required to be paid by subparagraph (B) before the application of this subparagraph, by the percentage specified in subclause (II), except that the maximum amount of the assessment may not exceed $75. In the case of any calendar year beginning after the amendments made by section 302 of the Social Security Protection Act of 2003 take effect, the dollar amount specified in the preceding sentence (including a previously adjusted amount) shall be adjusted annually under the procedures used to adjust benefit amounts under section 215(i)(2)(A)(ii), except such adjustment shall be based on the higher of $75 or the previously adjusted amount that would have been in effect for December of the preceding year, but for the rounding of such amount pursuant to the following sentence. Any amount so adjusted that is not a multiple of $1 shall be rounded to the next lowest multiple of $1, but in no case less than $75.

''(II) The percentage specified in this subclause is such percentage rate as the Commissioner determines is necessary in order to achieve full recovery of the costs of determining and approving fees to attorneys from the past-due benefits of claimants, but not in excess of 6.3 percent.

''(iii) The Commissioner may collect the assessment imposed on an attorney under clause (i) by offset from the amount of the fee otherwise required by subparagraph (B) to be paid to the attorney from a claimant's past-due benefits.

''(iv) An attorney subject to an assessment under clause (i) may not, directly or indirectly, request or otherwise obtain reimbursement for such assessment from the claimant whose claim gave rise to the assessment.

''(v) Assessments on attorneys collected under this subparagraph shall be deposited in the Treasury in a separate fund created for this purpose.

''(vi) The assessments authorized under this subparagraph shall be collected and available for obligation only to the extent and in the amount provided in advance in appropriations Acts. Amounts so appropriated are authorized to remain available until expended, for administrative expenses in carrying out this title and related laws.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply with respect to fees for representation of claimants which are first required to be certified or paid under section 1631(d)(2) of the Social Security Act on or after the first day of the first month that begins after 270 days after the date of the enactment of this Act.

(2) SUNSET.—Such amendments shall not apply with respect to fees for representation of claimants in the case of any claim for benefits with respect to which the agreement for representation is entered into after 5 years after the date on which the Commissioner of Social Security first implements the amendments made by this section.

(c) STUDY REGARDING FEE-WITHHOLDING FOR NON-ATTORNEY REPRESENTATIVES.—

(1) STUDY.—As soon as practicable after the date of the enactment of this Act, the Comptroller General of the United States shall undertake a study regarding fee-withholding for non-attorney representatives representing claimants before the Social Security Administration.

(2) MATTERS TO BE STUDIED.—In conducting the study under this subsection, the Comptroller General shall—

(A) compare the non-attorney representatives who seek fee approval for representing claimants before the Social Security Administration to attorney representatives who seek such fee approval, with regard to—

(i) their training, qualifications, and competency,

(ii) the type and quality of services provided, and

(iii) the extent to which claimants are protected through oversight of such representatives by the Social Security Administration or other organizations, and

(B) consider the potential results of extending to non-attorney representatives the fee withholding procedures that apply under titles II and XVI of the Social Security Act for the payment of attorney fees, including the effect on claimants and program administration.

(3) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Comptroller General shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report detailing the results of the Comptroller General's study conducted pursuant to this subsection.

TITLE IV—MISCELLANEOUS AND TECHNICAL AMENDMENTS

Subtitle A—Amendments Relating to the Ticket to Work and Work Incentives Improvement Act of 1999

SEC. 401. APPLICATION OF DEMONSTRATION AUTHORITY SUNSET DATE TO NEW PROJECTS.

Section 234 of the Social Security Act (42 U.S.C. 434) is amended—

(1) in the first sentence of subsection (c), by striking ''conducted under subsection (a)'' and inserting ''initiated under subsection (a) on or before December 17, 2004''; and

(2) in subsection (d)(2), by amending the first sentence to read as follows: ''The authority to initiate projects under the preceding provisions of this section shall terminate on December 18, 2004.''.

SEC. 402. EXPANSION OF WAIVER AUTHORITY AVAILABLE IN CONNECTION WITH DEMONSTRATION PROJECTS PROVIDING FOR REDUCTIONS IN DISABILITY INSURANCE BENEFITS BASED ON EARNINGS.

Section 302(c) of the Ticket to Work and Work Incentives Improvement Act of 1999 (42 U.S.C. 434 note) is amended by striking ''(42

U.S.C. 401 et seq.),'' and inserting ''(42 U.S.C. 401 et seq.) and the requirements of section 1148 of such Act (42 U.S.C. 1320b–19) as they relate to the program established under title II of such Act,''.

SEC. 403. FUNDING OF DEMONSTRATION PROJECTS PROVIDED FOR REDUCTIONS IN DISABILITY INSURANCE BENEFITS BASED ON EARNINGS.

Section 302(f) of the Ticket to Work and Work Incentives Improvement Act of 1999 (42 U.S.C. 434 note) is amended to read as follows:

''(f) EXPENDITURES.—Administrative expenses for demonstration projects under this section shall be paid from funds available for the administration of title II or XVIII of the Social Security Act, as appropriate. Benefits payable to or on behalf of individuals by reason of participation in projects under this section shall be made from the Federal Disability Insurance Trust Fund and the Federal Old-Age and Survivors Insurance Trust Fund, as determined appropriate by the Commissioner of Social Security, and from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund, as determined appropriate by the Secretary of Health and Human Services, from funds available for benefits under such title II or XVIII.''.

SEC. 404. AVAILABILITY OF FEDERAL AND STATE WORK INCENTIVE SERVICES TO ADDITIONAL INDIVIDUALS.

(a) FEDERAL WORK INCENTIVES OUTREACH PROGRAM.—

(1) IN GENERAL.—Section 1149(c)(2) of the Social Security Act (42 U.S.C. 1320b–20(c)(2)) is amended to read as follows:

''(2) DISABLED BENEFICIARY.—The term 'disabled beneficiary' means an individual—

''(A) who is a disabled beneficiary as defined in section 1148(k)(2) of this Act;

''(B) who is receiving a cash payment described in section 1616(a) of this Act or a supplementary payment described in section 212(a)(3) of Public Law 93–66 (without regard to whether such payment is paid by the Commissioner pursuant to an agreement under section 1616(a) of this Act or under section 212(b) of Public Law 93–66);

''(C) who, pursuant to section 1619(b) of this Act, is considered to be receiving benefits under title XVI of this Act; or

''(D) who is entitled to benefits under part A of title XVIII of this Act by reason of the penultimate sentence of section 226(b) of this Act.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply with respect to grants, cooperative agreements, or contracts entered into on or after the date of the enactment of this Act.

(b) STATE GRANTS FOR WORK INCENTIVES ASSISTANCE.—

(1) DEFINITION OF DISABLED BENEFICIARY.—Section 1150(g)(2) of such Act (42 U.S.C. 1320b–21(g)(2)) is amended to read as follows:

''(2) DISABLED BENEFICIARY.—The term 'disabled beneficiary' means an individual—

''(A) who is a disabled beneficiary as defined in section 1148(k)(2) of this Act;

''(B) who is receiving a cash payment described in section 1616(a) of this Act or a supplementary payment described in section 212(a)(3) of Public Law 93–66 (without regard to whether such payment is paid by the Commissioner pursuant to an agreement under section 1616(a) of this Act or under section 212(b) of Public Law 93–66);

''(C) who, pursuant to section 1619(b) of this Act, is considered to be receiving benefits under title XVI of this Act; or

''(D) who is entitled to benefits under part A of title XVIII of this Act by reason of the penultimate sentence of section 226(b) of this Act.''.

(2) ADVOCACY OR OTHER SERVICES NEEDED TO MAINTAIN GAINFUL EMPLOYMENT.—Section 1150(b)(2) of such Act (42 U.S.C. 1320b–21(b)(2)) is amended by striking ''secure or regain'' and inserting ''secure, maintain, or regain''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply with respect to payments provided after the date of the enactment of this Act.

SEC. 405. TECHNICAL AMENDMENT CLARIFYING TREATMENT FOR CERTAIN PURPOSES OF INDIVIDUAL WORK PLANS UNDER THE TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM.

(a) IN GENERAL.—Section 1148(g)(1) of the Social Security Act (42 U.S.C. 1320b–19) is amended by adding at the end, after and below subparagraph (E), the following new sentence:

''An individual work plan established pursuant to this subsection shall be treated, for purposes of section 51(d)(6)(B)(i) of the Internal Revenue Code of 1986, as an individualized written plan for employment under a State plan for vocational rehabilitation services approved under the Rehabilitation Act of 1973.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in section 505 of the Ticket to Work and Work Incentives Improvement Act of 1999 (Public Law 106–170; 113 Stat. 1921).

Subtitle B—Miscellaneous Amendments

SEC. 411. ELIMINATION OF TRANSCRIPT REQUIREMENT IN REMAND CASES FULLY FAVORABLE TO THE CLAIMANT.

(a) IN GENERAL.—Section 205(g) of the Social Security Act (42 U.S.C. 405(g)) is amended in the sixth sentence by striking ''and a transcript'' and inserting ''and, in any case in which the Commissioner has not made a decision fully favorable to the individual, a transcript''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to final determinations issued (upon remand) on or after the date of the enactment of this Act.

SEC. 412. NONPAYMENT OF BENEFITS UPON REMOVAL FROM THE UNITED STATES.

(a) IN GENERAL.—Paragraphs (1) and (2) of section 202(n) of the Social Security Act (42 U.S.C. 402(n)(1), (2)) are each amended by striking ''or (1)(E)''.

(b) EFFECTIVE DATE.—The amendment made by this section to section 202(n)(1) of the Social Security Act shall apply to individuals with respect to whom the Commissioner of Social Security receives a removal notice from the Attorney General after the date of the enactment of this Act. The amendment made by this section to section 202(n)(2) of the Social Security Act shall apply with respect to removals occurring after the date of the enactment of this Act.

SEC. 413. REINSTATEMENT OF CERTAIN REPORTING REQUIREMENTS.

Section 3003(a)(1) of the Federal Reports Elimination and Sunset Act of 1995 (31 U.S.C. 1113 note) shall not apply to any report required to be submitted under any of the following provisions of law:

(1)(A) Section 201(c)(2) of the Social Security Act (42 U.S.C. 401(c)(2)).

(B) Section 1817(b)(2) of the Social Security Act (42 U.S.C. 1395i(b)(2)).

(C) Section 1841(b)(2) of the Social Security Act (42 U.S.C. 1395t(b)(2)).

(2)(A) Section 221(c)(3)(C) of the Social Security Act (42 U.S.C. 421(c)(3)(C)).

(B) Section 221(i)(3) of the Social Security Act (42 U.S.C. 421(i)(3)).

SEC. 414. CLARIFICATION OF DEFINITIONS REGARDING CERTAIN SURVIVOR BENEFITS.

(a) WIDOWS.—Section 216(c) of the Social Security Act (42 U.S.C. 416(c)) is amended—

(1) by redesignating subclauses (A) through (C) of clause (6) as subclauses (i) through (iii), respectively;

(2) by redesignating clauses (1) through (6) as clauses (A) through (F), respectively;

(3) in clause (E) (as redesignated), by inserting ''except as provided in paragraph (2),'' before ''she was married'';

(4) by inserting ''(1)'' after ''(c)''; and

(5) by adding at the end the following new paragraph:

''(2) The requirements of paragraph (1)(E) in connection with the surviving wife of an individual shall be treated as satisfied if—

''(A) the individual had been married prior to the individual's marriage to the surviving wife,

''(B) the prior wife was institutionalized during the individual's marriage to the prior wife due to mental incompetence or similar incapacity,

''(C) during the period of the prior wife's institutionalization, the individual would have divorced the prior wife and married the surviving wife, but the individual did not do so because such divorce would have been unlawful, by reason of the prior wife's institutionalization, under the laws of the State in which the individual was domiciled at the time (as determined based on evidence satisfactory to the Commissioner of Social Security),

''(D) the prior wife continued to remain institutionalized up to the time of her death, and

''(E) the individual married the surviving wife within 60 days after the prior wife's death.''.

(b) WIDOWERS.—Section 216(g) of such Act (42 U.S.C. 416(g)) is amended—

(1) by redesignating subclauses (A) through (C) of clause (6) as subclauses (i) through (iii), respectively;

(2) by redesignating clauses (1) through (6) as clauses (A) through (F), respectively;

(3) in clause (E) (as redesignated), by inserting ''except as provided in paragraph (2),'' before ''he was married'';

(4) by inserting ''(1)'' after ''(g)''; and

(5) by adding at the end the following new paragraph:

''(2) The requirements of paragraph (1)(E) in connection with the surviving husband of an individual shall be treated as satisfied if—

''(A) the individual had been married prior to the individual's marriage to the surviving husband,

''(B) the prior husband was institutionalized during the individual's marriage to the prior husband due to mental incompetence or similar incapacity,

''(C) during the period of the prior husband's institutionalization, the individual would have divorced the prior husband and married the surviving husband, but the individual did not do so because such divorce would have been unlawful, by reason of the prior husband's institutionalization, under the laws of the State in which the individual was domiciled at the time (as determined based on evidence satisfactory to the Commissioner of Social Security),

''(D) the prior husband continued to remain institutionalized up to the time of his death, and

''(E) the individual married the surviving husband within 60 days after the prior husband's death.''.

(c) CONFORMING AMENDMENT.—Section 216(k) of such Act (42 U.S.C. 416(k)) is amended by striking ''clause (5) of subsection (c) or clause (5) of subsection (g)'' and inserting ''clause (E) of subsection (c)(1) or clause (E) of subsection (g)(1)''.

(d) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to applications for benefits under title II of the Social Security Act filed during months ending after the date of the enactment of this Act.

SEC. 415. CLARIFICATION RESPECTING THE FICA AND SECA TAX EXEMPTIONS FOR AN INDIVIDUAL WHOSE EARNINGS ARE SUBJECT TO THE LAWS OF A TOTALIZATION AGREEMENT PARTNER.

Sections 1401(c), 3101(c), and 3111(c) of the Internal Revenue Code of 1986 are each amended by striking ''to taxes or contributions for similar purposes under'' and inserting ''exclusively to the laws applicable to''.

SEC. 416. COVERAGE UNDER DIVIDED RETIREMENT SYSTEM FOR PUBLIC EMPLOYEES IN KENTUCKY.

(a) IN GENERAL.—Section 218(d)(6)(C) of the Social Security Act (42 U.S.C. 418(d)(6)(C)) is amended by inserting ''Kentucky,'' after ''Illinois,''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) takes effect on January 1, 2003.

SEC. 417. COMPENSATION FOR THE SOCIAL SECURITY ADVISORY BOARD.

(a) IN GENERAL.—Subsection (f) of section 703 of the Social Security Act (42 U.S.C. 903(f)) is amended to read as follows:

''Compensation, Expenses, and Per Diem

''(f) A member of the Board shall, for each day (including traveltime) during which the member is attending meetings or conferences of the Board or otherwise engaged in the business of the Board, be compensated at the daily rate of basic pay for level IV of the Executive Schedule. While serving on business of the Board away from their homes or regular places of business, members may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government employed intermittently.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall be effective as of January 1, 2003.

SEC. 418. 60-MONTH PERIOD OF EMPLOYMENT REQUIREMENT FOR APPLICATION OF GOVERNMENT PENSION OFFSET EXEMPTION.

(a) WIFE'S INSURANCE BENEFITS.—Section 202(b)(4)(A) of the Social Security Act (42 U.S.C. 402(b)(4)(A)) is amended by striking ''if, on'' and inserting ''if, during any portion of the last 60 months of such service ending with''.

(b) HUSBAND'S INSURANCE BENEFITS.—Section 202(c)(2)(A) of such Act (42 U.S.C. 402(c)(2)(A)) is amended by striking ''if, on'' and inserting ''if, during any portion of the last 60 months of such service ending with''.

(c) WIDOW'S INSURANCE BENEFITS.—Section 202(e)(7)(A) of such Act (42 U.S.C. 402(e)(7)(A)) is amended by striking ''if, on'' and inserting ''if, during any portion of the last 60 months of such service ending with''.

(d) WIDOWER'S INSURANCE BENEFITS.—Section 202(f)(2)(A) of such Act (42 U.S.C. 402(f)(2)(A)) is amended by striking ''if, on'' and inserting ''if, during any portion of the last 60 months of such service ending with''.

(e) MOTHER'S AND FATHER'S INSURANCE BENEFITS.—Section 202(g)(4)(A) of the such Act (42 U.S.C. 402(g)(4)(A)) is amended by striking ''if, on'' and inserting '''if, during any portion of the last 60 months of such service ending with''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to applications for benefits under title II of the Social Security Act filed on or after the first day of the first month that begins after the date of the enactment of this Act, except that such amendments shall not apply in connection with monthly periodic benefits of any individual based on earnings while in service described in section 202(b)(4)(A), 202(c)(2)(A), 202(e)(7)(A), or 202(f)(2)(A) of the Social Security Act (in the matter preceding clause (i) thereof)—

(1) if the last day of such service occurs before the end of the 90-day period following the date of the enactment of this Act, or

(2) in any case in which the last day of such service occurs after the end of such 90-day period, such individual performed such service during such 90-day period which constituted ''employment'' as defined in section 210 of such Act, and all such service subsequently performed by such individual has constituted such ''employment''.

Subtitle C—Technical Amendments

SEC. 421. TECHNICAL CORRECTION RELATING TO RESPONSIBLE AGENCY HEAD.

Section 1143 of the Social Security Act (42 U.S.C. 1320b–13) is amended—

(1) by striking ''Secretary'' the first place it appears and inserting ''Commissioner of Social Security''; and

(2) by striking ''Secretary'' each subsequent place it appears and inserting ''Commissioner''.

SEC. 422. TECHNICAL CORRECTION RELATING TO RETIREMENT BENEFITS OF MINISTERS.

(a) IN GENERAL.—Section 211(a)(7) of the Social Security Act (42 U.S.C. 411(a)(7)) is amended by inserting '', but shall not include in any such net earnings from self-employment the rental value of any parsonage or any parsonage allowance (whether or not excluded under section 107 of the Internal Revenue Code of 1986) provided after the individual retires, or any other retirement benefit received by such individual from a church plan (as defined in section 414(e) of such Code) after the individual retires'' before the semicolon.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to years beginning before, on, or after December 31, 1994.

SEC. 423. TECHNICAL CORRECTIONS RELATING TO DOMESTIC EMPLOYMENT.

(a) AMENDMENT TO INTERNAL REVENUE CODE.—Section 3121(a)(7)(B) of the Internal Revenue Code of 1986 is amended by striking ''described in subsection (g)(5)'' and inserting ''on a farm operated for profit''.

(b) AMENDMENT TO SOCIAL SECURITY ACT.—Section 209(a)(6)(B) of the Social Security Act (42 U.S.C. 409(a)(6)(B)) is amended by striking ''described in section 210(f)(5)'' and inserting ''on a farm operated for profit''.

(c) CONFORMING AMENDMENT.—Section 3121(g)(5) of such Code and section 210(f)(5) of such Act (42 U.S.C. 410(f)(5)) are amended by striking ''or is domestic service in a private home of the employer''.

SEC. 424. TECHNICAL CORRECTIONS OF OUTDATED REFERENCES.

(a) CORRECTION OF TERMINOLOGY AND CITATIONS RESPECTING REMOVAL FROM THE UNITED STATES.—Section 202(n) of the Social Security Act (42 U.S.C. 402(n)) (as amended by section 412) is amended further—

(1) by striking ''deportation'' each place it appears and inserting ''removal'';

(2) by striking ''deported'' each place it appears and inserting ''removed'';

(3) in paragraph (1) (in the matter preceding subparagraph (A)), by striking ''under section 241(a) (other than under paragraph (1)(C) thereof)'' and inserting ''under section 237(a) (other than paragraph (1)(C) thereof) or 212(a)(6)(A)'';

(4) in paragraph (2), by striking ''under any of the paragraphs of section 241(a) of the Immigration and Nationality Act (other than under paragraph (1)(C) thereof)'' and inserting ''under any of the paragraphs of section 237(a) of the Immigration and Nationality Act (other than paragraph (1)(C) thereof) or under section 212(a)(6)(A) of such Act'';

(5) in paragraph (3)—

(A) by striking ''paragraph (19) of section 241(a)'' and inserting ''subparagraph (D) of section 237(a)(4)''; and

(B) by striking ''paragraph (19)'' and inserting ''subparagraph (D)''; and

(6) in the heading, by striking ''Deportation'' and inserting ''Removal''.

(b) CORRECTION OF CITATION RESPECTING THE TAX DEDUCTION RELATING TO HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.—Section 211(a)(15) of such Act (42 U.S.C. 411(a)(15)) is amended by striking ''section 162(m)'' and inserting ''section 162(l)''.

(c) ELIMINATION OF REFERENCE TO OBSOLETE 20-DAY AGRICULTURAL WORK TEST.—Section 3102(a) of the Internal Revenue Code of 1986 is amended by striking ''and the employee has not performed agricultural labor for the employer on 20 days or more in the calendar year for cash remuneration computed on a time basis''.

SEC. 425. TECHNICAL CORRECTION RESPECTING SELF-EMPLOYMENT INCOME IN COMMUNITY PROPERTY STATES.

(a) SOCIAL SECURITY ACT AMENDMENT.—Section 211(a)(5)(A) of the Social Security Act (42 U.S.C. 411(a)(5)(A)) is amended by striking ''all of the gross income'' and all that follows and inserting ''the gross income and deductions attributable to such trade or business shall be treated as the gross income and deductions of the spouse carrying on such trade or business or, if such trade or business is jointly operated, treated as the gross income and deductions of each spouse on the basis of their respective distributive share of the gross income and deductions;''.

(b) INTERNAL REVENUE CODE OF 1986 AMENDMENT.—Section 1402(a)(5)(A) of the Internal Revenue Code of 1986 is amended by striking ''all of the gross income'' and all that follows and inserting ''the gross income and deductions attributable to such trade or business shall be treated as the gross income and deductions of the spouse carrying on such trade or business or, if such trade or business is jointly operated, treated as the gross income and deductions of each spouse on the basis of their respective distributive share of the gross income and deductions; and''.

The SPEAKER pro tempore. After 1 hour of debate on the bill, as amended, it shall be in order to consider the further amendment printed in House Report 108–54, if offered by the gentleman from Texas (Mr. GREEN) or his designee, which shall be considered read, and shall be debatable for 40 minutes, equally divided and controlled by the proponent and an opponent.

The gentleman from Florida (Mr. SHAW) and the gentleman from California (Mr. MATSUI) each will control 30 minutes of debate on the bill, as amended.

The Chair recognizes the gentleman from Florida (Mr. SHAW).

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

This afternoon I am pleased to present to the House for its consideration the Social Security Protection Act of 2003, which is bipartisan legislation that fights fraud and abuse in Social Security programs.

First, this bill protects nearly 8 million beneficiaries who cannot manage their own affairs and rely on representative payees appointed by the Social Security Administration. It does this by raising payee standards and by imposing stricter penalties on those who mismanage the benefits they are entrusted to administer.

Second, this bill denies Social Security benefits to fugitive felons and probation and parole violators. Third, the Protection Act provides tools to further safeguard Social Security programs including new civil monetary penalties.

Finally, this bill helps people with disabilities by giving greater access to legal representation when applying for benefits by improving work incentive programs and by expanding eligibility for the Work Opportunity Tax Credit to encourage more employers to hire individuals with disabilities.

Despite the fact that a majority of the Members voted to pass this bill last month, the needed two-thirds approval

required under suspension of the rules was not achieved. That is because special interest groups betrayed Social Security and America's seniors to appease the few who believe they could get special treatment and be allowed to exploit an unintended loophole that presently exists in the law. These groups misinformed both public and the Congress by falsely claiming that teachers and other public servants who pay into a public employee pension plan instead of Social Security are being singled out for unfair treatment. According to the General Accounting Office and the Social Security Administration, these claims are false.

In fact, government workers who do not pay Social Security taxes receive higher spouse or widow benefits than workers who do, given equal retirement benefits from work. By taking advantage of the loophole, a select group of public employees receives full Social Security spouse and widow benefits that no other working spouse in America receives, including other teachers who pay into Social Security for their entire career.

I want to share this example provided by the Social Security Administration because it shows so well that assertions of targeting public servants for unfair reduction in spousal benefits are just simply incorrect.

As this placard will show, we are comparing two working couples, the Bakers and the Smiths. They have equal retirement benefits from their work. In both cases the husband receives a Social Security work benefit of $1,200 per month, and the wife receives $300 per month based on her work. They are equal in every way except that Mrs. Baker paid Social Security taxes and receives her benefits from Social Security, but Mrs. Smith paid into a public pension plan instead of Social Security and receives her benefits from that plan.

Both Mrs. Baker's and Mrs. Smith's spouse benefits are reduced. Mrs. Baker's spouse benefits of $600, which is one half of her husband's benefit amount, is reduced $1 for every dollar of her Social Security benefit, providing her with a $300 spouse benefit. Mrs. Smith's spouse benefit, also $600, is reduced $2 for $3 by her public pension benefit, providing her with a $400 spouse benefit.

The end result, Mrs. Smith's benefit is $100 higher than Mrs. Baker's, even though Mrs. Baker paid her whole career into Social Security. Clearly, Mrs. Smith is not being discriminated against because she paid into a public pension plan instead of Social Security.

Mrs. Smith has a twin sister, Mrs. Jones, who is also a teacher; but Mrs. Jones was a teacher in Texas who switched to a school cafeteria job on the last day and paid Social Security taxes in for that last day. Mrs. Jones has an advantage over every other working spouse in America. She receives both her worker's benefit and full spousal benefit. As a result her spousal benefit would be $300 higher than Mrs. Baker's and $200 higher than her twin's. Clearly, for someone who worked 1 day under Social Security, that is just plain unfair.

Every Member of Congress deeply appreciates the valuable contribution of teachers and public servants and all workers, whether they be in Texas, Georgia, Florida, or New York. However, no single group of workers should have an unfair advantage over workers in other school districts, in other pension systems, or all across this Nation.

We absolutely need a full discussion of all Social Security provisions affecting public employees, which is why the Subcommittee on Social Security will have a hearing on these issues and legislative opportunities in the coming weeks. While we want to make Social Security fair for all workers, we must take care not to worsen Social Security's already bleak fiscal picture or undermine the principle of Social Security as an earned benefit. It is an earned benefit. That would negatively affect both government workers and all Americans who depend on Social Security.

This bipartisan bill does the right thing and has the support of many organizations. It was developed using recommendations from and in cooperation with the Social Security Administration and the Social Security Inspector General. It is also supported by the AARP, Citizens Against Government Waste, the National Conference of State Social Security Administrators, the Consortium for Citizens with Disabilities, the National Alliance for the Mentally Ill, the Association of Administrative Law Judges, the National Organization of Social Security Claimants' Representatives, and numerous other national and local law enforcement agencies and organizations.

We should protect senior citizens from unscrupulous representative payees skimming off of the top. We should prevent fugitive felons and probation or parole violators from using Social Security dollars to finance their illegal activity. We should pass H.R. 743 to stop this fraud and abuse in Social Security and in the process save the taxpayers $655 million over the next 10 years.

Mr. Speaker, I reserve the balance of my time.

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

Mr. Speaker, I would like to commend my colleague from the State of Florida (Mr. SHAW), the Chair of the Subcommittee on Social Security of the Committee on Ways and Means. We entered into a bipartisan discussion, and we have a bipartisan bill at this time.

The gentleman mentioned the Inspector General of the Social Security Administration. The Social Security Administration and the beneficiary community all came together last year to put this piece of legislation together. It was essentially the same bill that passed last year, and just 2 weeks ago it came again before the House Committee on Ways and Means and passed on a 35 in favor of to two against vote count. So this is a good bill. I hope we have final passage in favor of this piece of legislation.

I might just very briefly go over the points of the legislation. One, it deals with representative payees; and basically what this means is that when we have a person who is perhaps mentally disabled, a minor, or somebody who is a frail elderly, they may not be able to collect the benefits themselves or know how to handle their benefit, Social Security benefits, that is. So we have a representative payee that will take the money and make sure that proper accounting of the money is taken care of. Essentially in some cases we have had representative payees where they have actually absconded with the money. This would tighten up the laws on representative payees and, secondly, would make sure that beneficiaries are held harmless and receive the full benefits even when the representative payee takes the money from them. It also would provide a greater legal representation for SSDI recipients, those people that are seeking disability benefits under Social Security, by providing for greater legal representation by changing some of the requirements for lawyers under the Social Security Administration Act.

Lastly, it would deny benefits to fugitive felons. Right now under the law, through the quirk in the law, unfortunately, fugitive felons are able to receive Social Security benefits, and this would deny those benefits to fugitive felons.

There are a number of other technical provisions in the legislation. One area I might just spend a few moments on is the one that my colleague from Florida talked about, and that is the government pension offset issue. As the Members know, this legislation was passed in 1976. It did not take place until the mid-1980s. It was not fully put in place until the 1980s. It was basically to take care of the disparity where one of the spouses has two employments over a period of their lifetime of work, one in the local or State government and one in the private sector. So one would then be eligible for both Social Security benefits and also eligible at the same time for a government pension.

Under the law that currently is in place, a surviving widow or widower in this circumstance would have a reduction in their benefit level, depending upon the size of their pension. It was a law to try to correct an inequity. Unfortunately, the government pension offset has in some cases been fair but in many case has been unfair. One, many of the recipients do not know until actually their spouse dies that they are subject to that rule, in which case all of a sudden their lives have become totally disruptive. In fact, we

have calculated, and studies have shown this, that when one spouse dies, it still requires 80 percent of the former income that the couple had in order to live comfortably, and this in many cases drops that income level down to 30 or 40 percent of what they received when they were both alive. So there is a problem with this piece of legislation.

What the gentleman from Florida (Mr. SHAW) and I have attempted to do was strengthen the potential loopholes that some call it loopholes and some say it is only a way to make sure their benefits are collected properly.

The gentleman from Florida (Mr. SHAW) has indicated that he intends to hold hearings on the government pension offset issue, and we really appreciate that because I believe that some action should be taken in this Congress on that issue.

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Obviously, we cannot reinstate full benefits, but perhaps there is some way we can at least help these recipients that are subject to this rule so that they will be able to continue on when one of the spouses passes away.

It is, however, a situation now where some of my colleagues feel that they have a problem with this particular provision. This provision was not in the bill last year to close this provision on the government pension offset; it was added to the bill in this Congress, and many of my colleagues have questions about it.

It would have been my hope that we would have dealt with this issue and the larger issue of trying to deal with the government pension offset, because in this situation it would put pressure on all of us to try to deal with this comprehensively. But we do have it before us at this time, and as many of us know, the gentleman from Texas (Mr. GREEN) will have an amendment in which he will move to strike that one provision out of this legislation.

I intend to support his motion to strike this by way of an amendment but, at the same time I would hope that my colleagues on both sides of the aisle would support the final passage of this legislation, because it is a good bill and certainly we do believe that the other provisions of this legislation must move forward.

Mr. Speaker, I reserve the balance of my time.

Mr. SHAW. Mr. Speaker, I yield myself such time as I may consume. Very, very briefly, what the gentleman from California said about people receiving bad information from the Social Security Administration is absolutely correct, and we are working on that. This came out at the hearing that we had, and this is something that our committee will be addressing.

Now, the reason that the correction, as far as the unfair benefits being paid out to people who never really paid into Social Security more than one day of their working life, that information did not come out from the General Accounting Office until after we passed our bill last June.

The Democrat-controlled Senate, however, did have the benefit of the General Accounting Office study when they passed their bill, and they passed it by unanimous consent and they attached this provision to it.

This is not a partisan issue. I understand the problems within certain States and those are only two States, by the way, Texas and Georgia. However, for the rest of this country, it is looking at Georgia and Texas as an unfair abuse of the Social Security system because of the inartful drawing of that one provision. This is what we are trying to correct here this afternoon.

Mr. Speaker, I would say to the gentleman from California (Mr. MATSUI) that at this particular time I do not expect to use all of our time on general debate. We have already been through this on suspension. I would invite the gentleman to put a couple of speakers up at this time.

Mr. Speaker, I reserve the balance of my time.

Mr. MATSUI. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Texas (Mr. GREEN).

Mr. GREEN of Texas. Mr. Speaker, I thank the gentleman from California (Mr. MATSUI), our ranking member on the Subcommittee on Social Security, for yielding me this time.

One thing I do agree with the chairman of the Subcommittee on Social Security about is that we should reform the government pension offset. Instead of talking about technicalities or ways that people have figured a way around it, we ought to look at the whole issue. There has been legislation cosponsored by the majority of this House for 3 years, but we have not had a hearing yet on dealing with that. That is what is frustrating.

So instead of dealing with the big issue, they are going to say, okay, for those teachers or firefighters or police officers in Texas or Georgia or whatever other States, they are going to punish those because they found a way under current law to be able to receive their widows' benefits. We are talking about widows benefits. I do not know about the GAO study or whatever they wanted to talk about, but I do know that we are talking about widows' benefits.

Let me give an example. I have a lady in my own district in the Aldine School District; her husband passed away 10 years ago. She has been receiving his Social Security widow's benefits. She teaches school. She is 73 years old now. After decades of teaching math, she is ready to retire; but if she retires, she will have her widow's benefits under Social Security reduced so substantially that there will almost be nothing left, because of her teacher retirement under the State of Texas.

Now, again, I do not know how the request was made for these GAO studies, but I do know that the facts on the ground show something different than what my colleagues say. This teacher will have to wait to retire. She would have to go to work for 5 years at a school that has Social Security. Well, she does not have that choice. We have some districts in Texas who do, some who do not. Very few actually do. So she would have to be 78 years old under the bill to be able to continue receiving her widow's benefits. That is wrong. That has been wrong, and it is affecting so many people. That is why we have an amendment, and I thank the Committee on Rules for giving us an opportunity to strike that section.

We have an opportunity through that amendment that will do it. Let us deal with the whole issue, but let us also support the amendment that will leave this provision in here for people who need it.

Mr. MATSUI. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from California (Mr. BECERRA), a member of the Committee on Ways and Means.

Mr. BECERRA. Mr. Speaker, I thank the gentleman for yielding me this time.

I first would like to thank the chairman of the subcommittee, the gentleman from Florida (Mr. SHAW), and also the ranking member, the gentleman from California (Mr. MATSUI) for the work that they have done on this legislation.

Certainly, those of us who have worked on this issue in the past know that we need to deal with these issues for all of those beneficiaries who are out there trying to collect their well-earned Social Security benefits, and also for those who have in the past had difficulties going before the Administration, the Social Security Administration, to get the benefits they deserve. Too, oftentimes we find that some of the folks that are now trying to collect their benefits are old, disabled; in many cases they have become incompetent and cannot do some of these things for themselves, and we have had to find ways to help them move their case along. The ''representative payee'' program has been a good one. Oftentimes, unfortunately, it has been abused by some, and we are trying to make sure that we forever guarantee that those people who have earned these benefits will get them and not someone who is trying to take advantage of them and claims to be providing advocacy on their behalf.

This is a good bill. H.R. 743 was a bill that was passed last year by this House. I hope it does have a chance to become law this year. I do want to support, and I associate myself with the words of the gentleman from Texas (Mr. GREEN) who spoke. We have an issue with the government pension offset that we must address. We must address it in a way that deals with reform in its entirety.

Many of us have talked about the need to make sure that we strengthen Social Security into the future. There

are a lot of folks, teachers, police officers, firefighters, who find that because they have not been in the system, or if they have been in part of the system for part of the time, the treatment that they will receive is different from those who have been within Social Security or completely outside of Social Security throughout the process. We must deal with this.

To some people who may be watching, it may seem confusing what we are talking about with regard to the government pension offset but, really, the bottom line here is whether you understand GPO and what it stands for or not. What we are trying to do is make sure the system under Social Security is fair for everyone. At this stage there is an issue that has been raised whether or not through this legislation we should be trying to make changes to the GPO.

I would urge all of my colleagues to support the bill, and I also urge my colleagues to support the Green amendment that he has offered today.

Mr. MATSUI. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Texas (Mr. RODRIGUEZ).

Mr. RODRIGUEZ. Mr. Speaker, let me take this time to also rise and say that we really need to look at that government pension offset.

The government pension offset unfairly reduces the retirement benefits of public employees who have dedicated their lives to serving their communities and our children. Many of those impacted expected to receive the Social Security benefit that their spouse earned, and we are talking about the majority, almost 90 percent are women that are widowed. So if we look at what we are doing, it is extremely discriminatory towards those women in this category. Often they remain unaware of the offset until they reach retirement age.

Educators are shocked to learn that their decision to enter the education profession, often at considerable financial sacrifice, has caused them to lose benefits they have counted on. The resulting loss of income forces some into poverty and despair. Section 418 of the Social Security Protection Act would close the so-called loophole that allows educators in my home State of Texas to avoid the unjust and harsh impact of the government pension offset by transferring it to the school districts covering Social Security just before they retire.

I would like to add that I am not alone in this. Mr. Speaker, 176 other Members of this House from both sides of the aisle have cosponsored legislation to eliminate this provision. If Members agree that this provision is unfair, I would strongly urge them to vote in favor of this amendment when it comes forward and to vote against this bill.

Once again, I asked the chairman on the Republican side to bring this forward and try to deal with this, because it is extremely important. I know we have argued about offshore and allowing companies to go offshore and have that loophole for the major companies. But when it is a loophole that applies to women and widows, we need to look at that and see if we can come back, and I would just ask the chairman and appeal to him to bring forward that bill and have an up-or-down vote on the entire bill and allow it to go and impact throughout the counties for these teachers and those individuals and those widows that fall under that category.

Mr. SHAW. Mr. Speaker, I yield such time as he may consume to the gentleman from Texas (Mr. BRADY), a member of the Subcommittee on Social Security.

Mr. BRADY of Texas. Mr. Speaker, I support this bill. Let me address my remarks toward the teacher loophole portion of this, because this is what we are discussing the most.

I admire teachers. They are hard-working and incredibly dedicated, as we all know. They are my friends, my sister-in-law, and my next-door neighbor, literally. But keeping open the Texas teacher loophole is terribly unfair.

The loophole practice was first reported to the fraud hotline of Social Security a few years ago. A subsequent investigation by the General Accounting Office followed and, upon their finding that millions of dollars were being siphoned from Social Security, the recommendation was made to Congress to close it. The Senate voted 99 to 0 to close it. But that is why we are here today in the House, to preserve the integrity of Social Security.

This is how the loophole works in Texas, in my State. Teachers in the State retirement system do not pay into Social Security. They have opted out. They pay instead into a substitute retirement plan, the teacher retirement system of Texas. As they near retirement, a Texas teacher resigns from her school district. She pays then another school district that is in Social Security; she pays them between $200 and $500 to work for them 1 day, in the cafeteria, doing maintenance, or as a clerical aid. Typically, for that 1 day of work, the teacher contributes $3 into Social Security and thanks to the loophole, collects nearly $100,000 in Social Security benefits over her retirement. That is $3 into Social Security, $100,000 taken from Social Security. This is terribly unfair. It is unfair to all of the teachers in other States who have no loophole. It is unfair to all the working families in Texas, in America, who have no loophole, including our soldiers overseas; and it is certainly unfair to our elderly who, even if we close the loophole today, will see $450 million drained from their Social Security Trust Fund.

On the Web site for the Texas Federation of Teachers, their President, John Cole, describes the loophole as a trick and proudly proclaims the gimmick is perfectly legal. The gimmick is perfectly legal.

Well, the gimmick may be legal, but is it right? Virtually no other worker in Texas or America can take a job in a school cafeteria for a day, contribute $3 into Social Security, and walk away with nearly $100,000 more than their next-door neighbor. How do we justify this? We would not allow someone to spend 1 day as a substitute teacher and take home $100,000 in teacher retirement, so why would we allow a teacher to work 1 day in Social Security and take home $100,000 they did not earn?

Alarmingly, this 25-year-old obscure loophole just recently discovered is now being institutionalized. In Texas, in my home State, teachers groups regularly hold retirement seminars to instruct their members on how to take advantage of the loophole. Some school districts make as much as $280,000 a year. That is a quarter of a million dollars a year, charging fees to teachers to work for them for just a day. During the General Accounting Office investigation, they even discovered one Texas university has gone so far as to regularly schedule 5 days per year where university professors can work their last day as a janitor under Social Security, contribute $3, and receive an extra $100,000. That is $100,000 that university professors in other States cannot earn, because they do not have a loophole. And it is $100,000 the janitor they worked alongside of cannot earn either, because they do not have a loophole.

We are not going to create two classes of citizens in America, those who have loopholes and those who do not. Congress has a clear choice. We can keep open this lucrative loophole for a few that is draining $450 million from everyone else's Social Security, or we can stand up for our seniors, stand up for our elderly, stand up for the 99 percent of America's workers who are playing by the fair rules.

□ 1245

If we insist on keeping this loophole open, Congress, I think, has forfeited any future credibility to claiming to protect Social Security for our seniors. We will rightly be labeled hypocrites.

What can we do to help our teachers, but still be fair to America? The question has been raised today, and it is a fair one. I am convinced the answer lies in repeal or at least modification of the windfall elimination provision, which docks workers who have earned both the Social Security retirement and the government pension. I think the principle we should be applying is this: if you have earned two pensions, you should receive two pensions.

I have asked the chairman of the Subcommittee on Social Security, the gentleman from Florida (Mr. SHAW), to hold hearings on the windfall provision; and he has agreed. I appreciate his willingness to promptly study the impact and fairness of the windfall provision as it relates to today's retirees.

I think we will find when we do study it, and I am in total agreement with

our teachers on this, that the windfall makes it much more difficult to recruit into teaching the professionals who have had other careers. I think it penalizes educators who held a second job in order to make ends meet. Teachers tell me this would go a long way towards helping them. And best of all, it is not a gimmick. It is fair for them, and it is fair to the rest of America.

I urge the House to pass H.R. 743 without amendment. We must not allow our precious Social Security to be drained away; and most importantly, we cannot create two classes of citizens in America, those who have loopholes and those who do not.

Mr. MATSUI. Mr. Speaker, I yield 4 minutes to the distinguished gentleman from Texas (Mr. DOGGETT), a member of the Committee on Ways and Means.

Mr. DOGGETT. What a truly disappointing presentation. Mr. Speaker, this is not about ''gimmicks,'' and it is not really even about Texas teachers. It is about whether this Congress will have on the floor of the House its first ever vote in recent memory on correcting the Government Pension Offset and Windfall Elimination Provision.

Last year, when the constituents of the gentleman from Texas (Mr. BRADY) contacted him about this, he said that these provisions seemed to be ''most unfair.'' He pointed out, quite correctly, that ''about 40 percent of the total number of affected beneficiaries are widows and widowers''; that ''240,000 affected beneficiaries are women.''

I think that we need an opportunity in this Congress to address the Government Pension Offset. When the gentleman from Florida (Mr. SHAW) released the GAO report to which he has referred today, although he and the gentleman from Texas (Mr. BRADY) use terms like ''fraud'' and attack the professional associations of our teachers in Texas, although he even has the audacity today to invoke our soldiers overseas against our police officers and our firefighters and teachers who deserve a GPO correction, when the gentleman from Florida (Mr. SHAW) introduced the GAO report, he said ''The apparently growing use'' of what he calls a loophole ''is only a symptom of general concern about whether the GPO itself is fair. . . . That is why my plan . . . would reduce the Government Pension Offset.'' [Aug. 15, 2002 press release]

His plan that he refers to is the one that he and the gentleman from Texas (Mr. BRADY) voted against when we presented it in the Committee on Ways and Means. It is the plan which the Committee on Rules made out of order today. Not Texas teachers, not ''gimmicks,'' not the Texas Federation of Teachers, but police officers in New York City and firefighters in San Francisco, and everyone in between who has been a public servant and who has suffered as a result of this Windfall Elimination Provision, they are the ones that they are standing against today.

''GPO'' stands for ''Government Pension Offset.'' It cuts into the retirement security of dedicated public servants, like firefighters, police officers, and teachers who provide us physical and economic security and who need retirement security. ''GPO'' really means ''gouge police officers,'' and it gouges our teachers and firefighters seeking their well-earned retirement security.

GPO also stands for ''good photo opportunity.'' That is what is involved here. Whether it is police officers, firefighters, or teachers, Members are eager to stand with them and get their picture taken. But when it comes time to vote with them and protect their retirement security, they come up with one excuse after another.

This provision dealing with the self-help provisions that Texas teachers have used, and used in accordance with the letter of the law as written, specifically as written by this Congress, was buried on page 70 of the original bill. They did not even have the courage to bring it up for a vote in the committee at that point, or to wait until our Texas teachers could be here.

An apt analogy to what is happening here today is to find oneself driving down a highway and seeing a senior citizen, a retired teacher, pulled off along the side of the road with a flat tire.

The reaction of most folks is to stop and help. Well, the Congress comes along and it stops to help. It tells the retirees, ''You cannot fix this problem yourself,'' the way our Texas teachers have done, ''that is our job.'' Then, while the senior waits for help, the Congress gets back in the car and drives off, leaving them stranded beside the road.

That is exactly what has happened here as this Republican Congress refuses to address the problem that our Texas teachers and our firefighters are rightly concerned about. Instead, they pick up a tire iron all right, but they are using it on our retirees, not the flat.

The GPO bills introduced and never set for a hearing or never voted on will never provide retirement coverage, only political coverage. When Members pose with public servants for a good photo opportunity, a ''GPO,'' they hope those employees will not notice that: When they smile, the real message is, ''I am standing with you, but I am not voting with you.''

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

Mr. Speaker, I must say, and be sure that all the Members that are listening to this debate know, this debate has nothing to do with the Government Pension Offset that the last speaker was referring to. That particular provision has a price tag of $9 billion.

As chairman of the Subcommittee on Social Security, I would like to correct that, or at least go halfway towards correcting that. But part of my job as chairman of this subcommittee is also to protect the integrity of the Social Security program itself. To go off willy-nilly and start throwing dollars out means the demise of the Social Security system. It will come up short well before 2016, which is the day on which the cash coming into the system is not enough to pay the benefits. We have to be concerned about that.

We are going to have hearings on the Government Pension Offset, and try to find ways to pay for it. But we have to pay for it within the system. To do otherwise would be just plain reckless.

Mr. Speaker, I yield 3 minutes to the gentleman from Missouri (Mr. HULSHOF), a distinguished member of the subcommittee.

Mr. HULSHOF. Mr. Speaker, I thank the gentleman for yielding time to me.

The gentleman from Texas (Mr. DOGGETT) who spoke last has regaled us on a number of occasions with some interesting and I would say provocative speeches over the last couple of years about the use and abuse of tax shelters. He has proclaimed himself, Mr. Speaker, the defender of the individual taxpayer against abusive corporate tax shelters. He has often cited Enron when that issue was before Congress. He has railed against the expansion of the business meal deduction, saying taxpayers would subsidize $400 bottles of wine, a thinly-veiled swipe at the former Speaker.

In the immediate aftermath of September 11, in the committee he went as far as to say that Republicans on the committee were looking for tax cuts for Osama bin Laden. Now he attempts to wrap himself into the fireman's coat and shield himself with the policeman's shield. It is just not so.

Section 418 of the Social Security Protection Act closes a loophole. The General Accounting Office says this about that loophole: ''4,819 individuals from Texas and Georgia have performed work in Social Security-covered positions for short periods, and in fact even for a day, in order to offset'' or get away from this government pension offset in this exemption.

This is a loophole, a loophole that is being exploited. In 2002, one-fourth of all the public education retirees in the State of Texas took advantage of this loophole.

Let me give an example of an egregious type of way that this is being exploited, and unfortunately, much to the chagrin of other hardworking Social Security payees across the country. School officials reported individuals were taking, or one individual traveled 800 miles one way, 800 miles, a two-day trip, to be employed for a single day, traveling back 800 miles back to that person's home in order to get away from this loophole.

As my friend, the gentleman from Texas (Mr. BRADY), noted, a lot of these school districts are seeing the money flow in because they are charging these retirees, these teachers, a processing fee for their school districts. Ultimately, what it means is that

these workers are seeing their annual pensions increased by the tune of about $5,000 a year to which they are not entitled.

So we can talk about the government pension offset all we would like, or the windfall elimination provision. Yet what we are trying to do is root out waste, fraud and abuse. The General Accounting Office has told us clearly and unequivocally this is a loophole that is being exploited, and it is time that this Congress acted to close this loophole, because other retirees are the ones that are losing the advantage of their social security.

Mr. MATSUI. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, I would like to just make a couple of observations, if I may. I appreciate the Chair of the subcommittee on Social Security of the Committee on Ways and Means, his discussion.

I just want to point out, the President had said during the campaign of 2000 that he wanted to reform Social Security. He came up in 2001, December of 2001, with a commission report and three recommendations all dealing with privatization of Social Security. The gentleman himself has come up with a privatization plan. We still have not seen Social Security reform in the committee, nor have we seen it on the floor of the House.

Initially, I was hoping to take care of the GPO under Social Security reform. Obviously, we cannot do it because there is no intention of bringing Social Security reform to the House floor until after the 2004 election, after the President presumably is reelected. So it is unfortunate we have to deal with this issue now.

I also want to say that with respect to the gentleman from Texas (Mr. DOGGETT), he was trying to deal through the whole issue of corporate shelters with things like the Bermuda inversion issue, in which companies in the United States went offshore in order to avoid U.S. taxes, thereby increasing taxes for individual citizens. These are the things that he has been working on.

Lastly, this is about the government pension offset, to a large extent; it is not about loopholes. The reason I say this, just 3 weeks ago the gentleman voted, the gentleman who just spoke voted in committee on a piece of legislation actually in which we were going to try to give benefits to our young men and women overseas, in the Persian Gulf at this time, by adding little provisions like eliminating taxation on foreigners who actually bet on U.S. gaming and horse races.

These are the kinds of things that are real loopholes. These are the things that are loopholes. These are ordinary citizens who are just trying to deal with their own livelihood when one of their spouses dies.

Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. DOGGETT).

Mr. DOGGETT. Mr. Speaker, I am so pleased that the last speaker raised this issue of corporate loopholes, because it is the same crowd that stood in the Committee on Ways and Means repeatedly and on the floor of this House and has defended corporations that renounce their citizenship and head off for tax havens like Bermuda. They say that this is fine, that this is legal, and that we do not need to do anything about it.

As to the Government Pension Offset and the issue of the alleged ''loophole'' in Texas, what the gentleman failed to mention is that we offered in committee to close the alleged ''loophole'' for Texas teachers, but to do it in connection with reforming the GPO problem that they have consistently refused to correct all this time. Fix the two together.

We make them that same offer today. This is not about gimmicks in Texas, it is about people that file bills, as the gentleman from Florida (Mr. SHAW) has done, that they never intend to move through the Congress; file bills they do not even get a hearing on, and say they are on the side of the firefighters, police officers, and teachers while doing nothing for them.

Mr. SHAW. Mr. Speaker, I yield 30 seconds to the gentleman from Missouri (Mr. HULSHOF).

Mr. HULSHOF. Mr. Speaker, again I would say to the gentleman who just spoke, who has self-proclaimed his time here as far as trying to shut down these corporate abusive shelters, in existing law that the Social Security Protection Act attempts to protect is a loophole that is being exploited, a single-day exception where workers attempt to get around this law.

Perhaps if the gentleman's constituents had set up post office boxes in Bermuda, perhaps we would see some righteous indignation in favor of this legislation instead of opposed.

□ 1300

Mr. MATSUI. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from the State of Maine (Mr. ALLEN).

Mr. ALLEN. Mr. Speaker, I thank the gentleman for yielding me time.

Mr. Speaker, I rise to make an argument outside of the scope of this latest controversy, though I will say the sooner this Congress deals with the GPO issue, the better, because it is a very important issue back in my home State of Maine. But I do rise in support of this bill, H.R. 743.

I commend the work of the chairman of the subcommittee, the gentleman from Florida (Mr. SHAW) and the ranking member, the gentleman from California (Mr. MATSUI) for their effort to bring this bill forward.

I want to confine my remarks to one particular section of the bill, section 414. That section will directly benefit one of my constituents, Nancy Wilson of Bremen, Maine. Nancy Wilson has been denied Social Security benefits through a quirk in the law for more than 10 years, and thanks to the efforts of the Committee on Ways and Means, H.R. 743 will fix that quirk and will enable Nancy Wilson to receive the benefits to which she otherwise would have been entitled.

Since the 105th Congress I have been working to pass legislation that would assist Mrs. Wilson. In both the 105th and 106th Congresses, private legislation passed this House but was not acted on by the other body. Since then the Committee on Ways and Means has graciously worked with me in both the 107th and 108th Congresses to include language similar to my bill, H.R. 249, in the Social Security Protection Act in order to help Mrs. Wilson.

As anyone who has worked with her knows, Nancy Wilson is a tenacious battler. She will not give up. She will not allow her elected representatives to give up until she receives the justice that she feels she deserves and that she does deserve. I hope with the passage of this bill, Nancy's efforts will finally be vindicated.

I urge the swift enactment of this legislation.

Mr. SHAW. Mr. Speaker, I yield 2½ minutes to the gentleman from Arizona (Mr. HAYWORTH), a distinguished member of the committee.

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

Mr. HAYWORTH. Mr. Speaker, I thank the chairman of the subcommittee for yielding me time, and I appreciate and applaud the remarks of my friend from Maine (Mr. ALLEN) across the aisle because it typifies, at long last, we actually had discussion on the bill we are working on this afternoon and the benefits it brings, rather than another convoluted process.

So let us focus on the legislation at hand, H.R. 743. The preceding speaker pointed out how it would directly help one of his constituents.

Mr. Speaker, let me suggest to you that this legislation will help thousands, if not millions, of Social Security recipients because it protects Social Security. First and foremost, we strengthen the ability of this government and the Social Security Administration to deny benefits to fugitive felons and probation or parole violators. We have such a huge system which so many Americans depend on that it is hard to believe, but true, there are actually felons and fugitives who have depended on Social Security and taken money out of the system. That is wrong. That is going to stop.

It deters fraud. It creates new civil monetary penalties for those who would commit fraud against our seniors and against Social Security recipients. It prevents persons from misrepresenting themselves as they provide Social Security-related services. We move to protect what so many Americans depend upon.

And I should also point out that one key group of constituents whom I was

honored to work with, with the Commissioner of the Social Security Administration, came to Arizona, to Tempe, Arizona, to issue our first ticket to work for a disabled member of our society who wanted to emphasize the ability in disability, we broaden and strengthen the ability with ticket to work. We help individuals with disabilities gain access to representation and to get back to work. We expand the eligibility for the work opportunity tax credits. Employers outside of a predesignated number in the past can take advantage of the work opportunity tax credit. It allows the Social Security Administration to examine alternative methods of encouraging work.

This is a good bill. Pass it on the merits. Support H.R. 743.

Mr. MATSUI. Mr. Speaker, I yield 2½ minutes to the distinguished gentlewoman from the State of Texas (Ms. JACKSON-LEE).

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, it is interesting, this is a good bill. I am frankly appalled that we have a situation where we have to fix the question of fugitive felons receiving Federal dollars, and I believe we should fix it. That is the point I rise to make, Mr. Speaker.

Forgive me for talking in a second-level voice, but this could have been a bill that all of us supported. My good friend from Arizona (Mr. HAYWORTH) stood a couple of years ago disagreeing with opposing the government pension offset. What we are trying to do is to fix it to make it work.

We offered, I understand, I am not on the committee but I understand that the gentleman from Connecticut's (Mr. SHAYS) legislation that could have fixed this question that we are concerned with about teachers and police and firefighters was offered in committee and was rejected along a party line vote.

Mr. Speaker, this is legislation that should be supported by all. We should have a 100 percent vote on the Green amendment, which I am supporting, for these teachers and widows that we are talking about. This is a simple amendment because what it does is this amendment works to correct the problem, and that is in 418.

This amendment is important to have. The legislation does nothing to remedy the GPO to make it fair to public servants. This amendment strips this one hidden offensive provision in this otherwise noncontroversial bill that deals with prohibiting a widow to be eligible for a pension based upon State, local, or Federal jobs, that is ridiculous, or requiring them to work an extra 5 years.

Now why, Mr. Speaker, we could not work together to ensure that we had a bipartisan bill. My voice is weak, it is broken, but I could not miss talking about this inequity.

Why are we here fighting about a bill that has some very good elements? Why are we here fighting over the Green amendment? It should be under unanimous consent, because it makes sense for people not just in Texas but in New York. And I think it is important, Mr. Speaker, to say here we go again, dividing unnecessarily along party lines on what is good for America. And frankly, I think we got a whole lot of work to do with our troops in Iraq in terms of benefits that they need and veterans benefits that they need and tax changes that they need. We could do this in a bipartisan way.

So I hope, Mr. Speaker, that we will find a way to unanimously support this Green amendment that will strike this language that puts elderly people back to work, and I hope we will find a way to correct this legislation so we have a bill that will have the support of all Members.

Mr. Speaker, I am saddened to have come to the floor today to speak out yet against H.R. 743. The Social Security Protection Act of 2003. This bill was broken last time it came up on the floor. Many public servants in our districts noticed that. We noticed it was broken and voted the bill down. But, here it is again—and it still has not been fixed. There is much good in this bill. If the Majority Leadership would take out the small error that will hurt our teachers and firefighters and police, this bill could be in front of the President soon. That would be a great service.

Social Security represents a covenant between the U.S. Federal Government and the American people. It is a promise that if a person works hard, and contributes into this investment program, that when it comes time for them to retire—their government will ensure that a fair benefit is there for them. It seems that too often, criminals take advantage of the trust between the Social Security Administration and the seniors and disabled Americans it serves. They misuse Social Security benefits. Such activity is worse than just stealing, because it threatens the confidence that the American people have in the government. That confidence is the foundation of our democracy.

So last Congress, I joined with every voting Member of this House in support of The Social Security Act of 2002. It was an excellent piece of bipartisan legislation, which would have made great strides towards cutting down on the abuse of the Social Security system. Most of the major provisions of that bill are reflected in the bill before us today, and I still support them. The bills would both protect Social Security recipients by mandating reissue of funds when their payments are misused. Representative payees who misuse a person's benefits would be forced to reimburse those funds, plus would be subject to fines of up to $5000 if they knowingly provided false or misleading information.

For further protection, representative payees for over 15 individuals would be required to be licensed and bonded, and would be subject to periodic reviews. The bills would allow the Commissioner to withhold benefits from fugitive felons, and persons fleeing prosecution. The bills also provide for numerous improvements to the present system, which would reduce fraud and abuse of the program.

The bill passed unanimously in the House last Congress, and similar legislation cleared the Senate. But unfortunately this important legislation got hung up at the end of last year. With such support and progress, this should have been an easy piece of work to get through this year, and a score for the American taxpayers. Instead, a wrench has been thrown into the works, through the addition of a small section that has provoked a deluge of phone calls into my office from, it seems like, every schoolteacher in my district.

The Texas branch of the American Federation of Teachers describes Section 418 as ''poison for Texas school employees.'' That section relates to the Government Pension Offset. At present, if an individual receives a government pension based on work that was not covered by Social Security, his or her Social Security spousal or survivor benefit is reduced by an amount equal to two-thirds the government pension. This provision of current law is called the Government Pension Offset (GPO). However, under the ''last day rule,'' an individual is exempt from the GPO if he or she works in a job covered by Social Security on the last day of employment.

Many school disticts offer teachers non-Social Security government pensions, so till now many teachers have been forced to take advantage of the ''last day'' loophole. Just before they retire, they get a job in a business with a Social Security pension for a day, in order to receive their deserved benefits. This is a ridiculous system, and the appropriate way to fix it would have been to repeal the GPO. In fact, I have co-sponsored H.R. 594 with my colleague from California, BUCK MCKEON, and 132 others to do just that.

Instead, the bill before us today closes the loophole. I am usually all for getting rid of loopholes, but now is no time to be ''sticking-it'' to teachers—just as we are trying to leave no child behind, just as we have a shortage of qualified teachers in many areas. This could drive many people away from careers in teaching.

For example, last month I received a call from one woman in my District who was a teacher earlier in her life. Her husband recently passed away and she has been contemplating going back into teaching. But she has been warned that she could actually jeopardize her financial future by going to work. As a widow, she will be entitled to her husband's social security benefits. However, if she starts to teach in a school district with a government non-Social Security pension, she could lose $360 per month in retirement benefits—over $4000 per year.

Why should she risk it? If H.R. 743 passed today, it won't be only she that loses. It will be our Nation's children who lose—an experienced, intelligent teacher.

The GPO issue needs to be addressed, but not today. Right now, we are giving money to criminals who are beating our system and undermining confidence in the future of Social Security and the government as a whole. We need to protect Social Security, and we need to do it soon. But I will wait until we can do it without attacking our teachers, and penalizing our children.

I will vote ''no'' on H.R. 743 unless the offending provision is taken out, and urge my colleagues to do the same.

Mr. MATSUI. Mr. Speaker, I yield 2 minutes and 10 seconds to the distinguished gentleman from the State of Texas (Mr. HINOJOSA).

Mr. HINOJOSA. Mr. Speaker, I rise in opposition to H.R. 743 and I wish to express my strong support for the amendment offered by my friend, the gentleman from Texas (Mr. GREEN).

The underlying bill was rejected by the House last month when it was considered under suspension of the rules. Yet it is being brought before us again with the same objectionable provision that will hurt teachers, police officers, firefighters and other State and local workers in Texas and lots of States around the country.

H.R. 743 would compel experienced public servants to quit their jobs prematurely and work in the private sector for 5 years before they retire in order to avoid a reduction in their pension caused by the Social Security offset. We all know that our Nation has a critical shortage of teachers and public safety personnel. This provision would only exacerbate the problem.

That is why I support the Green amendment to strip this offending provision from the bill. Unfortunately, the Committee on Rules has prevented this House from considering a permanent fix to the problems associated with the government pension offset.

My friend, the gentleman from Texas (Mr. DOGGETT), proposed an amendment to the Committee on Rules that would end this policy that forces public employees to offset their State pensions against the Social Security benefits they have earned. But the Committee on Rules refused to allow the Doggett amendment to be considered today. As a result, State and municipal employees throughout the Nation will continue to be hurt by this unfair policy.

At a time when Federal and State budgets for education and public safety are being slashed, this is just one more slap in the face to those teachers and those public safety officers who are working hard to educate our children and protect our communities. We need to let them know that education and security are national priorities and that we value their dedication. I encourage my colleagues to move quickly to bring relief to teachers and other public employees by supporting the Green amendment.

Mr. SHAW. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. HERGER), a member of the committee.

Mr. HERGER. Mr. Speaker, I rise in strong support of the Social Security Program Protection Act. I would like to thank the gentleman from Florida (Chairman Shaw) and the other members of the Committee on Ways and Means who have worked tirelessly to improve Social Security programs that provide an important, crucially important, safety net for many of our Nation's neediest disabled and elderly individuals. These changes have been designed to ensure that the right benefits go to the right people, a principle which should guide our efforts on behalf of the taxpayers we serve.

I am especially pleased that the bill before us includes a provision designed to keep convicted fugitive felons from getting Social Security checks. These efforts build upon the criminal welfare provision which I introduced and which were enacted into law more than 3 years ago. By all accounts, these laws have been effective in stopping illegal fraudulent Social Security payments to prisoners. We have also stopped hard-earned taxpayer dollars from being used to subsidize addicts with disability checks. Overall, we have saved taxpayers and beneficiaries literally billions of dollars.

Other provisions in the legislation before us, such as granting the Social Security Administration the tools it needs to weed out waste and fraud, will further protect vulnerable beneficiaries.

Mr. Speaker, this bill passed with overwhelming bipartisan support in the last Congress. I urge my colleagues to join me today in supporting it once again.

Mr. MATSUI. If the Speaker may inquire whether the gentleman from Florida (Mr. SHAW) has any further speakers?

The SPEAKER pro tempore (Mr. LINDER). Does the gentleman from Florida (Mr. SHAW) have any further speakers?

Mr. SHAW. At this particular time I may close, depending on what I hear from the other side.

Mr. MATSUI. Mr. Speaker, how much time remains?

The SPEAKER pro tempore. The gentleman from California (Mr. MATSUI) has 5 minutes remaining. The gentleman from Florida (Mr. SHAW) has 5½ minutes remaining.

Mr. MATSUI. Mr. Speaker, I yield 3 minutes to the gentleman from the State of Texas (Mr. GREEN).

Mr. GREEN of Texas. Mr. Speaker, I think the debate has been good because it has talked about what the concern is, that we really need to deal with government pension offset.

I know there has been legislation introduced now for a number of years and that there is a commitment to have a hearing on it, but we have a bill right now; the latest legislation, H.R. 594, has at least 50 Republican Members and in a very short time has received almost 200 co-sponsors of it, that would eliminate the controversial government pension offset. And I guess that is what is frustrating because we have so much support to eliminate it or at least, as had been earlier talked about, let us moderate it. Do not punish widows that are public employees, two-thirds. Let us make them only pay one-third. Sure, they only worked a day maybe, but they are not getting it for their work under Social Security.

□ 1315

They are getting it because they were married to their spouse for at least 10 years and, in some cases, 30 and 40 years; and yet, because they were public schoolteachers, they had to take advantage of that loophole because, otherwise if their husband died before they were 62, they did not receive anything. So they found a way under current law to seek redress, and this bill is going to close that loophole, supposedly.

Again, maybe it should be, if my amendment is adopted, I would like the committee to really bring out a reform during this Congress because, again, we have been waiting now for many years. In fact, my colleague from Arizona (Mr. HAYWORTH), I remember 3 years ago he and I stood at a press conference with lots of Members talking about we need to reform the government pension offset, and that is what ought to be done, but do not punish the States of Georgia or Texas or whatever other jurisdiction said, well, wait a minute, we know it is wrong, we know it is wrong to penalize a widow who teaches school.

For example, a colleague of mine from Texas has a military base, Fort Hood, with a lot of his constituents now in the Persian Gulf. They said we have a program that is called Troops to Teachers. Our armed services pay Social Security so they retire from the military, and yet they are going to go back to teach and they are going to be penalized for the Social Security they earned in the military if they retire in Texas from the teacher retirement system and they do not work for a school district that has Social Security.

The system is wrong, and my colleagues are making it worse by changing it by this bill; and this is what is so bad. My colleagues can show me all of the studies, but I cannot explain those studies to my constituents who are teachers who said you mean to tell me I have been married 30 years to my husband and everything because we are talking about 80 percent of these people are women, and we know nationally the retirement income for women is so much lower than men. We have teachers who have been married all these years, and sure, they are going to take advantage, but that is because they have been married to someone who paid into Social Security for at least 10 years, in some cases 3 or 4 decades.

Mr. MATSUI. Mr. Speaker, I yield myself the balance of my time.

This is a good bill. I want to commend the gentleman from the State of Florida, the Chair of the subcommittee. We put together a bipartisan bill. Obviously with the Social Security Administration, with the beneficiary groups and certainly with the Inspector General's office, and certainly this is a good piece of legislation.

I hope that each of my colleagues, as I, will vote for final passage of this legislation. Obviously, we do have one controversy here, and it is the government pension offset issue; and the gentleman from Florida has indicated he

will address this issue through a hearing of the subcommittee sometime in the near future, I believe after the April recess; and so I look forward to working with him with the idea of perhaps given the time constraints and other problems that we might have that we can really address this issue in a comprehensive way.

I do hope that there will be some way that we can vote in favor of the gentleman from Texas's (Mr. GREEN) amendment when it is offered in about 40, 45 minutes because I think that will keep the pressure on the institution, both bodies and the executive branch of government, to address this issue.

There is no question that many people are caught unaware when one spouse dies that they did not know about the government pension offset. It results in a reduction of their level of income by 40, 50, even in many cases 60 percent, and secondly, we do have to deal with the inequalities of the proposal. There is no question that in some cases it does actually help and it creates inequality in terms of people that have multiple jobs.

On the other hand, it does create some inequality, and as a result of that, we really need to address this issue in a comprehensive way; and given the fact we probably will not deal with Social Security reform in this Congress, it is incumbent on us at least to address this issue and perhaps a few other issues, as well, as long as they are not extremely costly.

Mr. Speaker, I urge a ''yes'' vote on final passage, a ''yes'' vote when the gentleman from Texas (Mr. GREEN) offers his amendment.

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

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

(Mr. SHAW asked and was given permission to revise and extend his remarks, and include extraneous material.)

Mr. SHAW. Mr. Speaker, I place in the RECORD a large number of letters in support from police groups, fire groups, AARP, and a number of other letters.

AARP,
Washington, DC, March 5, 2003.

Hon. CLAY SHAW,
House of Representatives, Washington, DC.

DEAR REPRESENTATIVE SHAW: On behalf of AARP and its 35 million members, I wish to commend you and Representative Matsui for introducing H.R. 743, the ''Social Security Program Protection Act of 2003.'' This comprehensive legislation is important to claimants, beneficiaries and the overall Social Security program.

We are pleased that the legislation would protect beneficiaries against abuses by representative payees. For many years, AARP recruited volunteers as representative payees so that Social Security beneficiaries who needed a representative payee but could not find one would not lose any benefits. These programs were quite successful but were limited in scope.

AARP has had a longstanding interest in curbing deceptive mailings targeted at older Americans. This legislation builds upon prior legislation and could discourage other mailers from scaring older people about their Social Security and Medicare benefits.

The legislation would strengthen the Ticket to Work Act and conduct pilot projects to improve work incentives for those with a disability. These changes would send a strong signal that our society values the contributions of all its citizens.

Thank you again for your leadership in moving H.R. 743 in the House.

Sincerely,

DAVID CERTNER,
Director, Federal Affairs.

COUNCIL FOR CITIZENS
AGAINST GOVERNMENT WASTE,
Washington, DC, March 10, 2003.

Hon. CLAY SHAW, *Chairman,*
Hon. ROBERT MATSUI, *Ranking Member,*
Committee on Ways and Means, Subcommittee on Social Security, House of Representatives, Washington, DC.

DEAR CHAIRMAN SHAW AND RANKING MEMBER MATSUI: On behalf of the more than 1 million members and supporters of the Council for Citizens Against Government Waste (CCAGW), I commend you both for introducing H.R. 743, the Social Security Protection Act of 2003. CCAGW supports this important legislation.

Passage of H.R. 743 would fiscally strengthen the Social Security program by reining in the loss of millions flowing away from beneficiaries each year due to waste, fraud and abuse. It strengthens the supervision of individuals and institutions that handle benefit checks belonging to others, bars Social Security payments to fugitives, and would allow federal courts to order an individual who breaks a Social Security-related law to make restitution to the fund.

The members of CCAGW also support your efforts to close the loophole regarding government pension offsets for Social Security benefits. This loophole has allowed thousands of individuals to receive Social Security benefits for previous employment for which they did not pay into the system. The Government Accounting Office (GAO) has recommended eliminating this loophole, estimating that failure to do so will cost the program $450 million in long-term overpayments.

Enactment of H.R. 743 would boost solvency of the Social Security program and ensure that benefits would go to those who have earned it by instituting strict safeguards for annuitants and the programs on which they depend. This bill will be among those considered for inclusion in CCAGW's 2003 Congressional Ratings.

Sincerely,

THOMAS SCHATZ,
President.

NATIONAL CONFERENCE OF STATE SOCIAL SECURITY ADMINISTRATORS POSITION STATEMENT

Overview: This bill is intended to make changes to various sections of the Federal Social Security Act. One of the many changes provides for an extended period of employment in a position covered by Social Security in order to be eligible for the Government Pension Offset (GPO) exemption.

Current law: The current Social Security Act allows any employee to be exempt from the GPO if, on their last day of employment, they are in a covered position. While this little noticed provision has been in the law for many years it has recently become the subject of discussion and possible abuse. It has been noted that a number of employees who have worked in a non-covered position during their normal working career have switched over to a position covered by Social Security on their last day of employment in order to circumvent the GPO impact on their benefits.

This perceived abuse can be significantly reduced by the passage of this legislation. In addition, this change for the state and local government employees, brings the criteria into synchronization with the Federal employee requirements.

Position: The National Conference of State Social Security Administrators supports the changes proposed in section 418 of H.R. 743.

Contact: If you have any questions or comments regarding this Position Statement or other activities of the NCSSSA, please contact either Nicholas C. Merrill, Jr. (IL) Legislative Committee Chairman, at (217) 785–2340, or Steve Delaney, (OR) President, at (503) 603–7694.

NCSSSA background: Since its formation in 1952, the NCSSSA has worked closely with SSA and IRS to address social security and medicare coverage and employment tax issues raised by state and local government employers and state social security administrators throughout the United States. The NCSSSA works with federal officials to ensure legislative and regulatory changes address state and local concerns. The NCSSSA provides leadership to state and local governments through accurate interpretation of federal laws and regulations, communication of Federal tax policy, and resolution of problems arising at the state and local level.

NATIONAL COUNCIL OF SOCIAL SECURITY
MANAGEMENT ASSOCIATIONS, INC.,
Hackensack, NJ, March 31, 2003.

Hon. CLAY SHAW,
Chairman, Social Security Subcommittee, House Ways and Means Committee, Rayburn House Office Building, Washington, DC.

DEAR CHAIRMAN SHAW: We appreciate that your efforts as Chairman of the Social Security Subcommittee have brought to light many issues that affect the stability and solvency of the Social Security program. Your continued attention to detail ensures that SSA recipients will be better served in the future.

One such issue is a loophole that currently exists in the law regarding the Government Pension Offset. The National Council of Social Security Management Associations (NCSSMA) favors the provision in H.R. 743, ''The Social Security Protection Act of 2003,'' that closes this loophole that affects the Government Pension Offset.

As you are aware, legislation was enacted in 1977 creating a Government Pension Offset (GPO) to equalize the treatment of workers covered by Social Security and those with noncovered government pensions. The GPO prevents workers from receiving a full spousal benefit on top of a pension earned from noncovered government employment. The law, however, provides an exemption to the GPO if an individual's last day of state/local employment is in a job that is covered by both Social Security and the state/local government's pension system. That provision provides a loophole that needs to be closed.

The Government Accounting Office found last year that 3,500 teachers in Texas switched to clerical or janitorial positions covered by Social Security on the last day of their employment in order to avoid the GPO. The GAO estimates that use of the loophole thus far could cost Social Security $450 million and even more if use of the loophole grows. Not closing this loophole would be fiscally irresponsible and unfair to other citizens who comply with the intent of the law. Therefore we favor the provision in H.R. 743 designed to rectify this problem.

Sincerely,

ANTHONY PEZZA,
President.

CONSORTIUM FOR
CITIZENS WITH DISABILITIES,
Washington, DC, March 4, 2003.

Hon. E. CLAY SHAW,
Hon. ROBERT MATSUI,
House of Representatives, Washington, DC.

DEAR REPRESENTATIVES SHAW AND MATSUI: On behalf of the Consortium for Citizens with Disabilities Task Forces on Social Security and Work Incentives Implementation, we are writing to express our support for the speedy passage of H.R. 743, the Social Security Protection Act of 2003.

We appreciate the hard work and the perservance of the Subcommittee on Social Security in addressing this important legislation over the course of two Congresses and again in this 108th Congress. Your leadership and commitment last year resulted in the passage of the Social Security Program Protection Act of 2002, H.R. 4070, in the House by a vote of 425 to 0. Clearly, the issues addressed in the bipartisan Social Security Protection Act are important to people with disabilities who must depend on the Title II and Title XVI disability programs. We urge House passage of H.R. 743.

H.R. 743 is a very important bill for people with disabilities. We believe that it should be enacted as soon as possible. People with disabilities need the protections of the representative payee provisions. People with disabilities who are attempting to work need the statutory changes to the Ticket to Work program in order to better utilize the intended work incentive provisions enacted in 1999. In addition, beneficiaries with disabilities need the provision requiring the Social Security Administration to issue written receipts, and to implement a centralized computer file record, whenever beneficiaries report earnings or a change in work status. These important provisions have not been controversial—in fact, they have enjoyed significant bipartisan support—and have simply fallen prey to the legislative process over the last two Congresses. We appreciate your interest in moving H.R. 743 quickly so that these important protections can become available to beneficiaries as soon as possible.

One of the most important sections of H.R. 743 for people with disabilities is the section dealing with improved protections for beneficiaries who need representative payees. Approximately 6 million Social Security and Supplemental Security Income beneficiaries have representative payees, often family members or friends, who receive the benefits on their behalf and have a responsibility to manage the benefits on behalf of the beneficiaries.

H.R. 743 includes important provisions strengthening SSA's ability to address abuses by representative payees. The provisions would: require non-governmental fee-for-services organizational representative payees to be bonded and licensed under state or local law; provide that when an organization has been found to have misused an individual's benefits, the organization would not qualify for the fee; allow SSA to re-issue benefits to beneficiaries whose funds had been misused; allow SSA to treat misused benefits as ''overpayments'' to the representative payee, thereby triggering SSA's authority to recover the money through tax refund offsets, referral to collection agencies, notifying credit bureaus, and offset of any future federal benefits/payments; and require monitoring of representative payees, including monitoring of organizations over a certain size and government agencies serving as representative payees.

In addition, H.R. 743 would extend the direct payment of attorneys fees in SSI cases on a voluntary basis. Advocates believe that such a program will make legal representation more accessible for people with disabilities who need assistance in handling their cases as they move through the extremely complex disability determination and appeals systems.

CCD is a working coalition of national consumer, advocacy, provider, and professional organizations working together with and on behalf of the 54 million children and adults with disabilities and their families living in the United States. The CCD Social Security and Work Incentives Implementation Task Forces focus on disability policy issues in the Title XVI Supplemental Security Income program and the Title II disability programs. We look forward to the House passage and final enactment of H.R. 743.

Sincerely,

Co-chairs, Social Security and Work Incentives Implementation Task Forces: Marty Ford, The Arc and UCP Public Policy Collaboration; Ethel Zelenske, National Organization of Social Security Claimants' Representatives; Cheryl Bates-Harris, National Association of Protection and Advocacy Systems; Susan Prokop, Paralyzed Veterans of America; Melanie Brunson, American Council of the Blind; Paul Seifert, International Association of Psychosocial Rehabilitation Services.

NATIONAL ORGANIZATION OF SOCIAL
SECURITY CLAIMANTS'
REPRESENTATIVES,
Midland Park, NJ, February 26, 2003.

Hon. E. CLAY SHAW, Jr.,
Subcommittee on Social Security, Committee on Ways and Means, House of Representatives, Rayburn House Office Building, Washington, DC.

DEAR MR. CHAIRMAN: On behalf of the National Organization of Social Security Claimants' Representatives (''NOSSCR''), we offer our support for the important goals of H.R. 743, the Social Security Protection Act of 2003.

Specifically, we support the protections in Title I for beneficiaries who have representative payees and support provisions which, for the first time, require the Social Security Administration to issue receipts to beneficiaries when they report earnings or a change in work status. Additionally, title III of this measure contains two important provisions NOSSCR strongly supports. These provisions are designed to ensure access to legal representation for those Social Security and Supplemental Security Income (''SSI'') claimants who seek to be represented as they pursue their claims and appeals. First, the bill limits the assessment of the user fee to $75.00 or 6.3 percent, whichever is lower. Second, the bill extends the current Title II fee withholding and direct payment procedure to the Title XVI program, giving SSI claimants the same access to representation as is currently available to Social Security disability claimants. Together, these provisions make changes that will help claimants obtain representation as they navigate what can often be a confusing and difficult process.

We are dismayed, however, by the addition of a sunset provision for the extension of withholding to the Title XVI program. Enactment of an attorneys' fee payment system with an ''end date'' will undercut its very purpose: to enable more SSI claimants seeking a lawyer to hire one. The sunset provision shortchanges SSI claimants who desire legal representation. We are not aware of any policy justification for this provision, and we urge its deletion from the bill.

NOSSCR appreciates your continued interest in improving the Social Security and SSI programs and ensuring the best possible service delivery. We look forward to your Subcommittee's consideration of this legislation.

Very truly yours,

NANCY G. SHOR,
Executive Director.

ASSOCIATION OF
ADMINISTRATIVE LAW JUDGES,
Milwaukee, WI, February 28, 2003.

Hon. CLAY SHAW, Jr.,
Chairperson, Subcommittee on Social Security, Rayburn House Office Building, Washington, DC.

DEAR CHAIRPERSON SHAW: I write on behalf of the Association Law Judges. We represent about 1000 administrative law judges in the Social Security Administration and in the Department of Health and Human Services which comprise about 80% of the administrative law judges in the Federal government. I am writing in regard to H.R. 743, a bill to provide additional safeguards for Social Security and Supplement Security Income beneficiaries with representative payees, to enhance program protections, and for other purposes.

We support the goals of H.R. 743. In particular, we support the attorney fee payment system improvements provided for in the bill, but we believe that the legislation should not include any ''sunset'' provisions. We further support the provisions in the legislation for the elimination of transcript requirements in remand cases fully favorable to the claimant.

We also favor the provision in the legislation that directs the Social Security Administration to issue receipts to acknowledge submissions of earnings by beneficiaries.

Thank you for your work on this important legislation.

Sincerely,

RONALD G. BERNOSKI,
President.

Mr. Speaker, we are going to go into the amendment process in just a moment. I think it is important for the House to realize here that what we are talking about in all this debate has been on a very narrow point that really only affects basically one State, possibly two, and that is a question of where their particular pension law is written in such a way that it creates a loophole and gives their teachers, their firefighters, an advantage over the rest of the country.

This is not about teachers. It is not about widows. It is not about firefighters. It is about basic fairness.

So I would hope that in the final vote I think we will get a big vote in favor of the bill itself. I have no doubt about it, but I would urge the Members to defeat the amendment that is going to be offered by the gentleman from Texas (Mr. GREEN) that would preserve this loophole for these few people. It is just simply not fair.

Mr. REYES. Mr. Speaker, I rise today in support of the Green Substitute amendment to H.R. 743. This amendment would result in removing Section 418 from the bill. This section negatively affects teachers and other public servants in my state of Texas. This is unacceptable. Our hardworking teachers deserve more.

I know full well the effort and hard work that teachers dedicate to their students. My wife was a teacher for many years and my daughter, who just completed her doctorate degree in education, is currently an administrator at a local school district. I believe that teaching is

one of the most honorable professions. I credit our teachers with laying the foundation for the future of our country and the world. In addition to teaching children the basic skills they need, teachers are an important guiding force for our children. After parents, they are one of the greatest influences on children. We therefore need to make sure we have well-qualified and well-paid teachers educating students.

As you know Mr. Speaker, passage of this bill before us would reduce the spousal Social Security benefits for countless teachers. H.R. 743 also affects school support personnel, police officers, firefighters, and other public servants. At a time when multi-billion dollar tax breaks are being given to our country's top income earners, our teachers and other public servants would be penalized through this bill. These are people we should be protecting and rewarding. We should not make them pay for the tax cuts we give those who are more fortunate. For this reason I cannot support the original version of this bill.

Mr. Speaker, I have co-sponsored H.R. 594, a bill introduced by my colleague, Mr. MCKEON, that will eliminate the Government Pension Offset and the Windfall Elimination Provisions that target our teachers and other public servants by denying them the opportunity to retain their full spousal Social Security benefits. This bill would be a more appropriate permanent solution to the unfair treatment of teachers' social security benefits. However, until we can pass that bill, I strongly urge my colleagues to support the Green Substitute, oppose H.R. 743 unless it is amended, and continue to support our teachers. I yield back the balance of my time.

Mr. PAUL. Mr. Speaker, I rise in reluctant opposition to HR 743, the Social Security Protection Act. While this bill contains many provisions worthy of support, it also removes the only means by which many widowed Texas public school teachers can receive the same spousal social security benefits as every other American. As I am sure my colleagues are aware, widowed public school employees in Texas, like public employees throughout the The Government Pension Offset even applies if the public employee in question worked all the quarters necessary to qualify for full social security benefits either before or after working in the public school system!

The effect of the Government Pension Offset is to punish people for teaching in public schools! However, current law provides widowed Texas public school teachers a means of collecting the full social security spousal benefits. Unfortunately, this bill removes that option from Texas teachers. Since I believe the Congress should repeal the Government Pension Offset by passing HR 524, which repeals both the Government Pension Offset and the Windfall Elimination Provision, another provision that denies public employees full social security benefits, I must oppose this bill.

Instead of punishing public school teachers, Congress should be encouraging good people to enter the education profession by passing my Teacher Tax Cut Act (HR 613) which provides every teacher with a $1,000 tax credit, as well as my Professional Educators Tax Credit act (HR 614), which provides a $1,000 tax credit to counselors, librarians, and all school personnel. Congress should also act to protect the integrity of the Social Security Trust Fund by passing my Social Security Preservation Act (HR 219), which ensures that Social Security monies are not spent on other programs. Congress should also pass my Social Security for American Citizens Only Act (HR 489), which ensures that non-citizens who have not worked the required number of quarters and illegal immigrants do not receive social security benefits.

Mrs. JONES of Ohio. Mr. Speaker, I rise in support of H.R. 743. First, I would like to acknowledge Mr. MATSUI for working diligently on the Social Security Act of 2003.

As we all know, H.R. 743 will extend the direct fee withholding program payment to attorneys who represent supplemental security income claimants, thus encouraging more attorneys to represent them.

It is vital that we pass legislation that addresses the major concerns of our seniors, the blind, and the disabled.

This legislation imposes greater standards on individuals and organizations that serve as representative payees for social security and supplemental security income recipients; this legislation will make non-governmental representative payees liable for ''misused'' funds and subject them to civil monetary penalties; H.R. 743 will reduce the fee assessments from the Social Security Administration that charges attorneys for fee withholding.

Overall, the Social Security Act of 2003 will be beneficial to recipients and those who serve as representatives for recipients.

Furthermore, H.R. 743 will make a number of technical changes designed to reduce social security fraud and abuse.

Mr. Speaker, I will close my statement for the RECORD with supporting H.R. 743.

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

The SPEAKER pro tempore (Mr. LINDER). All time having been yielded back, it is now in order to consider the amendment in the nature of a substitute printed in House Report 108–54.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. GREEN OF TEXAS

Mr. GREEN of Texas. Mr. Chairman, I offer an amendment in the nature of a substitute.

The SPEAKER pro tempore. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute offered by Mr. GREEN of Texas:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Social Security Protection Act of 2003''.

(b) TABLE OF CONTENTS.—The table of contents is as follows:

Sec. 1. Short title and table of contents.

TITLE I—PROTECTION OF BENEFICIARIES

Subtitle A—Representative Payees

Sec. 101. Authority to reissue benefits misused by organizational representative payees.
Sec. 102. Oversight of representative payees.
Sec. 103. Disqualification from service as representative payee of persons convicted of offenses resulting in imprisonment for more than 1 year or fleeing prosecution, custody, or confinement.
Sec. 104. Fee forfeiture in case of benefit misuse by representative payees.
Sec. 105. Liability of representative payees for misused benefits.
Sec. 106. Authority to redirect delivery of benefit payments when a representative payee fails to provide required accounting.

Subtitle B—Enforcement

Sec. 111. Civil monetary penalty authority with respect to wrongful conversions by representative payees.

TITLE II—PROGRAM PROTECTIONS

Sec. 201. Civil monetary penalty authority with respect to knowing withholding of material facts.
Sec. 202. Issuance by Commissioner of Social Security of receipts to acknowledge submission of reports of changes in work or earnings status of disabled beneficiaries.
Sec. 203. Denial of title II benefits to persons fleeing prosecution, custody, or confinement, and to persons violating probation or parole.
Sec. 204. Requirements relating to offers to provide for a fee a product or service available without charge from the Social Security Administration.
Sec. 205. Refusal to recognize certain individuals as claimant representatives.
Sec. 206. Penalty for corrupt or forcible interference with administration of Social Security Act.
Sec. 207. Use of symbols, emblems, or names in reference to social security or medicare.
Sec. 208. Disqualification from payment during trial work period upon conviction of fraudulent concealment of work activity.
Sec. 209. Authority for judicial orders of restitution.

TITLE III—ATTORNEY FEE PAYMENT SYSTEM IMPROVEMENTS

Sec. 301. Cap on attorney assessments.
Sec. 302. Extension of attorney fee payment system to title XVI claims.

TITLE IV—MISCELLANEOUS AND TECHNICAL AMENDMENTS

Subtitle A—Amendments Relating to the Ticket to Work and Work Incentives Improvement Act of 1999

Sec. 401. Application of demonstration authority sunset date to new projects.
Sec. 402. Expansion of waiver authority available in connection with demonstration projects providing for reductions in disability insurance benefits based on earnings.
Sec. 403. Funding of demonstration projects provided for reductions in disability insurance benefits based on earnings.
Sec. 404. Availability of Federal and State work incentive services to additional individuals.
Sec. 405. Technical amendment clarifying treatment for certain purposes of individual work plans under the Ticket to Work and Self-Sufficiency Program.

Subtitle B—Miscellaneous Amendments

Sec. 411. Elimination of transcript requirement in remand cases fully favorable to the claimant.
Sec. 412. Nonpayment of benefits upon removal from the United States.
Sec. 413. Reinstatement of certain reporting requirements.
Sec. 414. Clarification of definitions regarding certain survivor benefits.

Sec. 415. Clarification respecting the FICA and SECA tax exemptions for an individual whose earnings are subject to the laws of a totalization agreement partner.
Sec. 416. Coverage under divided retirement system for public employees in Kentucky.
Sec. 417. Compensation for the Social Security Advisory Board.
Subtitle C—Technical Amendments
Sec. 421. Technical correction relating to responsible agency head.
Sec. 422. Technical correction relating to retirement benefits of ministers.
Sec. 423. Technical corrections relating to domestic employment.
Sec. 424. Technical corrections of outdated references.
Sec. 425. Technical correction respecting self-employment income in community property States.

TITLE I—PROTECTION OF BENEFICIARIES

Subtitle A—Representative Payees

SEC. 101. AUTHORITY TO REISSUE BENEFITS MISUSED BY ORGANIZATIONAL REPRESENTATIVE PAYEES.

(a) TITLE II AMENDMENTS.—

(1) REISSUANCE OF BENEFITS.—Section 205(j)(5) of the Social Security Act (42 U.S.C. 405(j)(5)) is amended by inserting after the first sentence the following new sentences: ''In any case in which a representative payee that—

''(A) is not an individual (regardless of whether it is a 'qualified organization' within the meaning of paragraph (4)(B)); or

''(B) is an individual who, for any month during a period when misuse occurs, serves 15 or more individuals who are beneficiaries under this title, title VIII, title XVI, or any combination of such titles;

misuses all or part of an individual's benefit paid to such representative payee, the Commissioner of Social Security shall certify for payment to the beneficiary or the beneficiary's alternative representative payee an amount equal to the amount of such benefit so misused. The provisions of this paragraph are subject to the limitations of paragraph (7)(B).''.

(2) MISUSE OF BENEFITS DEFINED.—Section 205(j) of such Act (42 U.S.C. 405(j)) is amended by adding at the end the following new paragraph:

''(8) For purposes of this subsection, misuse of benefits by a representative payee occurs in any case in which the representative payee receives payment under this title for the use and benefit of another person and converts such payment, or any part thereof, to a use other than for the use and benefit of such other person. The Commissioner of Social Security may prescribe by regulation the meaning of the term 'use and benefit' for purposes of this paragraph.''.

(b) TITLE VIII AMENDMENTS.—

(1) REISSUANCE OF BENEFITS.—Section 807(i) of the Social Security Act (42 U.S.C. 1007(i)) (as amended by section 209(b)(1) of this Act) is amended further by inserting after the first sentence the following new sentences: ''In any case in which a representative payee that—

''(A) is not an individual; or

''(B) is an individual who, for any month during a period when misuse occurs, serves 15 or more individuals who are beneficiaries under this title, title II, title XVI, or any combination of such titles;

misuses all or part of an individual's benefit paid to such representative payee, the Commissioner of Social Security shall pay to the beneficiary or the beneficiary's alternative representative payee an amount equal to the amount of such benefit so misused. The provisions of this paragraph are subject to the limitations of subsection (l)(2).''.

(2) MISUSE OF BENEFITS DEFINED.—Section 807 of such Act (42 U.S.C. 1007) is amended by adding at the end the following new subsection:

''(j) MISUSE OF BENEFITS.—For purposes of this title, misuse of benefits by a representative payee occurs in any case in which the representative payee receives payment under this title for the use and benefit of another person under this title and converts such payment, or any part thereof, to a use other than for the use and benefit of such person. The Commissioner of Social Security may prescribe by regulation the meaning of the term 'use and benefit' for purposes of this subsection.''.

(3) TECHNICAL AMENDMENT.—Section 807(a) of such Act (42 U.S.C. 1007(a)) is amended, in the first sentence, by striking ''for his or her benefit'' and inserting ''for his or her use and benefit''.

(c) TITLE XVI AMENDMENTS.—

(1) REISSUANCE OF BENEFITS.—Section 1631(a)(2)(E) of such Act (42 U.S.C. 1383(a)(2)(E)) is amended by inserting after the first sentence the following new sentences: ''In any case in which a representative payee that—

''(i) is not an individual (regardless of whether it is a 'qualified organization' within the meaning of subparagraph (D)(ii)); or

''(ii) is an individual who, for any month during a period when misuse occurs, serves 15 or more individuals who are beneficiaries under this title, title II, title VIII, or any combination of such titles;

misuses all or part of an individual's benefit paid to the representative payee, the Commissioner of Social Security shall pay to the beneficiary or the beneficiary's alternative representative payee an amount equal to the amount of the benefit so misused. The provisions of this subparagraph are subject to the limitations of subparagraph (H)(ii).''.

(2) EXCLUSION OF REISSUED BENEFITS FROM RESOURCES.—Section 1613(a) of such Act (42 U.S.C. 1382b(a)) is amended—

(A) in paragraph (12), by striking ''and'' at the end;

(B) in paragraph (13), by striking the period and inserting ''; and''; and

(C) by inserting after paragraph (13) the following new paragraph:

''(14) for the 9-month period beginning after the month in which received, any amount received by such individual (or spouse) or any other person whose income is deemed to be included in such individual's (or spouse's) income for purposes of this title as restitution for benefits under this title, title II, or title VIII that a representative payee of such individual (or spouse) or such other person under section 205(j), 807, or 1631(a)(2) has misused.''.

(3) MISUSE OF BENEFITS DEFINED.—Section 1631(a)(2)(A) of such Act (42 U.S.C. 1383(a)(2)(A)) is amended by adding at the end the following new clause:

''(iv) For purposes of this paragraph, misuse of benefits by a representative payee occurs in any case in which the representative payee receives payment under this title for the use and benefit of another person and converts such payment, or any part thereof, to a use other than for the use and benefit of such other person. The Commissioner of Social Security may prescribe by regulation the meaning of the term 'use and benefit' for purposes of this clause.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to any case of benefit misuse by a representative payee with respect to which the Commissioner makes the determination of misuse on or after January 1, 1995.

SEC. 102. OVERSIGHT OF REPRESENTATIVE PAYEES.

(a) CERTIFICATION OF BONDING AND LICENSING REQUIREMENTS FOR NONGOVERNMENTAL ORGANIZATIONAL REPRESENTATIVE PAYEES.—

(1) TITLE II AMENDMENTS.—Section 205(j) of the Social Security Act (42 U.S.C. 405(j)) is amended—

(A) in paragraph (2)(C)(v), by striking ''a community-based nonprofit social service agency licensed or bonded by the State'' in subclause (I) and inserting ''a certified community-based nonprofit social service agency (as defined in paragraph (9))'';

(B) in paragraph (3)(F), by striking ''community-based nonprofit social service agencies'' and inserting ''certified community-based nonprofit social service agencies (as defined in paragraph (9))'';

(C) in paragraph (4)(B), by striking ''any community-based nonprofit social service agency which is bonded or licensed in each State in which it serves as a representative payee'' and inserting ''any certified community-based nonprofit social service agency (as defined in paragraph (9))''; and

(D) by adding after paragraph (8) (as added by section 101(a)(2) of this Act) the following new paragraph:

''(9) For purposes of this subsection, the term 'certified community-based nonprofit social service agency' means a community-based nonprofit social service agency which is in compliance with requirements, under regulations which shall be prescribed by the Commissioner, for annual certification to the Commissioner that it is bonded in accordance with requirements specified by the Commissioner and that it is licensed in each State in which it serves as a representative payee (if licensing is available in such State) in accordance with requirements specified by the Commissioner. Any such annual certification shall include a copy of any independent audit on such agency which may have been performed since the previous certification.''.

(2) TITLE XVI AMENDMENTS.—Section 1631(a)(2) of such Act (42 U.S.C. 1383(a)(2)) is amended—

(A) in subparagraph (B)(vii), by striking ''a community-based nonprofit social service agency licensed or bonded by the State'' in subclause (I) and inserting ''a certified community-based nonprofit social service agency (as defined in subparagraph (I))'';

(B) in subparagraph (D)(ii)—

(i) by striking ''or any community-based'' and all that follows through ''in accordance'' in subclause (II) and inserting ''or any certified community-based nonprofit social service agency (as defined in subparagraph (I)), if the agency, in accordance'';

(ii) by redesignating items (aa) and (bb) as subclauses (I) and (II), respectively (and adjusting the margination accordingly); and

(iii) by striking ''subclause (II)(bb)'' and inserting ''subclause (II)''; and

(C) by adding at the end the following new subparagraph:

''(I) For purposes of this paragraph, the term 'certified community-based nonprofit social service agency' means a community-based nonprofit social service agency which is in compliance with requirements, under regulations which shall be prescribed by the Commissioner, for annual certification to the Commissioner that it is bonded in accordance with requirements specified by the Commissioner and that it is licensed in each State in which it serves as a representative payee (if licensing is available in the State) in accordance with requirements specified by the Commissioner. Any such annual certification shall include a copy of any independent audit on the agency which may have been performed since the previous certification.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on the first day of the thirteenth month beginning after the date of the enactment of this Act.

(b) PERIODIC ONSITE REVIEW.—

(1) TITLE II AMENDMENT.—Section 205(j)(6) of such Act (42 U.S.C. 405(j)(6)) is amended to read as follows:

''(6)(A) In addition to such other reviews of representative payees as the Commissioner of Social Security may otherwise conduct, the Commissioner shall provide for the periodic onsite review of any person or agency located in the United States that receives the benefits payable under this title (alone or in combination with benefits payable under title VIII or title XVI) to another individual pursuant to the appointment of such person or agency as a representative payee under this subsection, section 807, or section 1631(a)(2) in any case in which—

''(i) the representative payee is a person who serves in that capacity with respect to 15 or more such individuals;

''(ii) the representative payee is a certified community-based nonprofit social service agency (as defined in paragraph (9) of this subsection or section 1631(a)(2)(I)); or

''(iii) the representative payee is an agency (other than an agency described in clause (ii)) that serves in that capacity with respect to 50 or more such individuals.

''(B) Within 120 days after the end of each fiscal year, the Commissioner shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the results of periodic onsite reviews conducted during the fiscal year pursuant to subparagraph (A) and of any other reviews of representative payees conducted during such fiscal year in connection with benefits under this title. Each such report shall describe in detail all problems identified in such reviews and any corrective action taken or planned to be taken to correct such problems, and shall include—

''(i) the number of such reviews;

''(ii) the results of such reviews;

''(iii) the number of cases in which the representative payee was changed and why;

''(iv) the number of cases involving the exercise of expedited, targeted oversight of the representative payee by the Commissioner conducted upon receipt of an allegation of misuse of funds, failure to pay a vendor, or a similar irregularity;

''(v) the number of cases discovered in which there was a misuse of funds;

''(vi) how any such cases of misuse of funds were dealt with by the Commissioner;

''(vii) the final disposition of such cases of misuse of funds, including any criminal penalties imposed; and

''(viii) such other information as the Commissioner deems appropriate.''.

(2) TITLE VIII AMENDMENT.—Section 807 of such Act (as amended by section 101(b)(2) of this Act) is amended further by adding at the end the following new subsection:

''(k) PERIODIC ONSITE REVIEW.—(1) In addition to such other reviews of representative payees as the Commissioner of Social Security may otherwise conduct, the Commissioner may provide for the periodic onsite review of any person or agency that receives the benefits payable under this title (alone or in combination with benefits payable under title II or title XVI) to another individual pursuant to the appointment of such person or agency as a representative payee under this section, section 205(j), or section 1631(a)(2) in any case in which—

''(A) the representative payee is a person who serves in that capacity with respect to 15 or more such individuals; or

''(B) the representative payee is an agency that serves in that capacity with respect to 50 or more such individuals.

''(2) Within 120 days after the end of each fiscal year, the Commissioner shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the results of periodic onsite reviews conducted during the fiscal year pursuant to paragraph (1) and of any other reviews of representative payees conducted during such fiscal year in connection with benefits under this title. Each such report shall describe in detail all problems identified in such reviews and any corrective action taken or planned to be taken to correct such problems, and shall include—

''(A) the number of such reviews;

''(B) the results of such reviews;

''(C) the number of cases in which the representative payee was changed and why;

''(D) the number of cases involving the exercise of expedited, targeted oversight of the representative payee by the Commissioner conducted upon receipt of an allegation of misuse of funds, failure to pay a vendor, or a similar irregularity;

''(E) the number of cases discovered in which there was a misuse of funds;

''(F) how any such cases of misuse of funds were dealt with by the Commissioner;

''(G) the final disposition of such cases of misuse of funds, including any criminal penalties imposed; and

''(H) such other information as the Commissioner deems appropriate.''.

(3) TITLE XVI AMENDMENT.—Section 1631(a)(2)(G) of such Act (42 U.S.C. 1383(a)(2)(G)) is amended to read as follows:

''(G)(i) In addition to such other reviews of representative payees as the Commissioner of Social Security may otherwise conduct, the Commissioner shall provide for the periodic onsite review of any person or agency that receives the benefits payable under this title (alone or in combination with benefits payable under title II or title VIII) to another individual pursuant to the appointment of the person or agency as a representative payee under this paragraph, section 205(j), or section 807 in any case in which—

''(I) the representative payee is a person who serves in that capacity with respect to 15 or more such individuals;

''(II) the representative payee is a certified community-based nonprofit social service agency (as defined in subparagraph (I) of this paragraph or section 205(j)(9)); or

''(III) the representative payee is an agency (other than an agency described in subclause (II)) that serves in that capacity with respect to 50 or more such individuals.

''(ii) Within 120 days after the end of each fiscal year, the Commissioner shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the results of periodic onsite reviews conducted during the fiscal year pursuant to clause (i) and of any other reviews of representative payees conducted during such fiscal year in connection with benefits under this title. Each such report shall describe in detail all problems identified in the reviews and any corrective action taken or planned to be taken to correct the problems, and shall include—

''(I) the number of the reviews;

''(II) the results of such reviews;

''(III) the number of cases in which the representative payee was changed and why;

''(IV) the number of cases involving the exercise of expedited, targeted oversight of the representative payee by the Commissioner conducted upon receipt of an allegation of misuse of funds, failure to pay a vendor, or a similar irregularity;

''(V) the number of cases discovered in which there was a misuse of funds;

''(VI) how any such cases of misuse of funds were dealt with by the Commissioner;

''(VII) the final disposition of such cases of misuse of funds, including any criminal penalties imposed; and

''(VIII) such other information as the Commissioner deems appropriate.''.

SEC. 103. DISQUALIFICATION FROM SERVICE AS REPRESENTATIVE PAYEE OF PERSONS CONVICTED OF OFFENSES RESULTING IN IMPRISONMENT FOR MORE THAN 1 YEAR OR FLEEING PROSECUTION, CUSTODY, OR CONFINEMENT.

(a) TITLE II AMENDMENTS.—Section 205(j)(2) of the Social Security Act (42 U.S.C. 405(j)(2)) is amended—

(1) in subparagraph (B)(i)—

(A) by striking ''and'' at the end of subclause (III);

(B) by redesignating subclause (IV) as subclause (VI); and

(C) by inserting after subclause (III) the following new subclauses:

''(IV) obtain information concerning whether such person has been convicted of any other offense under Federal or State law which resulted in imprisonment for more than 1 year,

''(V) obtain information concerning whether such person is a person described in section 202(x)(1)(A)(iv), and'';

(2) in subparagraph (B), by adding at the end the following new clause:

''(iii) Notwithstanding the provisions of section 552a of title 5, United States Code, or any other provision of Federal or State law (other than section 6103 of the Internal Revenue Code of 1986 and section 1106(c) of this Act), the Commissioner shall furnish any Federal, State, or local law enforcement officer, upon the written request of the officer, with the current address, social security account number, and photograph (if applicable) of any person investigated under this paragraph, if the officer furnishes the Commissioner with the name of such person and such other identifying information as may reasonably be required by the Commissioner to establish the unique identity of such person, and notifies the Commissioner that—

''(I) such person is described in section 202(x)(1)(A)(iv),

''(II) such person has information that is necessary for the officer to conduct the officer's official duties, and

''(III) the location or apprehension of such person is within the officer's official duties.'';

(3) in subparagraph (C)(i)(II), by striking ''subparagraph (B)(i)(IV),,'' and inserting ''subparagraph (B)(i)(VI)'' and striking ''section 1631(a)(2)(B)(ii)(IV)'' and inserting ''section 1631(a)(2)(B)(ii)(VI)''; and

(4) in subparagraph (C)(i)—

(A) by striking ''or'' at the end of subclause (II);

(B) by striking the period at the end of subclause (III) and inserting a comma; and

(C) by adding at the end the following new subclauses:

''(IV) such person has previously been convicted as described in subparagraph (B)(i)(IV), unless the Commissioner determines that such certification would be appropriate notwithstanding such conviction, or

''(V) such person is person described in section 202(x)(1)(A)(iv).''.

(b) TITLE VIII AMENDMENTS.—Section 807 of such Act (42 U.S.C. 1007) is amended—

(1) in subsection (b)(2)—

(A) by striking ''and'' at the end of subparagraph (C);

(B) by redesignating subparagraph (D) as subparagraph (F); and

(C) by inserting after subparagraph (C) the following new subparagraphs:

''(D) obtain information concerning whether such person has been convicted of any other offense under Federal or State law which resulted in imprisonment for more than 1 year;

''(E) obtain information concerning whether such person is a person described in section 804(a)(2); and'';

(2) in subsection (b), by adding at the end the following new paragraph:

''(3) Notwithstanding the provisions of section 552a of title 5, United States Code, or any other provision of Federal or State law (other than section 6103 of the Internal Revenue Code of 1986 and section 1106(c) of this Act), the Commissioner shall furnish any Federal, State, or local law enforcement officer, upon the written request of the officer, with the current address, social security account number, and photograph (if applicable) of any person investigated under this subsection, if the officer furnishes the Commissioner with the name of such person and such other identifying information as may reasonably be required by the Commissioner to establish the unique identity of such person, and notifies the Commissioner that—

''(A) such person is described in section 804(a)(2),

''(B) such person has information that is necessary for the officer to conduct the officer's official duties, and

''(C) the location or apprehension of such person is within the officer's official duties.''; and

(3) in subsection (d)(1)—

(A) by striking ''or'' at the end of subparagraph (B);

(B) by striking the period at the end of subparagraph (C) and inserting a semicolon; and

(C) by adding at the end the following new subparagraphs:

''(D) such person has previously been convicted as described in subsection (b)(2)(D), unless the Commissioner determines that such payment would be appropriate notwithstanding such conviction; or

''(E) such person is a person described in section 804(a)(2).''.

(c) TITLE XVI AMENDMENTS.—Section 1631(a)(2)(B) of such Act (42 U.S.C. 1383(a)(2)(B)) is amended—

(1) in clause (ii)—

(A) by striking ''and'' at the end of subclause (III);

(B) by redesignating subclause (IV) as subclause (VI); and

(C) by inserting after subclause (III) the following new subclauses:

''(IV) obtain information concerning whether the person has been convicted of any other offense under Federal or State law which resulted in imprisonment for more than 1 year;

''(V) obtain information concerning whether such person is a person described in section 1611(e)(4)(A); and'';

(2) in clause (iii)(II)—

(A) by striking ''clause (ii)(IV)'' and inserting ''clause (ii)(VI)''; and

(B) by striking ''section 205(j)(2)(B)(i)(IV)'' and inserting ''section 205(j)(2)(B)(i)(VI)'';

(3) in clause (iii)—

(A) by striking ''or'' at the end of subclause (II);

(B) by striking the period at the end of subclause (III) and inserting a semicolon; and

(C) by adding at the end the following new subclauses:

''(IV) the person has previously been convicted as described in clause (ii)(IV) of this subparagraph, unless the Commissioner determines that the payment would be appropriate notwithstanding the conviction; or

''(V) such person is a person described in section 1611(e)(4)(A).''; and

(4) by adding at the end the following new clause:

''(xiv) Notwithstanding the provisions of section 552a of title 5, United States Code, or any other provision of Federal or State law (other than section 6103 of the Internal Revenue Code of 1986 and section 1106(c) of this Act), the Commissioner shall furnish any Federal, State, or local law enforcement officer, upon the written request of the officer, with the current address, social security account number, and photograph (if applicable) of any person investigated under this subparagraph, if the officer furnishes the Commissioner with the name of such person and such other identifying information as may reasonably be required by the Commissioner to establish the unique identity of such person, and notifies the Commissioner that—

''(I) such person is described in section 1611(e)(4)(A),

''(II) such person has information that is necessary for the officer to conduct the officer's official duties, and

''(III) the location or apprehension of such person is within the officer's official duties.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the first day of the thirteenth month beginning after the date of the enactment of this Act.

(e) REPORT TO THE CONGRESS.—The Commissioner of Social Security, in consultation with the Inspector General of the Social Security Administration, shall prepare a report evaluating whether the existing procedures and reviews for the qualification (including disqualification) of representative payees are sufficient to enable the Commissioner to protect benefits from being misused by representative payees. The Commissioner shall submit the report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate no later than 270 days after the date of the enactment of this Act. The Commissioner shall include in such report any recommendations that the Commissioner considers appropriate.

SEC. 104. FEE FORFEITURE IN CASE OF BENEFIT MISUSE BY REPRESENTATIVE PAYEES.

(a) TITLE II AMENDMENTS.—Section 205(j)(4)(A)(i) of the Social Security Act (42 U.S.C. 405(j)(4)(A)(i)) is amended—

(1) in the first sentence, by striking ''A'' and inserting ''Except as provided in the next sentence, a''; and

(2) in the second sentence, by striking ''The Secretary'' and inserting the following: ''A qualified organization may not collect a fee from an individual for any month with respect to which the Commissioner of Social Security or a court of competent jurisdiction has determined that the organization misused all or part of the individual's benefit, and any amount so collected by the qualified organization for such month shall be treated as a misused part of the individual's benefit for purposes of paragraphs (5) and (6). The Commissioner''.

(b) TITLE XVI AMENDMENTS.—Section 1631(a)(2)(D)(i) of such Act (42 U.S.C. 1383(a)(2)(D)(i)) is amended—

(1) in the first sentence, by striking ''A'' and inserting ''Except as provided in the next sentence, a''; and

(2) in the second sentence, by striking ''The Commissioner'' and inserting the following: ''A qualified organization may not collect a fee from an individual for any month with respect to which the Commissioner of Social Security or a court of competent jurisdiction has determined that the organization misused all or part of the individual's benefit, and any amount so collected by the qualified organization for such month shall be treated as a misused part of the individual's benefit for purposes of subparagraphs (E) and (F). The Commissioner''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any month involving benefit misuse by a representative payee in any case with respect to which the Commissioner of Social Security or a court of competent jurisdiction makes the determination of misuse after 180 days after the date of the enactment of this Act.

SEC. 105. LIABILITY OF REPRESENTATIVE PAYEES FOR MISUSED BENEFITS.

(a) TITLE II AMENDMENTS.—Section 205(j) of the Social Security Act (42 U.S.C. 405(j)) (as amended by sections 101 and 102) is amended further—

(1) by redesignating paragraphs (7), (8), and (9) as paragraphs (8), (9), and (10), respectively;

(2) in paragraphs (2)(C)(v), (3)(F), and (4)(B), by striking ''paragraph (9)'' and inserting ''paragraph (10)'';

(3) in paragraph (6)(A)(ii), by striking ''paragraph (9)'' and inserting ''paragraph (10)''; and

(4) by inserting after paragraph (6) the following new paragraph:

''(7)(A) If the Commissioner of Social Security or a court of competent jurisdiction determines that a representative payee that is not a Federal, State, or local government agency has misused all or part of an individual's benefit that was paid to such representative payee under this subsection, the representative payee shall be liable for the amount misused, and such amount (to the extent not repaid by the representative payee) shall be treated as an overpayment of benefits under this title to the representative payee for all purposes of this Act and related laws pertaining to the recovery of such overpayments. Subject to subparagraph (B), upon recovering all or any part of such amount, the Commissioner shall certify an amount equal to the recovered amount for payment to such individual or such individual's alternative representative payee.

''(B) The total of the amount certified for payment to such individual or such individual's alternative representative payee under subparagraph (A) and the amount certified for payment under paragraph (5) may not exceed the total benefit amount misused by the representative payee with respect to such individual.''.

(b) TITLE VIII AMENDMENT.—Section 807 of such Act (as amended by section 102(b)(2)) is amended further by adding at the end the following new subsection:

''(l) LIABILITY FOR MISUSED AMOUNTS.—

''(1) IN GENERAL.—If the Commissioner of Social Security or a court of competent jurisdiction determines that a representative payee that is not a Federal, State, or local government agency has misused all or part of a qualified individual's benefit that was paid to such representative payee under this section, the representative payee shall be liable for the amount misused, and such amount (to the extent not repaid by the representative payee) shall be treated as an overpayment of benefits under this title to the representative payee for all purposes of this Act and related laws pertaining to the recovery of such overpayments. Subject to paragraph (2), upon recovering all or any part of such amount, the Commissioner shall make payment of an amount equal to the recovered amount to such qualified individual or such qualified individual's alternative representative payee.

''(2) LIMITATION.—The total of the amount paid to such individual or such individual's alternative representative payee under paragraph (1) and the amount paid under subsection (i) may not exceed the total benefit

amount misused by the representative payee with respect to such individual.''.

(c) TITLE XVI AMENDMENTS.—Section 1631(a)(2) of such Act (42 U.S.C. 1383(a)(2)) (as amended by section 102(b)(3)) is amended further—

(1) in subparagraph (G)(i)(II), by striking ''section 205(j)(9)'' and inserting ''section 205(j)(10)''; and

(2) by striking subparagraph (H) and inserting the following:

''(H)(i) If the Commissioner of Social Security or a court of competent jurisdiction determines that a representative payee that is not a Federal, State, or local government agency has misused all or part of an individual's benefit that was paid to the representative payee under this paragraph, the representative payee shall be liable for the amount misused, and the amount (to the extent not repaid by the representative payee) shall be treated as an overpayment of benefits under this title to the representative payee for all purposes of this Act and related laws pertaining to the recovery of the overpayments. Subject to clause (ii), upon recovering all or any part of the amount, the Commissioner shall make payment of an amount equal to the recovered amount to such individual or such individual's alternative representative payee.

''(ii) The total of the amount paid to such individual or such individual's alternative representative payee under clause (i) and the amount paid under subparagraph (E) may not exceed the total benefit amount misused by the representative payee with respect to such individual.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to benefit misuse by a representative payee in any case with respect to which the Commissioner of Social Security or a court of competent jurisdiction makes the determination of misuse after 180 days after the date of the enactment of this Act.

SEC. 106. AUTHORITY TO REDIRECT DELIVERY OF BENEFIT PAYMENTS WHEN A REPRESENTATIVE PAYEE FAILS TO PROVIDE REQUIRED ACCOUNTING.

(a) TITLE II AMENDMENTS.—Section 205(j)(3) of the Social Security Act (42 U.S.C. 405(j)(3)) (as amended by sections 102(a)(1)(B) and 105(a)(2)) is amended—

(1) by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (G), respectively; and

(2) by inserting after subparagraph (D) the following new subparagraph:

''(E) In any case in which the person described in subparagraph (A) or (D) receiving payments on behalf of another fails to submit a report required by the Commissioner of Social Security under subparagraph (A) or (D), the Commissioner may, after furnishing notice to such person and the individual entitled to such payment, require that such person appear in person at a field office of the Social Security Administration serving the area in which the individual resides in order to receive such payments.''.

(b) TITLE VIII AMENDMENTS.—Section 807(h) of such Act (42 U.S.C. 1007(h)) is amended—

(1) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and

(2) by inserting after paragraph (2) the following new paragraph:

''(3) AUTHORITY TO REDIRECT DELIVERY OF BENEFIT PAYMENTS WHEN A REPRESENTATIVE PAYEE FAILS TO PROVIDE REQUIRED ACCOUNTING.—In any case in which the person described in paragraph (1) or (2) receiving benefit payments on behalf of a qualified individual fails to submit a report required by the Commissioner of Social Security under paragraph (1) or (2), the Commissioner may, after furnishing notice to such person and the qualified individual, require that such person appear in person at a United States Government facility designated by the Social Security Administration as serving the area in which the qualified individual resides in order to receive such benefit payments.''.

(c) TITLE XVI AMENDMENT.—Section 1631(a)(2)(C) of such Act (42 U.S.C. 1383(a)(2)(C)) is amended by adding at the end the following new clause:

''(v) In any case in which the person described in clause (i) or (iv) receiving payments on behalf of another fails to submit a report required by the Commissioner of Social Security under clause (i) or (iv), the Commissioner may, after furnishing notice to the person and the individual entitled to the payment, require that such person appear in person at a field office of the Social Security Administration serving the area in which the individual resides in order to receive such payments.''.

(d) EFFECTIVE DATE.—The amendment made by this section shall take effect 180 days after the date of the enactment of this Act.

Subtitle B—Enforcement

SEC. 111. CIVIL MONETARY PENALTY AUTHORITY WITH RESPECT TO WRONGFUL CONVERSIONS BY REPRESENTATIVE PAYEES.

(a) IN GENERAL.—Section 1129(a) of the Social Security Act (42 U.S.C. 1320a–8) is amended by adding at the end the following new paragraph:

''(3) Any person (including an organization, agency, or other entity) who, having received, while acting in the capacity of a representative payee pursuant to section 205(j), 807, or 1631(a)(2), a payment under title II, VIII, or XVI for the use and benefit of another individual, converts such payment, or any part thereof, to a use that such person knows or should know is other than for the use and benefit of such other individual shall be subject to, in addition to any other penalties that may be prescribed by law, a civil money penalty of not more than $5,000 for each such conversion. Such person shall also be subject to an assessment, in lieu of damages sustained by the United States resulting from the conversion, of not more than twice the amount of any payments so converted.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to violations committed after the date of the enactment of this Act.

TITLE II—PROGRAM PROTECTIONS

SEC. 201. CIVIL MONETARY PENALTY AUTHORITY WITH RESPECT TO KNOWING WITHHOLDING OF MATERIAL FACTS.

(a) TREATMENT OF WITHHOLDING OF MATERIAL FACTS.—

(1) CIVIL PENALTIES.—Section 1129(a)(1) of the Social Security Act (42 U.S.C. 1320a–8(a)(1)) is amended—

(A) by striking ''who'' in the first sentence and inserting ''who—'';

(B) by striking ''makes'' in the first sentence and all that follows through ''shall be subject to,'' and inserting the following:

''(A) makes, or causes to be made, a statement or representation of a material fact, for use in determining any initial or continuing right to or the amount of monthly insurance benefits under title II or benefits or payments under title VIII or XVI, that the person knows or should know is false or misleading,

''(B) makes such a statement or representation for such use with knowing disregard for the truth, or

''(C) omits from a statement or representation for such use, or otherwise withholds disclosure of, a fact which the person knows or should know is material to the determination of any initial or continuing right to or the amount of monthly insurance benefits under title II or benefits or payments under title VIII or XVI, if the person knows, or should know, that the statement or representation with such omission is false or misleading or that the withholding of such disclosure is misleading,

shall be subject to,'';

(C) by inserting ''or each receipt of such benefits or payments while withholding disclosure of such fact'' after ''each such statement or representation'' in the first sentence;

(D) by inserting ''or because of such withholding of disclosure of a material fact'' after ''because of such statement or representation'' in the second sentence; and

(E) by inserting ''or such a withholding of disclosure'' after ''such a statement or representation'' in the second sentence.

(2) ADMINISTRATIVE PROCEDURE FOR IMPOSING PENALTIES.—Section 1129A(a) of such Act (42 U.S.C. 1320a–8a(a)) is amended—

(A) by striking ''who'' the first place it appears and inserting ''who—''; and

(B) by striking ''makes'' and all that follows through ''shall be subject to,'' and inserting the following:

''(1) makes, or causes to be made, a statement or representation of a material fact, for use in determining any initial or continuing right to or the amount of monthly insurance benefits under title II or benefits or payments under title XVI that the person knows or should know is false or misleading,

''(2) makes such a statement or representation for such use with knowing disregard for the truth, or

''(3) omits from a statement or representation for such use, or otherwise withholds disclosure of, a fact which the person knows or should know is material to the determination of any initial or continuing right to or the amount of monthly insurance benefits under title II or benefits or payments under title XVI, if the person knows, or should know, that the statement or representation with such omission is false or misleading or that the withholding of such disclosure is misleading,

shall be subject to,''.

(b) CLARIFICATION OF TREATMENT OF RECOVERED AMOUNTS.—Section 1129(e)(2)(B) of such Act (42 U.S.C. 1320a–8(e)(2)(B)) is amended by striking ''In the case of amounts recovered arising out of a determination relating to title VIII or XVI,'' and inserting ''In the case of any other amounts recovered under this section,''.

(c) CONFORMING AMENDMENTS.—

(1) Section 1129(b)(3)(A) of such Act (42 U.S.C. 1320a–8(b)(3)(A)) is amended by striking ''charging fraud or false statements''.

(2) Section 1129(c)(1) of such Act (42 U.S.C. 1320a–8(c)(1)) is amended by striking ''and representations'' and inserting '', representations, or actions''.

(3) Section 1129(e)(1)(A) of such Act (42 U.S.C. 1320a–8(e)(1)(A)) is amended by striking ''statement or representation referred to in subsection (a) was made'' and inserting ''violation occurred''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to violations committed after the date on which the Commissioner implements the centralized computer file described in section 202.

SEC. 202. ISSUANCE BY COMMISSIONER OF SOCIAL SECURITY OF RECEIPTS TO ACKNOWLEDGE SUBMISSION OF REPORTS OF CHANGES IN WORK OR EARNINGS STATUS OF DISABLED BENEFICIARIES.

Effective as soon as possible, but not later than 1 year after the date of the enactment

of this Act, until such time as the Commissioner of Social Security implements a centralized computer file recording the date of the submission of information by a disabled beneficiary (or representative) regarding a change in the beneficiary's work or earnings status, the Commissioner shall issue a receipt to the disabled beneficiary (or representative) each time he or she submits documentation, or otherwise reports to the Commissioner, on a change in such status.

SEC. 203. DENIAL OF TITLE II BENEFITS TO PERSONS FLEEING PROSECUTION, CUSTODY, OR CONFINEMENT, AND TO PERSONS VIOLATING PROBATION OR PAROLE.

(a) IN GENERAL.—Section 202(x) of the Social Security Act (42 U.S.C. 402(x)) is amended—

(1) in the heading, by striking ''Prisoners'' and all that follows and inserting the following: ''Prisoners, Certain Other Inmates of Publicly Funded Institutions, Fugitives, Probationers, and Parolees'';

(2) in paragraph (1)(A)(ii)(IV), by striking ''or'' at the end;

(3) in paragraph (1)(A)(iii), by striking the period at the end and inserting a comma;

(4) by inserting after paragraph (1)(A)(iii) the following:

''(iv) is fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the person flees, for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the person flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State, or

''(v) is violating a condition of probation or parole imposed under Federal or State law.

In the case of an individual from whom such monthly benefits have been withheld pursuant to clause (iv) or (v), the Commissioner may, for good cause shown, pay such withheld benefits to the individual.''; and

(5) in paragraph (3), by adding at the end the following new subparagraph:

''(C) Notwithstanding the provisions of section 552a of title 5, United States Code, or any other provision of Federal or State law (other than section 6103 of the Internal Revenue Code of 1986 and section 1106(c) of this Act), the Commissioner shall furnish any Federal, State, or local law enforcement officer, upon the written request of the officer, with the current address, Social Security number, and photograph (if applicable) of any beneficiary under this title, if the officer furnishes the Commissioner with the name of the beneficiary, and other identifying information as reasonably required by the Commissioner to establish the unique identity of the beneficiary, and notifies the Commissioner that—

''(i) the beneficiary—

''(I) is described in clause (iv) or (v) of paragraph (1)(A); and

''(II) has information that is necessary for the officer to conduct the officer's official duties; and

''(ii) the location or apprehension of the beneficiary is within the officer's official duties.''.

(b) REGULATIONS.—Not later than the first day of the first month that begins on or after the date that is 9 months after the date of the enactment of this Act, the Commissioner of Social Security shall promulgate regulations governing payment by the Commissioner, for good cause shown, of withheld benefits, pursuant to the last sentence of section 202(x)(1)(A) of the Social Security Act (as amended by subsection (a)).

(c) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on the first day of the first month that begins on or after the date that is 9 months after the date of the enactment of this Act.

SEC. 204. REQUIREMENTS RELATING TO OFFERS TO PROVIDE FOR A FEE A PRODUCT OR SERVICE AVAILABLE WITHOUT CHARGE FROM THE SOCIAL SECURITY ADMINISTRATION.

(a) IN GENERAL.—Section 1140 of the Social Security Act (42 U.S.C. 1320b–10) is amended—

(1) in subsection (a), by adding at the end the following new paragraph:

''(4)(A) No person shall offer, for a fee, to assist an individual to obtain a product or service that the person knows or should know is provided free of charge by the Social Security Administration unless, at the time the offer is made, the person provides to the individual to whom the offer is tendered a notice that—

''(i) explains that the product or service is available free of charge from the Social Security Administration, and

''(ii) complies with standards prescribed by the Commissioner of Social Security respecting the content of such notice and its placement, visibility, and legibility.

''(B) Subparagraph (A) shall not apply to any offer—

''(i) to serve as a claimant representative in connection with a claim arising under title II, title VIII, or title XVI; or

''(ii) to prepare, or assist in the preparation of, an individual's plan for achieving self-support under title XVI.''; and

(2) in the heading, by striking ''PROHIBITION OF MISUSE OF SYMBOLS, EMBLEMS, OR NAMES IN REFERENCE'' and inserting ''PROHIBITIONS RELATING TO REFERENCES''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to offers of assistance made after the sixth month ending after the Commissioner of Social Security promulgates final regulations prescribing the standards applicable to the notice required to be provided in connection with such offer. The Commissioner shall promulgate such final regulations within 1 year after the date of the enactment of this Act.

SEC. 205. REFUSAL TO RECOGNIZE CERTAIN INDIVIDUALS AS CLAIMANT REPRESENTATIVES.

Section 206(a)(1) of the Social Security Act (42 U.S.C. 406(a)(1)) is amended by inserting after the second sentence the following: ''Notwithstanding the preceding sentences, the Commissioner, after due notice and opportunity for hearing, (A) may refuse to recognize as a representative, and may disqualify a representative already recognized, any attorney who has been disbarred or suspended from any court or bar to which he or she was previously admitted to practice or who has been disqualified from participating in or appearing before any Federal program or agency, and (B) may refuse to recognize, and may disqualify, as a non-attorney representative any attorney who has been disbarred or suspended from any court or bar to which he or she was previously admitted to practice. A representative who has been disqualified or suspended pursuant to this section from appearing before the Social Security Administration as a result of collecting or receiving a fee in excess of the amount authorized shall be barred from appearing before the Social Security Administration as a representative until full restitution is made to the claimant and, thereafter, may be considered for reinstatement only under such rules as the Commissioner may prescribe.''.

SEC. 206. PENALTY FOR CORRUPT OR FORCIBLE INTERFERENCE WITH ADMINISTRATION OF SOCIAL SECURITY ACT.

Part A of title XI of the Social Security Act (42 U.S.C. 1301 et seq.) is amended by inserting after section 1129A the following new section:

''ATTEMPTS TO INTERFERE WITH ADMINISTRATION OF SOCIAL SECURITY ACT

''SEC. 1129B. Whoever corruptly or by force or threats of force (including any threatening letter or communication) attempts to intimidate or impede any officer, employee, or contractor of the Social Security Administration (including any State employee of a disability determination service or any other individual designated by the Commissioner of Social Security) acting in an official capacity to carry out a duty under this Act, or in any other way corruptly or by force or threats of force (including any threatening letter or communication) obstructs or impedes, or attempts to obstruct or impede, the due administration of this Act, shall be fined not more than $5,000, imprisoned not more than 3 years, or both, except that if the offense is committed only by threats of force, the person shall be fined not more than $3,000, imprisoned not more than 1 year, or both. In this subsection, the term 'threats of force' means threats of harm to the officer or employee of the United States or to a contractor of the Social Security Administration, or to a member of the family of such an officer or employee or contractor.''.

SEC. 207. USE OF SYMBOLS, EMBLEMS, OR NAMES IN REFERENCE TO SOCIAL SECURITY OR MEDICARE.

(a) IN GENERAL.—Section 1140(a)(1) of the Social Security Act (42 U.S.C. 1320b–10(a)(1)) is amended—

(1) in subparagraph (A), by inserting '' 'Centers for Medicare & Medicaid Services','' after '' 'Health Care Financing Administration','', by striking ''or 'Medicaid','' and inserting '' 'Medicaid', 'Death Benefits Update', 'Federal Benefit Information', 'Funeral Expenses', or 'Final Supplemental Plan','' and by inserting '' 'CMS','' after '' 'HCFA','';

(2) in subparagraph (B), by inserting ''Centers for Medicare & Medicaid Services,'' after ''Health Care Financing Administration,'' each place it appears; and

(3) in the matter following subparagraph (B), by striking ''the Health Care Financing Administration,'' each place it appears and inserting ''the Centers for Medicare & Medicaid Services,''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to items sent after 180 days after the date of the enactment of this Act.

SEC. 208. DISQUALIFICATION FROM PAYMENT DURING TRIAL WORK PERIOD UPON CONVICTION OF FRAUDULENT CONCEALMENT OF WORK ACTIVITY.

(a) IN GENERAL.—Section 222(c) of the Social Security Act (42 U.S.C. 422(c)) is amended by adding at the end the following new paragraph:

''(5) Upon conviction by a Federal court that an individual has fraudulently concealed work activity during a period of trial work from the Commissioner of Social Security by—

''(A) providing false information to the Commissioner of Social Security as to whether the individual had earnings in or for a particular period, or as to the amount thereof;

''(B) receiving disability insurance benefits under this title while engaging in work activity under another identity, including under another social security account number or a number purporting to be a social security account number; or

''(C) taking other actions to conceal work activity with an intent fraudulently to secure payment in a greater amount than is due or when no payment is authorized,

no benefit shall be payable to such individual under this title with respect to a period of disability for any month before such conviction during which the individual rendered

services during the period of trial work with respect to which the fraudulently concealed work activity occurred, and amounts otherwise due under this title as restitution, penalties, assessments, fines, or other repayments shall in all cases be in addition to any amounts for which such individual is liable as overpayments by reason of such concealment.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to work activity performed after the date of the enactment of this Act.

SEC. 209. AUTHORITY FOR JUDICIAL ORDERS OF RESTITUTION.

(a) AMENDMENTS TO TITLE II.—Section 208 of the Social Security Act (42 U.S.C. 408) is amended—

(1) by redesignating subsections (b), (c), and (d) as subsections (c), (d), and (e), respectively; and

(2) by inserting after subsection (a) the following new subsection:

''(b)(1) Any Federal court, when sentencing a defendant convicted of an offense under subsection (a), may order, in addition to or in lieu of any other penalty authorized by law, that the defendant make restitution to the Social Security Administration.

''(2) Sections 3612, 3663, and 3664 of title 18, United States Code, shall apply with respect to the issuance and enforcement of orders of restitution under this subsection. In so applying such sections, the Social Security Administration shall be considered the victim.

''(3) If the court does not order restitution, or orders only partial restitution, under this subsection, the court shall state on the record the reasons therefor.''.

(b) AMENDMENTS TO TITLE VIII.—Section 807(i) of such Act (42 U.S.C. 1007(i)) is amended—

(1) by striking ''(i) RESTITUTION.—In any case where'' and inserting the following:

''(i) RESTITUTION.—

''(1) IN GENERAL.—In any case where''; and

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

''(2) COURT ORDER FOR RESTITUTION.—

''(A) IN GENERAL.—Any Federal court, when sentencing a defendant convicted of an offense under subsection (a), may order, in addition to or in lieu of any other penalty authorized by law, that the defendant make restitution to the Social Security Administration.

''(B) RELATED PROVISIONS.—Sections 3612, 3663, and 3664 of title 18, United States Code, shall apply with respect to the issuance and enforcement of orders of restitution under this paragraph. In so applying such sections, the Social Security Administration shall be considered the victim.

''(C) STATED REASONS FOR NOT ORDERING RESTITUTION.—If the court does not order restitution, or orders only partial restitution, under this paragraph, the court shall state on the record the reasons therefor.''.

(c) AMENDMENTS TO TITLE XVI.—Section 1632 of such Act (42 U.S.C. 1383a) is amended—

(1) by redesignating subsection (b) as subsection (c); and

(2) by inserting after subsection (a) the following new subsection:

''(b)(1) Any Federal court, when sentencing a defendant convicted of an offense under subsection (a), may order, in addition to or in lieu of any other penalty authorized by law, that the defendant make restitution to the Social Security Administration.

''(2) Sections 3612, 3663, and 3664 of title 18, United States Code, shall apply with respect to the issuance and enforcement of orders of restitution under this subsection. In so applying such sections, the Social Security Administration shall be considered the victim.

''(3) If the court does not order restitution, or orders only partial restitution, under this subsection, the court shall state on the record the reasons therefor.''.

(d) SPECIAL ACCOUNT FOR RECEIPT OF RESTITUTION PAYMENTS.—Section 704(b) of such Act (42 U.S.C. 904(b)) is amended by adding at the end the following new paragraph:

''(3)(A) Except as provided in subparagraph (B), amounts received by the Social Security Administration pursuant to an order of restitution under section 208(b), 807(i), or 1632(b) shall be credited to a special fund established in the Treasury of the United States for amounts so received or recovered. The amounts so credited, to the extent and in the amounts provided in advance in appropriations Acts, shall be available to defray expenses incurred in carrying out titles II, VIII, and XVI.

''(B) Subparagraph (A) shall not apply with respect to amounts received in connection with misuse by a representative payee (within the meaning of sections 205(j), 807, and 1631(a)(2)) of funds paid as benefits under title II, VIII, or XVI. Such amounts received in connection with misuse of funds paid as benefits under title II shall be transferred to the Managing Trustee of the Federal Old-Age and Survivors Insurance Trust Fund or the Federal Disability Insurance Trust Fund, as determined appropriate by the Commissioner of Social Security, and such amounts shall be deposited by the Managing Trustee into such Trust Fund. All other such amounts shall be deposited by the Commissioner into the general fund of the Treasury as miscellaneous receipts.''.

(e) EFFECTIVE DATE.—The amendments made by subsections (a), (b), and (c) shall apply with respect to violations occurring on or after the date of the enactment of this Act.

TITLE III—ATTORNEY FEE PAYMENT SYSTEM IMPROVEMENTS

SEC. 301. CAP ON ATTORNEY ASSESSMENTS.

(a) IN GENERAL.—Section 206(d)(2)(A) of the Social Security Act (42 U.S.C. 406(d)(2)(A)) is amended—

(1) by inserting '', except that the maximum amount of the assessment may not exceed the greater of $75 or the adjusted amount as provided pursuant to the following two sentences'' after ''subparagraph (B)''; and

(2) by adding at the end the following new sentence: ''In the case of any calendar year beginning after the amendments made by section 301 of the Social Security Protection Act of 2003 take effect, the dollar amount specified in the preceding sentence (including a previously adjusted amount) shall be adjusted annually under the procedures used to adjust benefit amounts under section 215(i)(2)(A)(ii), except such adjustment shall be based on the higher of $75 or the previously adjusted amount that would have been in effect for December of the preceding year, but for the rounding of such amount pursuant to the following sentence. Any amount so adjusted that is not a multiple of $1 shall be rounded to the next lowest multiple of $1, but in no case less than $75.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to fees for representation of claimants which are first required to be certified or paid under section 206 of the Social Security Act on or after the first day of the first month that begins after 180 days after the date of the enactment of this Act.

SEC. 302. EXTENSION OF ATTORNEY FEE PAYMENT SYSTEM TO TITLE XVI CLAIMS.

(a) IN GENERAL.—Section 1631(d)(2) of the Social Security Act (42 U.S.C. 1383(d)(2)) is amended—

(1) in subparagraph (A), in the matter preceding clause (i)—

(A) by striking ''section 206(a)'' and inserting ''section 206'';

(B) by striking ''(other than paragraph (4) thereof)'' and inserting ''(other than subsections (a)(4) and (d) thereof)''; and

(C) by striking ''paragraph (2) thereof'' and inserting ''such section'';

(2) in subparagraph (A)(i), by striking ''in subparagraphs (A)(ii)(I) and (C)(i),'' and inserting ''in subparagraphs (A)(ii)(I) and (D)(i) of subsection (a)(2)'', and by striking ''and'' at the end;

(3) by striking subparagraph (A)(ii) and inserting the following:

''(ii) by substituting, in subsections (a)(2)(B) and (b)(1)(B)(i), the phrase 'section 1631(a)(7)(A) or the requirements of due process of law' for the phrase 'subsection (g) or (h) of section 223';

''(iii) by substituting, in subsection (a)(2)(C)(i), the phrase 'under title II' for the phrase 'under title XVI';

''(iv) by substituting, in subsection (b)(1)(A), the phrase 'pay the amount of such fee' for the phrase 'certify the amount of such fee for payment' and by striking, in subsection (b)(1)(A), the phrase 'or certified for payment'; and

''(v) by substituting, in subsection (b)(1)(B)(ii), the phrase 'deemed to be such amounts as determined before any applicable reduction under section 1631(g), and reduced by the amount of any reduction in benefits under this title or title II made pursuant to section 1127(a)' for the phrase 'determined before any applicable reduction under section 1127(a))'.''; and

(4) by striking subparagraph (B) and inserting the following new subparagraphs:

''(B) Subject to subparagraph (C), if the claimant is determined to be entitled to past-due benefits under this title and the person representing the claimant is an attorney, the Commissioner of Social Security shall pay out of such past-due benefits to such attorney an amount equal to the lesser of—

''(i) so much of the maximum fee as does not exceed 25 percent of such past-due benefits (as determined before any applicable reduction under section 1631(g) and reduced by the amount of any reduction in benefits under this title or title II pursuant to section 1127(a)), or

''(ii) the amount of past-due benefits available after any applicable reductions under sections 1631(g) and 1127(a).

''(C)(i) Whenever a fee for services is required to be paid to an attorney from a claimant's past-due benefits pursuant to subparagraph (B), the Commissioner shall impose on the attorney an assessment calculated in accordance with clause (ii).

''(ii)(I) The amount of an assessment under clause (i) shall be equal to the product obtained by multiplying the amount of the representative's fee that would be required to be paid by subparagraph (B) before the application of this subparagraph, by the percentage specified in subclause (II), except that the maximum amount of the assessment may not exceed $75. In the case of any calendar year beginning after the amendments made by section 302 of the Social Security Protection Act of 2003 take effect, the dollar amount specified in the preceding sentence (including a previously adjusted amount) shall be adjusted annually under the procedures used to adjust benefit amounts under section 215(i)(2)(A)(ii), except such adjustment shall be based on the higher of $75 or the previously adjusted amount that would have been in effect for December of the preceding year, but for the rounding of such amount pursuant to the following sentence. Any amount so adjusted that is not a multiple of $1 shall be rounded to the next lowest multiple of $1, but in no case less than $75.

''(II) The percentage specified in this subclause is such percentage rate as the Commissioner determines is necessary in order to achieve full recovery of the costs of determining and approving fees to attorneys from the past-due benefits of claimants, but not in excess of 6.3 percent.

''(iii) The Commissioner may collect the assessment imposed on an attorney under clause (i) by offset from the amount of the fee otherwise required by subparagraph (B) to be paid to the attorney from a claimant's past-due benefits.

''(iv) An attorney subject to an assessment under clause (i) may not, directly or indirectly, request or otherwise obtain reimbursement for such assessment from the claimant whose claim gave rise to the assessment.

''(v) Assessments on attorneys collected under this subparagraph shall be deposited in the Treasury in a separate fund created for this purpose.

''(vi) The assessments authorized under this subparagraph shall be collected and available for obligation only to the extent and in the amount provided in advance in appropriations Acts. Amounts so appropriated are authorized to remain available until expended, for administrative expenses in carrying out this title and related laws.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply with respect to fees for representation of claimants which are first required to be certified or paid under section 1631(d)(2) of the Social Security Act on or after the first day of the first month that begins after 270 days after the date of the enactment of this Act.

(2) SUNSET.—Such amendments shall not apply with respect to fees for representation of claimants in the case of any claim for benefits with respect to which the agreement for representation is entered into after 5 years after the date on which the Commissioner of Social Security first implements the amendments made by this section.

(c) STUDY REGARDING FEE-WITHHOLDING FOR NON-ATTORNEY REPRESENTATIVES.—

(1) STUDY.—As soon as practicable after the date of the enactment of this Act, the Comptroller General of the United States shall undertake a study regarding fee-withholding for non-attorney representatives representing claimants before the Social Security Administration.

(2) MATTERS TO BE STUDIED.—In conducting the study under this subsection, the Comptroller General shall—

(A) compare the non-attorney representatives who seek fee approval for representing claimants before the Social Security Administration to attorney representatives who seek such fee approval, with regard to—

(i) their training, qualifications, and competency,

(ii) the type and quality of services provided, and

(iii) the extent to which claimants are protected through oversight of such representatives by the Social Security Administration or other organizations, and

(B) consider the potential results of extending to non-attorney representatives the fee withholding procedures that apply under titles II and XVI of the Social Security Act for the payment of attorney fees, including the effect on claimants and program administration.

(3) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Comptroller General shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report detailing the results of the Comptroller General's study conducted pursuant to this subsection.

TITLE IV—MISCELLANEOUS AND TECHNICAL AMENDMENTS

Subtitle A—Amendments Relating to the Ticket to Work and Work Incentives Improvement Act of 1999

SEC. 401. APPLICATION OF DEMONSTRATION AUTHORITY SUNSET DATE TO NEW PROJECTS.

Section 234 of the Social Security Act (42 U.S.C. 434) is amended—

(1) in the first sentence of subsection (c), by striking ''conducted under subsection (a)'' and inserting ''initiated under subsection (a) on or before December 17, 2004''; and

(2) in subsection (d)(2), by amending the first sentence to read as follows: ''The authority to initiate projects under the preceding provisions of this section shall terminate on December 18, 2004.''.

SEC. 402. EXPANSION OF WAIVER AUTHORITY AVAILABLE IN CONNECTION WITH DEMONSTRATION PROJECTS PROVIDING FOR REDUCTIONS IN DISABILITY INSURANCE BENEFITS BASED ON EARNINGS.

Section 302(c) of the Ticket to Work and Work Incentives Improvement Act of 1999 (42 U.S.C. 434 note) is amended by striking ''(42 U.S.C. 401 et seq.),'' and inserting ''(42 U.S.C. 401 et seq.) and the requirements of section 1148 of such Act (42 U.S.C. 1320b–19) as they relate to the program established under title II of such Act,''.

SEC. 403. FUNDING OF DEMONSTRATION PROJECTS PROVIDED FOR REDUCTIONS IN DISABILITY INSURANCE BENEFITS BASED ON EARNINGS.

Section 302(f) of the Ticket to Work and Work Incentives Improvement Act of 1999 (42 U.S.C. 434 note) is amended to read as follows:

''(f) EXPENDITURES.—Administrative expenses for demonstration projects under this section shall be paid from funds available for the administration of title II or XVIII of the Social Security Act, as appropriate. Benefits payable to or on behalf of individuals by reason of participation in projects under this section shall be made from the Federal Disability Insurance Trust Fund and the Federal Old-Age and Survivors Insurance Trust Fund, as determined appropriate by the Commissioner of Social Security, and from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund, as determined appropriate by the Secretary of Health and Human Services, from funds available for benefits under such title II or XVIII.''.

SEC. 404. AVAILABILITY OF FEDERAL AND STATE WORK INCENTIVE SERVICES TO ADDITIONAL INDIVIDUALS.

(a) FEDERAL WORK INCENTIVES OUTREACH PROGRAM.—

(1) IN GENERAL.—Section 1149(c)(2) of the Social Security Act (42 U.S.C. 1320b–20(c)(2)) is amended to read as follows:

''(2) DISABLED BENEFICIARY.—The term 'disabled beneficiary' means an individual—

''(A) who is a disabled beneficiary as defined in section 1148(k)(2) of this Act;

''(B) who is receiving a cash payment described in section 1616(a) of this Act or a supplementary payment described in section 212(a)(3) of Public Law 93–66 (without regard to whether such payment is paid by the Commissioner pursuant to an agreement under section 1616(a) of this Act or under section 212(b) of Public Law 93–66);

''(C) who, pursuant to section 1619(b) of this Act, is considered to be receiving benefits under title XVI of this Act; or

''(D) who is entitled to benefits under part A of title XVIII of this Act by reason of the penultimate sentence of section 226(b) of this Act.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply with respect to grants, cooperative agreements, or contracts entered into on or after the date of the enactment of this Act.

(b) STATE GRANTS FOR WORK INCENTIVES ASSISTANCE.—

(1) DEFINITION OF DISABLED BENEFICIARY.—Section 1150(g)(2) of such Act (42 U.S.C. 1320b–21(g)(2)) is amended to read as follows:

''(2) DISABLED BENEFICIARY.—The term 'disabled beneficiary' means an individual—

''(A) who is a disabled beneficiary as defined in section 1148(k)(2) of this Act;

''(B) who is receiving a cash payment described in section 1616(a) of this Act or a supplementary payment described in section 212(a)(3) of Public Law 93–66 (without regard to whether such payment is paid by the Commissioner pursuant to an agreement under section 1616(a) of this Act or under section 212(b) of Public Law 93–66);

''(C) who, pursuant to section 1619(b) of this Act, is considered to be receiving benefits under title XVI of this Act; or

''(D) who is entitled to benefits under part A of title XVIII of this Act by reason of the penultimate sentence of section 226(b) of this Act.''.

(2) ADVOCACY OR OTHER SERVICES NEEDED TO MAINTAIN GAINFUL EMPLOYMENT.—Section 1150(b)(2) of such Act (42 U.S.C. 1320b–21(b)(2)) is amended by striking ''secure or regain'' and inserting ''secure, maintain, or regain''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply with respect to payments provided after the date of the enactment of this Act.

SEC. 405. TECHNICAL AMENDMENT CLARIFYING TREATMENT FOR CERTAIN PURPOSES OF INDIVIDUAL WORK PLANS UNDER THE TICKET TO WORK AND SELF-SUFFICIENCY PROGRAM.

(a) IN GENERAL.—Section 1148(g)(1) of the Social Security Act (42 U.S.C. 1320b–19) is amended by adding at the end, after and below subparagraph (E), the following new sentence:

''An individual work plan established pursuant to this subsection shall be treated, for purposes of section 51(d)(6)(B)(i) of the Internal Revenue Code of 1986, as an individualized written plan for employment under a State plan for vocational rehabilitation services approved under the Rehabilitation Act of 1973.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in section 505 of the Ticket to Work and Work Incentives Improvement Act of 1999 (Public Law 106–170; 113 Stat. 1921).

Subtitle B—Miscellaneous Amendments

SEC. 411. ELIMINATION OF TRANSCRIPT REQUIREMENT IN REMAND CASES FULLY FAVORABLE TO THE CLAIMANT.

(a) IN GENERAL.—Section 205(g) of the Social Security Act (42 U.S.C. 405(g)) is amended in the sixth sentence by striking ''and a transcript'' and inserting ''and, in any case in which the Commissioner has not made a decision fully favorable to the individual, a transcript''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to final determinations issued (upon remand) on or after the date of the enactment of this Act.

SEC. 412. NONPAYMENT OF BENEFITS UPON REMOVAL FROM THE UNITED STATES.

(a) IN GENERAL.—Paragraphs (1) and (2) of section 202(n) of the Social Security Act (42 U.S.C. 402(n)(1), (2)) are each amended by striking ''or (1)(E)''.

(b) EFFECTIVE DATE.—The amendment made by this section to section 202(n)(1) of the Social Security Act shall apply to individuals with respect to whom the Commissioner of Social Security receives a removal

notice from the Attorney General after the date of the enactment of this Act. The amendment made by this section to section 202(n)(2) of the Social Security Act shall apply with respect to removals occurring after the date of the enactment of this Act.

SEC. 413. REINSTATEMENT OF CERTAIN REPORTING REQUIREMENTS.

Section 3003(a)(1) of the Federal Reports Elimination and Sunset Act of 1995 (31 U.S.C. 1113 note) shall not apply to any report required to be submitted under any of the following provisions of law:

(1)(A) Section 201(c)(2) of the Social Security Act (42 U.S.C. 401(c)(2)).

(B) Section 1817(b)(2) of the Social Security Act (42 U.S.C. 1395i(b)(2)).

(C) Section 1841(b)(2) of the Social Security Act (42 U.S.C. 1395t(b)(2)).

(2)(A) Section 221(c)(3)(C) of the Social Security Act (42 U.S.C. 421(c)(3)(C)).

(B) Section 221(i)(3) of the Social Security Act (42 U.S.C. 421(i)(3)).

SEC. 414. CLARIFICATION OF DEFINITIONS REGARDING CERTAIN SURVIVOR BENEFITS.

(a) WIDOWS.—Section 216(c) of the Social Security Act (42 U.S.C. 416(c)) is amended—

(1) by redesignating subclauses (A) through (C) of clause (6) as subclauses (i) through (iii), respectively;

(2) by redesignating clauses (1) through (6) as clauses (A) through (F), respectively;

(3) in clause (E) (as redesignated), by inserting ''except as provided in paragraph (2),'' before ''she was married'';

(4) by inserting ''(1)'' after ''(c)''; and

(5) by adding at the end the following new paragraph:

''(2) The requirements of paragraph (1)(E) in connection with the surviving wife of an individual shall be treated as satisfied if—

''(A) the individual had been married prior to the individual's marriage to the surviving wife,

''(B) the prior wife was institutionalized during the individual's marriage to the prior wife due to mental incompetence or similar incapacity,

''(C) during the period of the prior wife's institutionalization, the individual would have divorced the prior wife and married the surviving wife, but the individual did not do so because such divorce would have been unlawful, by reason of the prior wife's institutionalization, under the laws of the State in which the individual was domiciled at the time (as determined based on evidence satisfactory to the Commissioner of Social Security),

''(D) the prior wife continued to remain institutionalized up to the time of her death, and

''(E) the individual married the surviving wife within 60 days after the prior wife's death.''.

(b) WIDOWERS.—Section 216(g) of such Act (42 U.S.C. 416(g)) is amended—

(1) by redesignating subclauses (A) through (C) of clause (6) as subclauses (i) through (iii), respectively;

(2) by redesignating clauses (1) through (6) as clauses (A) through (F), respectively;

(3) in clause (E) (as redesignated), by inserting ''except as provided in paragraph (2),'' before ''he was married'';

(4) by inserting ''(1)'' after ''(g)''; and

(5) by adding at the end the following new paragraph:

''(2) The requirements of paragraph (1)(E) in connection with the surviving husband of an individual shall be treated as satisfied if—

''(A) the individual had been married prior to the individual's marriage to the surviving husband,

''(B) the prior husband was institutionalized during the individual's marriage to the prior husband due to mental incompetence or similar incapacity,

''(C) during the period of the prior husband's institutionalization, the individual would have divorced the prior husband and married the surviving husband, but the individual did not do so because such divorce would have been unlawful, by reason of the prior husband's institutionalization, under the laws of the State in which the individual was domiciled at the time (as determined based on evidence satisfactory to the Commissioner of Social Security),

''(D) the prior husband continued to remain institutionalized up to the time of his death, and

''(E) the individual married the surviving husband within 60 days after the prior husband's death.''.

(c) CONFORMING AMENDMENT.—Section 216(k) of such Act (42 U.S.C. 416(k)) is amended by striking ''clause (5) of subsection (c) or clause (5) of subsection (g)'' and inserting ''clause (E) of subsection (c)(1) or clause (E) of subsection (g)(1)''.

(d) EFFECTIVE DATE.—The amendments made by this section shall be effective with respect to applications for benefits under title II of the Social Security Act filed during months ending after the date of the enactment of this Act.

SEC. 415. CLARIFICATION RESPECTING THE FICA AND SECA TAX EXEMPTIONS FOR AN INDIVIDUAL WHOSE EARNINGS ARE SUBJECT TO THE LAWS OF A TOTALIZATION AGREEMENT PARTNER.

Sections 1401(c), 3101(c), and 3111(c) of the Internal Revenue Code of 1986 are each amended by striking ''to taxes or contributions for similar purposes under'' and inserting ''exclusively to the laws applicable to''.

SEC. 416. COVERAGE UNDER DIVIDED RETIREMENT SYSTEM FOR PUBLIC EMPLOYEES IN KENTUCKY.

(a) IN GENERAL.—Section 218(d)(6)(C) of the Social Security Act (42 U.S.C. 418(d)(6)(C)) is amended by inserting ''Kentucky,'' after ''Illinois,''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) takes effect on January 1, 2003.

SEC. 417. COMPENSATION FOR THE SOCIAL SECURITY ADVISORY BOARD.

(a) IN GENERAL.—Subsection (f) of section 703 of the Social Security Act (42 U.S.C. 903(f)) is amended to read as follows:

''Compensation, Expenses, and Per Diem

''(f) A member of the Board shall, for each day (including traveltime) during which the member is attending meetings or conferences of the Board or otherwise engaged in the business of the Board, be compensated at the daily rate of basic pay for level IV of the Executive Schedule. While serving on business of the Board away from their homes or regular places of business, members may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government employed intermittently.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall be effective as of January 1, 2003.

Subtitle C—Technical Amendments

SEC. 421. TECHNICAL CORRECTION RELATING TO RESPONSIBLE AGENCY HEAD.

Section 1143 of the Social Security Act (42 U.S.C. 1320b–13) is amended—

(1) by striking ''Secretary'' the first place it appears and inserting ''Commissioner of Social Security''; and

(2) by striking ''Secretary'' each subsequent place it appears and inserting ''Commissioner''.

SEC. 422. TECHNICAL CORRECTION RELATING TO RETIREMENT BENEFITS OF MINISTERS.

(a) IN GENERAL.—Section 211(a)(7) of the Social Security Act (42 U.S.C. 411(a)(7)) is amended by inserting '', but shall not include in any such net earnings from self-employment the rental value of any parsonage or any parsonage allowance (whether or not excluded under section 107 of the Internal Revenue Code of 1986) provided after the individual retires, or any other retirement benefit received by such individual from a church plan (as defined in section 414(e) of such Code) after the individual retires'' before the semicolon.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to years beginning before, on, or after December 31, 1994.

SEC. 423. TECHNICAL CORRECTIONS RELATING TO DOMESTIC EMPLOYMENT.

(a) AMENDMENT TO INTERNAL REVENUE CODE.—Section 3121(a)(7)(B) of the Internal Revenue Code of 1986 is amended by striking ''described in subsection (g)(5)'' and inserting ''on a farm operated for profit''.

(b) AMENDMENT TO SOCIAL SECURITY ACT.—Section 209(a)(6)(B) of the Social Security Act (42 U.S.C. 409(a)(6)(B)) is amended by striking ''described in section 210(f)(5)'' and inserting ''on a farm operated for profit''.

(c) CONFORMING AMENDMENT.—Section 3121(g)(5) of such Code and section 210(f)(5) of such Act (42 U.S.C. 410(f)(5)) are amended by striking ''or is domestic service in a private home of the employer''.

SEC. 424. TECHNICAL CORRECTIONS OF OUTDATED REFERENCES.

(a) CORRECTION OF TERMINOLOGY AND CITATIONS RESPECTING REMOVAL FROM THE UNITED STATES.—Section 202(n) of the Social Security Act (42 U.S.C. 402(n)) (as amended by section 412) is amended further—

(1) by striking ''deportation'' each place it appears and inserting ''removal'';

(2) by striking ''deported'' each place it appears and inserting ''removed'';

(3) in paragraph (1) (in the matter preceding subparagraph (A)), by striking ''under section 241(a) (other than under paragraph (1)(C) thereof)'' and inserting ''under section 237(a) (other than paragraph (1)(C) thereof) or 212(a)(6)(A)'';

(4) in paragraph (2), by striking ''under any of the paragraphs of section 241(a) of the Immigration and Nationality Act (other than under paragraph (1)(C) thereof)'' and inserting ''under any of the paragraphs of section 237(a) of the Immigration and Nationality Act (other than paragraph (1)(C) thereof) or under section 212(a)(6)(A) of such Act'';

(5) in paragraph (3)—

(A) by striking ''paragraph (19) of section 241(a)'' and inserting ''subparagraph (D) of section 237(a)(4)''; and

(B) by striking ''paragraph (19)'' and inserting ''subparagraph (D)''; and

(6) in the heading, by striking ''Deportation'' and inserting ''Removal''.

(b) CORRECTION OF CITATION RESPECTING THE TAX DEDUCTION RELATING TO HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.—Section 211(a)(15) of such Act (42 U.S.C. 411(a)(15)) is amended by striking ''section 162(m)'' and inserting ''section 162(l)''.

(c) ELIMINATION OF REFERENCE TO OBSOLETE 20-DAY AGRICULTURAL WORK TEST.—Section 3102(a) of the Internal Revenue Code of 1986 is amended by striking ''and the employee has not performed agricultural labor for the employer on 20 days or more in the calendar year for cash remuneration computed on a time basis''.

SEC. 425. TECHNICAL CORRECTION RESPECTING SELF-EMPLOYMENT INCOME IN COMMUNITY PROPERTY STATES.

(a) SOCIAL SECURITY ACT AMENDMENT.—Section 211(a)(5)(A) of the Social Security Act (42 U.S.C. 411(a)(5)(A)) is amended by striking ''all of the gross income'' and all

that follows and inserting ''the gross income and deductions attributable to such trade or business shall be treated as the gross income and deductions of the spouse carrying on such trade or business or, if such trade or business is jointly operated, treated as the gross income and deductions of each spouse on the basis of their respective distributive share of the gross income and deductions;''.

(b) INTERNAL REVENUE CODE OF 1986 AMENDMENT.—Section 1402(a)(5)(A) of the Internal Revenue Code of 1986 is amended by striking ''all of the gross income'' and all that follows and inserting ''the gross income and deductions attributable to such trade or business shall be treated as the gross income and deductions of the spouse carrying on such trade or business or, if such trade or business is jointly operated, treated as the gross income and deductions of each spouse on the basis of their respective distributive share of the gross income and deductions; and''.

The SPEAKER pro tempore. Pursuant to House Resolution 168, the gentleman from Texas (Mr. GREEN) and a Member opposed each will control 20 minutes.

The Chair recognizes the gentleman from Texas (Mr. GREEN).

Mr. GREEN of Texas. Mr. Speaker, I yield myself such time as I may consume.

(Mr. GREEN of Texas asked and was given permission to revise and extend his remarks.)

Mr. GREEN of Texas. Mr. Speaker, we have had a great deal of debate already on the general debate, but I rise in opposition to the legislation in support of my amendment, and it is frustrating because there are some good things in this legislation, but I guess what is really frustrating is that why should a section of this bill be addressed to public educators, firefighter and police officers that happen to be in Texas or Georgia, and yet, in another section, we are trying to combat fraud by felons.

I agree, we should combat fraud by felons; and if we have felons who are receiving Social Security, felons who are absconding, I do not mind. In fact, why are we waiting this long to keep them from getting their Social Security? Do not go after widowed teachers, whose spouses paid into Social Security.

Eighty percent are women who receive fewer retirement benefits than men, and it is not just for teachers, firefighters in the same legislation. It just seems like it is wrong to put that issue in the same legislation due to felons receiving Social Security benefits.

In fact, I had a constituent last night say, you mean to tell me all these years I have taught and I am in the same legislation trying to close a loophole for fugitive felons receiving Social Security? I said, I am sorry, ma'am, but that is what it has. The bill has some other good things in it; but we have this amendment, and I appreciate the Committee on Rules providing this.

It is called a loophole, but it is really not. There are lots of loopholes in our laws, but it is called laws; and I know on our side of the aisle we have talked about corporate loopholes for a long time. Let us close up the corporate loopholes, but why are we closing up one for the widowed teachers, again, who their only punishment is they worked as a public schoolteacher and was married to someone who paid into Social Security at least 10 years and, again, in some cases, many more years?

When the House first considered this legislation, it failed because of a controversial provision that we have, and the bill ought to pass, but it ought to be passed without this provision, and let us come back, get our Ways and Means subcommittee and the Committee on Ways and Means to deal with the government pension offset as a separate bill.

Last session, this legislation passed out of the House with, I do not think, any dissenting votes. It went to the Senate; and on a technicality, they added this back in, and it was stopped in the House when they tried to pass it on unanimous consent last fall and when most of us were in our districts.

In States where some public employees are not covered by Social Security, such as in Texas, this does reduce the spousal benefits by two-thirds, and in some cases, it can eliminate all of them, all their benefits. It is a problem for many public servants, but it is especially, again, bad for women, and, again, since 80 percent of the Texas schoolteachers and retirees are women. Sixty percent of that group is married, and again, I think it is interesting on the floor of the House because I always heard the statement, consistency is the hobgoblin of little minds, but here we have bills that can enforce marriage, why are people on social services, that encourage them to get married, and here we have teachers who are married for all these years, and yet we are punishing them under the pension government offset.

Mr. Speaker, I reserve the balance of my time.

The SPEAKER pro tempore. Who seeks time in opposition?

Mr. SHAW. Mr. Speaker, I claim the time in opposition, and I yield 7 minutes to the gentleman from Texas (Mr. SAM JOHNSON), a valuable member of the Subcommittee on Social Security of the Committee on Ways and Means.

Mr. SAM JOHNSON of Texas. Mr. Speaker, this is a terrible amendment. What I am rising for is to support equality for 95 percent of working Americans who pay into Social Security.

Today's debate is about fairness, a need to bring equity to a system under scrutiny. This amendment concerns Texas teachers. This bill concerns equality, fairness and equity.

Texas is home to great students and great schools, thanks in part to great Texas teachers. Educated in Texas schools myself, I put my kids through Texas schools, and my grandkids are attending Texas schools; but there is a lot of misinformation out there about Texas teachers and their retirement plan.

Before I get too far into the details of this issue, I want to explain some of the fundamentals of Social Security. When the Social Security System was created, the workforce was made up largely of men whose wives stayed home. Spousal benefits were created for these women. Social Security spousal benefits are for the nonworking spouse of a worker covered by Social Security. Generally, we think of this as a stay-at-home mom and a working dad. Social Security retirement benefits are for those who work and pay Social Security taxes. Ninety-five percent of working Americans are covered by this program.

The situation is very different today from when Social Security was created in the 1930s. The majority of families today have two earners supporting the family. A primary rule of Social Security is that everyone is able to collect either their own retirement benefit from Social Security or their spousal benefit, whichever is higher. Let me repeat that. It is one or the other, not both.

The Texas teacher retirement system is a substitute for Social Security. A person can participate in one system or the other, but not both. Most school districts in Texas have chosen to stay out of Social Security; yet they have always had the chance to join the system. In fact, fifty school districts in Texas have entered into Social Security, and they can have their own 401(k)-type program also. Again, at any time school districts can leave the Texas teacher retirement system and enter into Social Security, but they cannot do both because the retirement system was a substitute for Social Security.

Back to Social Security. Whether a married couple works in a job such as a nurse and a small business owner, Social Security-covered teacher and an accountant or a lawyer or an engineer, they both pay into Social Security and both are subject to this rule. A husband and wife are each able to collect either their retirement benefits earned through their own hard work or they are able to collect spousal benefits, i.e., 50 percent of retirement, whichever is higher. They cannot collect both.

It is very possible that if one spouse earns significantly less than the other, for example, that nurse and a small business owner, then the nurse is going to have higher spousal benefits than her own retirement. In that case, the nurse will collect the higher spousal benefit but may ask herself why she paid all those Social Security taxes all those years. If a retirement benefit is $600, for example, for the nurse, and her spouse benefit is $800, she would collect $800 but not $1,400 which is what her husband would have collected.

Again, this is how the system works for 95 percent of all Americans. This bill concerns some teachers in Texas who have questioned the system because they want both Social Security

spouse benefits and their Texas retirement. Again, the Texas teacher retirement system is a substitute for Social Security. A person can do one or the other, but not both.

I want teachers to understand that the government pension offset actually only reduces their spousal benefit by two-thirds of their State retirement benefit rather than dollar for dollar as in the case for other working spouses.

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Teachers right now get a better deal and more bang for their buck than 95 percent of the American public. They get one-third more of their spousal benefits than 95 percent of working Americans.

The so-called ''loophole'' that is being closed here today is one small part of the government pension offset meant to encourage entire school districts to join the Social Security system. If an entire school district, such as the Plano Independent School District, were to decide to enter Social Security and get out of State retirement, then every teacher in that school district would then be subject to all Social Security rules, even for a teacher who only works 1 day.

Roughly 4,800 teachers in Texas have found a way as individuals to leave their regular teaching job covered by State retirement and move, for 1 day, to a school district that does pay Social Security taxes and then retire. An example is a teacher from Plano who is covered by the State retirement system. If she transfers her last day of work from Plano to Ponder, Texas, which does pay Social Security, she is paid roughly $6 per hour. She might pay a total of $3 into the Social Security fund, but because of this final day of work in Ponder, paying Social Security taxes, she is able to collect the higher of either her benefit or full spousal.

Of course, because she only paid $3 in, she would collect the spousal benefits based off her husband's work, plus she collects her Social Security substitute; that is, her Texas teacher retirement money. She can double dip, when 95 percent of the American public cannot. This costs the Social Security System thousands of dollars.

The General Accounting Office has estimated that $450 million is being paid in benefits under this loophole, and that number could increase tenfold if the loophole is marketed to other people throughout the country.

I am pro-teacher, and in Texas they have a great State retirement system. Mr. Speaker, this is not how Social Security operates for 95 percent of working Americans and we are going to break the Social Security System.

Mr. GREEN of Texas. Mr. Speaker, I yield myself such time as I may consume to say that I realize my colleague from Texas did not have time to yield, but let me just say that these teachers do not make the choice between the teacher retirement systems and Social Security. The choice is made by the local school districts. That is why 50 school districts in Texas pay into both.

We have more than 1,100 school districts in the State of Texas where those local school board members, not those employees, those local school board members make that decision.

Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. LAMPSON).

Mr. LAMPSON. Mr. Speaker, there are an awful lot of good people who want to leave some kind of employment into which they have been paying Social Security and go into the classroom, and our classrooms across the State of Texas and across this whole country are crying for good people to go into the classroom.

My wife was one of those people who had a job that paid into Social Security for a long period of time. She is going to receive minimal, if anything, from the teacher retirement system. But upon her retirement is it right for her to have been discouraged, after being encouraged to come in, because she is not going to receive some of the benefits she thought she might be able to? That is not right. That is not what we are trying to do here. We want to be able to encourage good qualified people to go into our classrooms.

This legislation is going to have broad implications for teachers in Texas and many other States. It is going to very likely force an exodus, a mass exodus of good experienced teachers from our public schools. What impetus does an experienced teacher have to stay in the classroom and continue teaching if the government is, in effect, going to significantly reduce his or her retirement payment potential after this year?

Well, the bill also fails to address a larger issue for public servants in this country. The government pension offset unfairly penalizes teachers and government workers and the employees most likely to pay into a public pension plan. So how can we sit idly by while our public service employees are indeed being penalized for serving their communities?

I think we really should show a different loyalty to our first responders, who we from this floor praise so very often. The government pension offset is a deterrent to public service across this Nation. There is a solution to this problem. We believe that we offered it and it has been turned down.

If we are to attract the best and brightest in public service, such as our teachers, firefighters, and police officers, then we must repeal this unfair provision. I urge a vote for the Green amendment and I urge my colleagues to support the passage of legislation that would permanently repeal the government pension offset. Our public servants deserve our support.

Mr. SHAW. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. THOMAS), the distinguished chairman of the Committee on Ways and Means.

Mr. THOMAS. Mr. Speaker, I thank the gentleman for yielding me this time.

Prior to being elected to Congress, some of us were actually in the profession of teaching. I was, for a number of years, and I paid into the California State Teachers Retirement System. I can tell my colleagues right now that in California, no serious and responsible professional teacher would think that their 20 or 25 years devoted to the classroom should be capped off by scurrying to another school district where there is clear collusion between the districts to allow for 1 day, 1 week, or 1 month of employment so that they can scam the system. Now, that is basically what the Green amendment asks us to continue to allow; fortunately not in California, but unfortunately in Texas and perhaps in Georgia.

Let me get my colleagues to really understand what is going on here. Is there a problem with the offset? Of course there is. We just had a colloquy on the floor with the chairman of the Subcommittee on Social Security and the ranking member of the Subcommittee on Social Security and there was agreement that we will seriously address the pension offset. I have friends of mine who are still in teaching who have implored me to address that. We are in the process of addressing it.

The whole point of the Green amendment is do we allow something to continue which goes something like this: Let us take a teacher in Texas, Mrs. Brown or a Mrs. Green, and say she is employed in Dallas or Houston. And let us say she has worked for a number of years and has successfully put a significant amount of money in the Texas State Teachers Retirement System. She is now ready to retire. She finds another district. And it is true that the local district officials choose whether their employees are in the Social Security System or in the State teachers system. That is a local choice.

But what happens is those board members are in collusion with other districts when they allow a 20-plus year career teacher to work, perhaps in areas not directly to their certificate of teaching credential but simply a job. And let us say they work there for as much as, oh, a month. They may have paid into Social Security, oh, maybe $100. And according to the Social Security actuaries, that 1 month, after those distinguished years of teaching, could produce as much as $93,000 of taxpayers' money going to this person who put a blemish on their professional teaching career to play an angle.

The Green amendment says let us allow these folks to continue to play this little game of collusion to raid the Social Security System under the guise that we should take care of these people. If we vote for the Green amendment what we are doing is relieving pressure to address the real problem.

I would urge all my colleagues to understand a ''yes'' vote on the Green

amendment slows down the addressing of the pension offset. A ''no'' vote on the Green amendment puts all Americans in the same position, pressuring us to do something about the pension offset. Please, do not remove the pressure by voting ''yes'' on the Green amendment. Vote ''no'' on the Green amendment and all Americans will feel the pressure, rather than just a few who distinguish themselves at the end of their teaching career to go clip lawns, sweep up paper, or maybe even latch on to a substitute position to scam the system.

Mr. GREEN of Texas. Mr. Speaker, I yield myself such time as I may consume to comment that having the chairman of the Committee on Ways and Means calling this ''scamming the system'' is like the pot calling the kettle black. We have provisions in our Tax Code for individuals, one person. We have Tax Code provisions for one company or groups of companies. Yet it is a scam system if we are going to protect public school educators.

Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. EDWARDS), my colleague from Texas.

Mr. EDWARDS. Mr. Speaker, I rise in support of the Green amendment because I do not believe teachers should be penalized for teaching our children.

Now, my colleague from California came up with a hypothetical example, but let me tell my colleagues what will happen in real life, not hypothetically, if the Green amendment is defeated.

I now am representing Fort Hood in Texas, the only two-division Army installation in America, which has several thousand soldiers arriving in Iraq, and several thousand more per day. We will have up to 30,000 soldiers from Fort Hood, Texas, fighting for our country in Iraq most likely in the next 2 months. Now, those soldiers fighting for us today and in the weeks ahead over there come back to Texas. And the bill that Congress, which I helped pass a decade ago, the Troops to Teacher bill, actually tries to encourage those military retirees, those soldiers fighting for us today in Iraq, to go into teaching. They are doing that all throughout the school system, educating the children of military soldiers in central Texas.

Now, for those who want to defeat the Green amendment, let me just mention what that is really saying. That says that it is okay for these soldiers fighting in Iraq today for our country to pay Social Security taxes, and then when they come back to Texas and retire, they are going to have their Social Security benefits cut because some opposed the Green amendment. I think that is unfair. It is not only unfair to the soldiers to have their Social Security benefits docked because we want to defeat the Green amendment, it is unfair to the children of military families who will not have the benefit of those retired soldiers teaching in our classrooms.

It was bad enough that the administration was trying to cut impact aid to help military kids' education during a time of war, it was worse yet when the Republican leadership pushed for a $28 billion cut in veterans benefits during a time of war; but now, to add insult to injury, I hope the teachers of Texas, Mr. Speaker, are listening to my Republican colleagues who, intended or not, would push a policy that will penalize soldiers fighting today in Iraq who want to teach our children tomorrow. That is wrong for our servicemen and women, it is wrong for the children of Texas, and it is wrong for this country.

Mr. SHAW. Mr. Speaker, I yield myself such time as I may consume to comment that I think the gentleman is figuring that all those soldiers are going to come back to Texas. That is nonsense. This has nothing to do with our soldiers.

Mr. Speaker, I yield 2 minutes to the gentleman from Georgia (Mr. COLLINS), a distinguished member of the Committee on Ways and Means.

Mr. COLLINS. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. THOMAS. Mr. Speaker, will the gentleman yield?

Mr. COLLINS. I yield to the gentleman from California.

Mr. THOMAS. Mr. Speaker, I thank the gentleman for yielding to me so that I might inform my friend, the gentleman from Texas (Mr. GREEN), that I am doing everything I can to fix the loopholes in the Tax Code. He is well aware that his party was in the majority for 40 years and they punched an awful lot of holes in that Tax Code. We are trying to plug it up just as rapidly as we can, but it will take a few more years to clean up 40 years of a mess

Mr. COLLINS. Mr. Speaker, reclaiming my time, I rise in full support of the bill as presented by the gentleman from Florida (Mr. SHAW), the chairman of the Subcommittee on Social Security.

With all the respect I have for the gentleman from Texas (Mr. GREEN) and what is he is attempting to do, I do have to oppose his amendment. I can appreciate what he is doing, what he is intending to do, but this is a very serious loophole that does exist. It has benefitted a number of teachers in Texas, it has benefitted a few from Georgia. There is a difference in how the teachers in each State went about it, but it is unfair to the majority of the population of this country who pay into the Social Security system based on their employment for years and years.

This has nothing to do with the government pension offset. It has nothing to do with the windfall benefit. It is all about spousal benefits, and it is a loophole that needs to be closed. It is one that has existed for some time. The Social Security commissioner has recommended that it be closed, the Government Accounting Office has also recommended it be closed, and as the chairman of the full committee mentioned, it can have benefits of upwards of almost $100,000 for those who may work 1 day or 1 year in the system that is covered by Social Security, having worked the majority of their time in a system that is not.

This has caused a lot of the districts in Georgia, the school districts who do not participate in Social Security, to lose teachers to other districts who do, and it is a loophole that needs to be closed.

□ 1345

Mr. GREEN of Texas. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I respect the gentleman from Georgia (Mr. COLLINS) with whom I have gone on trips to see our military, and this issue is also about the military. As the gentleman from Texas (Mr. EDWARDS) who represents Fort Hood pointed out, this will impact them unless we reform the government pension offset.

Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. REYES).

Mr. REYES. Mr. Speaker, I rise today in support of the Green substitute for H.R. 743. This substitute amendment contains all of the good elements of H.R. 743, and eliminates one very negative element, section 418, which negatively affects teachers and other public servants in my district of El Paso, Texas. I have heard from countless teachers in my district regarding this bill who will have their Social Security widow's benefit reduced so severely that their financial well-being will be devastated. The Green amendment fixes this.

Mr. Speaker, in addition, H.R. 743 also affects school support personnel, police officers, firefighters, and other public servants. At a time when multi-billion-dollar tax breaks are being offered to our country's top income earners, our teachers and other public servants should not be penalized. These are the very people we should be protecting.

Finally, Mr. Speaker, I want to speak to our veterans. If this issue sounds a lot like their concurrent receipt issue, that is because it is. And it is interesting that it is the Republican leadership that opposes both of these issues. Too bad it is okay to pass billions in tax relief to the wealthy but continue to undermine our working families. I urge my colleagues to show support for our teachers and vote in favor of the Green substitute amendment.

Mr. GREEN of Texas. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. TURNER).

Mr. TURNER of Texas. Mr. Speaker, not too many months ago I had a teacher in my office in East Texas in the city of Lufkin, sitting across the desk, crying because she had learned she would not receive any of her husband's Social Security survivor benefit because she had been employed for her entire career as a teacher.

The issue before us is not a discussion on loopholes, it is whether the

government pension offset is fair. Why should teachers, firefighters, law enforcement people, be denied their survivor benefits under Social Security simply because they have a government retirement benefit? The truth of the matter is if the lady sitting across the desk from me had worked for any other private company and had received a retirement benefit from them, she would still be eligible for her husband's survivor benefit.

So I would invite the distinguished chairman of the Committee on Ways and Means, who suggested that the Green amendment slows the pressure to change the government pension offset, to merely join with us in trying to amend this legislation; or, in the alternative, to join with the 172 other Members of this House in cosponsoring legislation, H.R. 594, that eliminates this unfair government pension offset.

We are here today to fight for our Texas teachers, to fight for our Texas firefighters and our Texas law enforcement people who are unfairly disadvantaged by a government pension offset that says to them, because they work for the government and they have a separate retirement program, then they are going to be denied the very Social Security benefit that their spouse worked and earned. We hope that those who are opposing us today will take a second look, join with us and try to correct this unfair provision.

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

Mr. Speaker, I would point out to the gentleman that if somebody is enjoying a private pension in the private sector, they also paid into Social Security, which is something that the teachers that the gentleman is referring to are not doing.

Mr. Speaker, I yield 3 minutes to the gentleman from Texas (Mr. BRADY).

Mr. BRADY of Texas. Mr. Speaker, there is a great deal of misinformation being spoken today. This has nothing to do with our soldiers overseas, because they do not have a loophole; or our firefighters or police officers, because they do not have a loophole. This does have a lot to do with the widows in America who do not have a loophole and are losing $450 million of their Social Security because one group has a loophole that no one else in America has.

Let us look at the average family in Texas because we have heard a lot of these examples. This is where the husband has made $1,000 a year as his retirement and the wife's retirement is $700. When he passes away, what happens? For almost everyone in America where both people work in Social Security, that benefit is $1,000. For other families that work and have a government pension, like our firefighters and policeman, or Federal workers, for example, who paid into their own private plan, they keep more, $1,233. They get more than most families in America.

But look at our Texas teacher. Because we have a loophole where they can go to work 1 day in Social Security and contribute $3 and collect over $100,000 more, they pull down $1,700 a month for widow's benefits that no one else in America can achieve. Not other teachers in other States, not the elderly in other States, no one in America. And because of this, this is draining not just $450 million now, but if we keep this loophole open, we will do more and more damage to everyone else in America who pays into Social Security.

Let me make a final point about this. Everyone's Social Security is offset. Members have what is called a dual-entitlement offset. That is 100 percent. Government workers is less, only 66 percent, two-thirds. Texas teachers, no offset whatsoever, so they receive many more benefits than the next-door neighbor who works hard, than Texas nurses, store clerks, the woman who takes care of our elderly in nursing homes, they do not have a loophole.

We are not going to have an America where there are two classes of citizens, those who have loopholes in Social Security and those who do not. This is about protecting the integrity of our Social Security system for every generation. If we do not close this loophole, we have lost all claim to protecting Social Security for the future.

Mr. GREEN of Texas. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Texas (Ms. JACKSON-LEE.)

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, because I support teachers, firefighters, police, and the United States military, I rise in support of this amendment.

Mr. Speaker, the Social Security Protection Act of 2003 was broken last time it came up on the floor. Many public servants in our districts noticed that and called and emailed and faxed us. We in Congress realized indeed it was broken and voted the bill down. But, here it is again—and it still has not been fixed. There is much good in this bill. If the Majority Leadership would take out the small error that will hurt our teachers and firefighters and police, this bill could be in front of the President soon. That would be a great service.

I commend my colleague and neighbor from Houston for his work in addressing the needs of our teachers—who are some of the hardest hit—in Texas. The Green Substitute will preserve all the good in the Social Security Protection Act, that so many of us have worked together in bipartisan fashion, to create. It will simply remove a single offensive provision, that was added in at the eleventh hour, and hits hard a group of people that I can't imagine anyone wanting to hit right now—when we are trying to improve our schools, when we are trying to bolster our first response capabilities, and when economic uncertainty abounds.

The Government Pension Offset (GPO) reduces or eliminates a Social Security widow's benefit if the widow is eligible for a pension based on a state, local or federal job that was not covered by Social Security. The GPO affects many individuals, but is especially harmful for teachers, police officers, and firefighters, and is particularly burdensome for lower income workers and women. A provision in current law, however, allows some state and local government employees to escape the application of the GPO if they switch jobs at the end of their government careers.

It is sad that we make dedicated employees jump through such hoops to get the benefits they deserve. I would like to totally revisit the GPO, but know that today is not the day to do it. Today, the best we can do is to keep this small loophole open and allow good people to continue to go into public service. I usually appreciate closing loopholes, but this one is too valuable to our schools and first responders.

As it stands, H.R. 743 modifies the last-day-exemption clause by requiring public servants to work an additional five years in order to receive a full spousal benefit. This legislation does nothing to remedy the GPO to make it fairer for public servants. There are many people who are interested in going into public service as a second career, but may not be able to work and then switch employment for five years. These people may not then be able to afford to serve. This is ridiculous at a time when needs are so great in our society.

The Green amendment strips this one, hidden, offensive provision in this otherwise noncontroversial bill. I urge my colleagues to support teachers, firefighters, police officers, and other public servants by supporting the Green amendment.

For example, last month I received a call from one woman in my District who was a teacher earlier in life. Her husband recently passed away and she has been contemplating going back into teaching. But she has been warned that she could actually jeopardize her financial future by going to work. As a widow, she will be entitled to her husband's social security benefits. However, if she starts to teach in a school district with a government non-Social Security pension, she could lose $360 per month in retirement benefits—over $4000 per year.

Why should she risk it? If H.R. 743 passes today as is, it won't be only she that loses. It will be our nation's children who lose—an experienced, intelligent teacher. The Green Substitute will allow her to help leave no child behind.

I will support the Green Substitute to H.R. 743, and urge my colleagues to do the same.

Mr. GREEN of Texas. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. ORTIZ).

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

Mr. ORTIZ. Mr. Speaker, the thing that we are trying to correct here today is we do not have a problem with the 50 school districts that pay Social Security, but we do have a problem with the 1,100 or more school districts where they are not allowed to pay Social Security. This is why the Green

amendment is a good amendment. We are trying to correct a deficiency that exists.

We have a lot of soldiers and sailors who are fighting this war. They do pay Social Security. When they come back and they decide to take up the profession of teaching, they are going to lose their benefits. This is a true fact. This is what we are trying to correct.

The teachers across the State of Texas are mostly women, and they are not wealthy people. If I had worked so many years and my spouse dies, I should be qualified to receive what my husband has paid into.

Mr. GREEN of Texas. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. SANDLIN), a member of the Committee on Ways and Means.

Mr. SANDLIN. Mr. Speaker, today the House stands to make a choice. We must choose to support our widowed teachers and public employees, or we choose to oppose them. The choice is ours. I am appalled that our friends on the other side of the aisle would take a stand against our teachers and claim that the teachers are receiving full spousal benefits and are engaged in a gimmick or a trick or a fraud. Obtaining spousal benefits is not a trick or a fraud. It is a payment for an entire lifetime of work by a spouse. It is a payment for an entire lifetime of a man and woman working together.

Saying that teachers receive Social Security for working 1 day of work is simply not true, and our friends on the other side of the aisle know it and it is embarrassing for them to say that. The real fraud in this is that the Democrats on the Committee on Ways and Means offered to fix this section by using the language of the Republicans if they would address the GPO. The Republicans said no. Clearly the Green amendment points out the total absurdity of the GPO. It is quite simple.

Here is the way, the Republican plan. If someone works for an insurance company, no offset. If someone works for a pharmaceutical company, no offset. If someone works for an HMO, no offset. But if that person is a teacher, there is an offset and their spouse's lifetime of work is absolutely meaningless. At least our friends on the other side of the aisle are consistent. They believe that neither the veterans nor the teachers should receive the benefits that they have earned from a lifetime of work. We saw that yesterday and we are seeing that today. Teachers work hard, they follow the rules. They are being rewarded for a lifetime of work with their spouse.

We should not be involved in changing the rules of the game in the middle of the game. Let us stand up for our teachers. Our teachers should be rewarded. Our teachers should not be punished. Let us support the Green amendment and do what we ought to do in this House.

Mr. SHAW. Mr. Speaker, I yield 1½ minutes to the gentleman from Missouri (Mr. HULSHOF).

Mr. HULSHOF. Mr. Speaker, I would say to the gentleman from Texas (Mr. TURNER), that tearful constituent of his is probably not scheming to game the system.

I would say to the gentleman from Texas (Mr. EDWARDS), I think it is a bit disingenuous to invoke our troops and our firefighters.

I would say to the gentleman from Texas (Mr. GREEN) who offers the amendment, the amendment would strip section 418 out of the underlying bill.

And I would again say to the gentleman from Texas (Mr. SANDLIN) who just spoke, would the following hypothetical be considered a gimmick, trick or fraud: A university professor who works his entire life as a university professor, works a single day as a janitor making $6 an hour, an 8-hour day, $48, and out of that paycheck, there is a $3 FICA withholding, is it a gimmick, a trick or a fraud for that $3 FICA withholding to then translate into roughly $100,000; $5,000 a year for 20 years of retirement?

Unfortunately, Mr. Speaker, that is not a gimmick, trick, or fraud. It is not even a hypothetical. It is a real-life example of something that has occurred that needs to be changed. A real janitor would not see that $100,000.

Mr. GREEN of Texas. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, let me say they are not receiving the benefits because of that 1 day, they are receiving them because they were married for at least 10 years to someone who paid into Social Security. That is the reason that they are receiving it. It is not hypothetical. We have people who have paid into Social Security for 40 years, and their spouses have received nothing. That is wrong.

Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. EDWARDS).

Mr. EDWARDS. Mr. Speaker, my Republican colleagues may not like the truth, but they cannot run from it. The truth is that by defeating the Green amendment, what they are saying to some of the thousands of soldiers from my district in the Iraqi theater today, that if they come back home to Texas and take advantage of the Troops to Teachers program passed by Congress to encourage them to become teachers, then their Social Security benefits are going to be reduced or eliminated. That is wrong. It is unfair. It discourages good people from going into the teaching profession. And I can tell Members, the school districts in my district value highly having these retired Army soldiers teaching in the classrooms. The other side may not like the facts, but they are going to have to accept them.

□ 1400

Mr. SHAW. Mr. Speaker, I yield 30 seconds to the gentleman from Texas (Mr. BRADY).

Mr. BRADY of Texas. Mr. Speaker, others may not like the facts either. My younger brother has been deployed as an Army medic in the 67th Brigade. He will be watching out for the 4th Infantry Division in the Persian Gulf, his second tour of duty. He does not have a loophole. He cannot work 1 day and collect $100,000. Yes, he has an offset like the rest of America has an offset. When we hear this said no one else has an offset, it is absolutely untrue. What we are trying to defend here is some of America that has a loophole and all the rest of us, firefighters, widows, the elderly have no loophole. We are protecting the security of Social Security.

Mr. GREEN of Texas. Mr. Speaker, I yield myself such time as I may consume.

To my really good friend and neighbor, that is the whole point of the debate. We should reform the government pension offset and not punish those who have found a way to deal with it.

Mr. Speaker, I yield 1 minute to the gentlewoman from Dallas, Texas (Ms. EDDIE BERNICE JOHNSON).

(Ms. EDDIE BERNICE JOHNSON of Texas asked and was given permission to revise and extend her remarks.)

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, I rise in support of the Green amendment. It is interesting as we sit here and listen to each other that the teaching profession is probably one of the most important professions there is. Not a single person here has gotten here without having some teachers. We do not pay them very much. It is one of the low-paying professions. And yet we do not want them to receive their spouses' Social Security. My Social Security is going to be offset with a pension. I am willing to allow that to go for making sure that the teachers after a long career of teaching can have a retirement, scraping together the pennies so they can live without going on a system that is no longer called welfare because we do not have it.

Mr. SHAW. Mr. Speaker, I reserve the balance of my time to close.

Mr. GREEN of Texas. Mr. Speaker, I think I have the right to close, and I reserve the balance of my time.

The SPEAKER pro tempore (Mr. SIMPSON). The gentleman from Florida has the right to close.

The gentleman from Texas has 2½ minutes remaining, and the gentleman from Florida has 2 minutes remaining.

Mr. GREEN of Texas. Mr. Speaker, I yield myself such time as I may consume.

The reason I am offering this amendment is because the underlying bill provides for this section 418. There are a lot of good provisions in the underlying bill, and people can vote for my amendment and still vote for the bill. There are other States with public employees like Texas. It just impacts Texas more than I guess other States, maybe Georgia or somewhere else, that reduces our spousal benefits because we have local governments that do not participate in Social Security. Only 50 of our school districts, the gentleman

from Texas (Mr. SAM JOHNSON), participate; but we have over 1,100 school districts, and that is a local decision. My wife as a teacher did not decide she would go to work for someone who paid Social Security. She went to work because she wanted to be a teacher, and that is the frustration because no one thinks about it until they realize later in their careers, wait a minute, I have been married for all these years and I am going to get penalized if my husband passes away?

Marriage is a contract. It is also a contract that says they have worked together for all those years and yet if they happen to be a public school teacher, tough luck for that marriage contract. They do not benefit. They get punished because they worked as a teacher and they did not pay into Social Security, but their spouse did, their husband did. Again, we are talking about 80 percent of the public schoolteachers in Texas and I am sure nation-wide, and I am sure this is a nation-wide problem. It is just that Texas has found a way around it, and yet you are going to punish Texas, and yet Georgia and other States have the same problem. Almost all these people are eligible for Medicare through their husbands, but none of them are eligible for their spousal benefit because of the government pension offset. The GPO is wrong, and I would not be here today if we had a bill come out to deal with the GPO on a fair basis, the government pension offset; but we are not.

I do not want to keep this loophole. I want it to treat fairly all the government employees who are being treated badly, but it affects teachers because they are the most in population. It affects firefighters and police officers also; but after a lifetime of being underpaid and they depend on their husband's Social Security or widow's benefits if they pass away and yet we take it away, and it is just frustrating to see that happen and to punish people. Yes, in Texas we found a way to deal with this wrong and you are punishing teachers because we have dealt with it instead of dealing with it in Congress, and that is what is wrong.

Mr. SHAW. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, people watching this debate may have noticed that the only speakers in favor of the gentleman from Texas's amendment are Members from the State of Texas. We have seen even Jessica Lynch, an American hero who has just been freed as a prisoner of war, brought into this debate. Jessica is going back to West Virginia to teach, and she is not going to get this loophole. We need to wipe it out. It is unfair, and it is gaming the system.

We have heard about people in the private sector, employees of HMOs, employees of automobile companies and all, they do not have the pension offset. They do not have it because they paid into Social Security. Why should they have an offset if they have paid into Social Security?

We have heard about the soldiers coming home. What type of a desperate argument is this? This has nothing to do with the soldiers anymore than someone right now who is struggling to get through college to go to teach themselves. Ladies and gentlemen, I will tell it to the 48 other States other than Texas and Georgia that you would be giving public employees in two States an advantage that they do not receive in the rest of the country. You will be giving to these teachers and these firefighters something that their teachers and their firefighters will not have. This is basically unfair. We are going to correct it.

We have heard about the pension offset. All of us have been talked about that. Our Federal employees, our retired Federal employees, they have all been into our office talking about the pension offset. That is going to cost us $9 billion if we are able to do something with it, and I would like to address that; and Mr. MATSUI and I have agreed to have hearings on it, and we are going to look to ways in order to try to do that, but that has nothing to do with this vote, absolutely nothing to do with it. This has only to do with a handful of public employees who are gaming the system in the State of Texas and even a smaller number in the State of Georgia. Vote ''no'' on the Green amendment. Vote ''yes'' on the bill. It is a good bill, and it is time that we clean this up.

The SPEAKER pro tempore. Pursuant to House Resolution 168, the previous question is ordered on the bill, as amended, and on the further amendment by the gentleman from Texas (Mr. GREEN).

The question is on the amendment in the nature of a substitute offered by the gentleman from Texas (Mr. GREEN).

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. GREEN of Texas. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 196, nays 228, not voting 10, as follows:

[Roll No. 100]

YEAS—196

Ackerman
Alexander
Allen
Andrews
Baca
Baldwin
Ballance
Becerra
Bell
Berkley
Berman
Berry
Bilirakis
Bishop (GA)
Bishop (NY)
Blumenauer
Bonilla
Boswell
Boucher
Boyd
Brady (PA)
Brown (OH)
Brown, Corrine
Burgess
Burns
Capps
Capuano
Cardin
Cardoza
Carson (IN)
Carson (OK)
Carter
Case
Clay
Clyburn
Conyers
Costello
Crowley
Cummings
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dingell
Doggett
Edwards
Emanuel
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Ford
Frank (MA)
Frost
Gillmor
Gonzalez
Gordon
Granger
Green (TX)
Grijalva
Gutierrez
Hall
Harman
Hastings (FL)
Hefley
Hill
Hinchey
Hinojosa
Hoeffel
Holt
Honda
Hooley (OR)
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson (IL)
Johnson, E. B.
Jones (OH)
Kaptur
Kennedy (RI)
Kildee
Kilpatrick
Kind
Kleczka
Kucinich
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Levin
Lewis (GA)
Lofgren
Lowey
Lucas (KY)
Lynch
Majette
Maloney
Markey
Marshall
Matheson
Matsui
McCarthy (NY)
McCollum
McDermott
McGovern
McIntyre
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Michaud
Millender-McDonald
Miller (NC)
Miller, George
Mollohan
Moore
Moran (VA)
Nadler
Napolitano
Neal (MA)
Oberstar
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Paul
Payne
Pelosi
Peterson (MN)
Price (NC)
Rahall
Rangel
Reyes
Rodriguez
Ross
Rothman
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sanchez, Linda T.
Sanchez, Loretta
Sanders
Sandlin
Schakowsky
Schiff
Scott (GA)
Scott (VA)
Serrano
Sherman
Skelton
Slaughter
Solis
Spratt
Stark
Stenholm
Strickland
Stupak
Tanner
Tauscher
Thompson (CA)
Thompson (MS)
Tierney
Towns
Turner (TX)
Udall (CO)
Udall (NM)
Van Hollen
Velazquez
Visclosky
Waters
Watson
Watt
Waxman
Weiner
Wexler
Woolsey
Wu
Wynn

NAYS—228

Abercrombie
Aderholt
Akin
Bachus
Baird
Baker
Ballenger
Bartlett (MD)
Barton (TX)
Bass
Beauprez
Bereuter
Biggert
Bishop (UT)
Blackburn
Blunt
Boehlert
Boehner
Bonner
Bono
Boozman
Bradley (NH)
Brady (TX)
Brown (SC)
Brown-Waite, Ginny
Burr
Burton (IN)
Buyer
Calvert
Camp
Cannon
Cantor
Capito
Castle
Chabot
Chocola
Coble
Cole
Collins
Cooper
Cox
Cramer
Crane
Crenshaw
Cubin
Culberson
Cunningham
Davis, Jo Ann
Davis, Tom
Deal (GA)
DeLay
DeMint
Diaz-Balart, L.
Diaz-Balart, M.
Dicks
Dooley (CA)
Doolittle
Doyle
Dreier
Duncan
Dunn
Ehlers
Emerson
English
Everett
Feeney
Ferguson
Flake
Fletcher
Foley
Forbes
Fossella
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gingrey
Goode
Goodlatte
Goss
Graves
Green (WI)
Greenwood
Gutknecht
Harris
Hart
Hastings (WA)
Hayes
Hayworth
Hensarling
Herger
Hobson
Hoekstra
Holden
Hostettler
Houghton
Hulshof
Hunter
Isakson
Issa
Istook
Janklow
Jenkins
Johnson (CT)
Johnson, Sam
Jones (NC)
Kanjorski
Keller
Kelly
Kennedy (MN)
King (IA)
King (NY)
Kingston
Kirk
Kline
Knollenberg
Kolbe
LaHood
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (OK)
Manzullo
McCotter
McCrery
McHugh
McKeon
Mica
Miller (FL)

Miller (MI)
Miller, Gary
Moran (KS)
Murphy
Murtha
Musgrave
Myrick
Ney
Northup
Norwood
Nunes
Nussle
Obey
Osborne
Ose
Otter
Oxley
Pearce
Pence
Peterson (PA)
Petri
Pickering
Pitts
Platts
Pombo
Pomeroy
Porter
Portman
Pryce (OH)
Putnam
Quinn
Radanovich
Ramstad
Regula
Rehberg
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Royce
Ryan (WI)
Ryun (KS)
Sabo
Saxton
Schrock
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simmons
Simpson
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Stearns
Sullivan
Sweeney
Tancredo
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thornberry
Tiahrt
Tiberi
Toomey
Turner (OH)
Upton
Vitter
Walsh
Wamp
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Young (AK)
Young (FL)

NOT VOTING—10

Barrett (SC)
Combest
Davis (TN)
Gephardt
Hyde
McCarthy (MO)
McInnis
Nethercutt
Souder
Walden (OR)

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. SIMPSON) (during the vote). Members are reminded that there are 2 minutes remaining on this vote.

□ 1428

Ms. GINNY BROWN-WAITE of Florida, and Messrs. SHERWOOD, CRENSHAW, BACHUS, GARY G. MILLER of California, MCHUGH, REYNOLDS, ISTOOK, PORTER, DOOLEY of California and REGULA changed their vote from ''yea'' to ''nay.''

Mrs. JONES of Ohio and Mr. HEFLEY changed their vote from ''nay'' to ''yea.''

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

□ 1430

MOTION TO RECOMMIT OFFERED BY MR. GREEN OF TEXAS

Mr. GREEN of Texas. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore (Mr. SIMPSON). Is the gentleman opposed to the bill?

Mr. GREEN of Texas. Yes, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. GREEN of Texas moves to recommit the bill, H.R. 743, to the Committee on Ways and Means with instructions to report the same back to the House promptly with an amendment addressing the concerns of Federal, State, and local government employees about the government pension offset under title II of the Social Security Act.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Texas (Mr. GREEN) is recognized for 5 minutes in support of his motion.

Mr. GREEN of Texas. Mr. Speaker, I know a lot of Members thought that last battle was just because of Texas teachers, firefighters, or police officers; and it is, but simply because Texas has found a way to deal with the government pension offset. Another State, Georgia, has tried and is doing the same thing.

We need to reform the government pension offset. A lot of Members have told me, we are going to vote for you, we are going to vote against you, but we need to reform it. This is what this motion to recommit says, to report back. It instructs the Committee on Ways and Means with instructions to report the same back to the House promptly with an amendment addressing the concerns of Federal, State, and local employees about the government pension offset under title II of the Social Security Act.

During the last 3 or 4 years, there have been bills introduced in this House that have been bipartisan. We have had at times 218 cosponsors of legislation to reform the government pension offset and have not had a hearing.

We have a bill right now, H.R. 594, that has at least 50 Republican cosponsors, and has about 175, and I think it has only been out for a few weeks for cosponsorship, to reform the government pension offset. This is our way to use our rules to be able to say to one of our committees, whether it is my Committee on Energy and Commerce or something else, to say we want to reform the government pension offset. That is why we want to send this bill back. They can reform it and send it back to us. That is what this is about.

If Members want to reform the government pension offset, if they want to take a benefit for not only teachers in Texas but teachers all across the country, Federal employees, military, because the government pension offset affects everyone who is a public employee, then we need to reform it. That is the job of our committee, the Committee on Ways and Means.

I would hope that Members would vote for this motion. That way, we would actually see this vote on the floor of the House that I have not seen until the last few weeks dealing with the government pension offset.

Mr. Speaker, I yield 1 minute to my colleague, the gentleman from Texas (Mr. DOGGETT).

Mr. DOGGETT. Mr. Speaker, about 200 of us have regularly signed on as cosponsors to the legislation of our colleague, the gentleman from California (Mr. MCKEON), to repeal the Government Pension Offset. In the Committee on Ways and Means, a more modest proposal would simply cut the government pension offset in half. It is authored by the gentleman from Florida (Mr. SHAW) and was joined by a number of Republicans on that committee.

In the committee, we sought not to leave some special provision that Texas teachers have used to protect themselves. We said instead, ''solve that problem.'' We did not use our language to correct the government pension offset; but we took verbatim the language of the gentleman from Florida (Mr. SHAW), his words, joined by four or five Republican members of the Committee.

This motion would permit us to go back and get the correction that all of us have said we want. I do not believe those who suffer from this offset want merely a promise in every pot. They do not want just a committee hearing; they want action. With this motion to recommit, we would get that action and get it promptly for all the firefighters, police officers, and teachers in all the 50 States who deserve to have that done.

Mr. GREEN of Texas. Mr. Speaker, it is frustrating, because a lot of us have heard from our public employees across the country and in our districts. They are frustrated when they find out they get penalized, even though they did pay into Social Security. Or in the case of teachers in Texas who do not have the option because of their local school district decision, they do not even receive their widow's benefits without such a penalty. That is what is frustrating.

We need to reform the government pension offset. That is what the committee should do, and that is what this motion to instruct would do. I urge an ''aye'' vote.

Mr. THOMAS. Mr. Speaker, I rise in opposition to the motion to recommit.

The SPEAKER pro tempore. The gentleman from California (Mr. THOMAS) is recognized for 5 minutes.

Mr. THOMAS. Mr. Speaker, the gentleman from California who is interested in dealing with the teachers' issues is named BUCK MCKEON. We have talked about him as a good $1 bill, the gentleman from California (Mr. MCKEON).

I want Members to know this motion to recommit is a $3 bill. If Members have never seen a $3 bill, all Members have to do is look at this motion to recommit. As we all know, there is no such thing as legal tender that is a $3 bill.

What this motion to recommit does is it kills the bill. I ask the freshmen to listen carefully. If this motion to recommit said ''report the same back to the House forthwith,'' a little word, ''forthwith'', what the gentleman from Texas (Mr. GREEN) was talking about could possibly occur. But he used the word ''promptly'' knowingly, because they know that a motion to recommit with the word ''promptly'' in it kills the bill.

Let me tell the Members what this motion to recommit really does: it says that the Social Security Administration cannot withhold tax refunds of people who cheat other taxpayers. It

says that the Social Security Administration cannot impose monetary penalties on those who mismanage benefits. If says that we cannot create new civil monetary penalties for Social Security fraud.

In other words, if people are for the good stuff that is in the bill, they are against this motion to recommit. The motion to recommit cannot add what they said it does because of the way it is written, it is very simple.

There was not a lot of honest debate on the amendment, and this motion to recommit is not an honest amendment to recommit. It is a motion to kill. Let us vote ''no'' on this so we can get on to the basic business of passing a very important and helpful bill. Vote ''no'' on this $3 bill, the motion to recommit.

PARLIAMENTARY INQUIRY

Mr. GREEN of Texas. Parliamentary inquiry, Mr. Speaker.

The SPEAKER pro tempore. The gentleman may inquire.

Mr. GREEN of Texas. I do not know about a $3 bill, but maybe the Committee on Ways and Means could get one printed.

Mr. Speaker, it is my understanding that under our House rules that we are required to use the word ''promptly'' instead of ''forthwith'' because we now have had a budget resolution. I would ask, is that correct?

The SPEAKER pro tempore. The Chair cannot anticipate the propriety of another kind of motion.

Mr. GREEN of Texas. I withdraw the parliamentary inquiry, Mr. Speaker.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. GREEN of Texas. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. Pursuant to clause 9 of rule XX, the Chair will reduce to 5 minutes the minimum time for any electronic vote on the question of passage.

The vote was taken by electronic device, and there were—ayes 203, noes 220, not voting 11, as follows:

[Roll No. 101]

AYES—203

Abercrombie
Ackerman
Alexander
Allen
Andrews
Baca
Baird
Baldwin
Ballance
Becerra
Bell
Berkley
Berman
Berry
Bishop (GA)
Bishop (NY)
Blumenauer
Boswell
Boucher
Boyd
Brady (PA)
Brown (OH)
Brown, Corrine
Capps
Capuano
Cardin
Cardoza
Carson (IN)
Carson (OK)
Case
Clay
Clyburn
Conyers
Cooper
Costello
Cramer
Crowley
Cummings
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Doggett
Dooley (CA)
Doyle
Edwards
Emanuel
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Ford
Frank (MA)
Frost
Gonzalez
Gordon
Green (TX)
Grijalva
Gutierrez
Hall
Harman
Hastings (FL)
Hill
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Honda
Hooley (OR)
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson, E. B.
Jones (OH)
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kilpatrick
Kind
Kleczka
Kucinich
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Lucas (KY)
Lynch
Majette
Maloney
Markey
Marshall
Matheson
Matsui
McCarthy (NY)
McCollum
McDermott
McGovern
McIntyre
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Michaud
Millender-McDonald
Miller (NC)
Miller, George
Mollohan
Moore
Moran (VA)
Murtha
Nadler
Napolitano
Neal (MA)
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Rodriguez
Ross
Rothman
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sabo
Sanchez, Linda T.
Sanchez, Loretta
Sanders
Sandlin
Schakowsky
Schiff
Scott (GA)
Scott (VA)
Serrano
Sherman
Skelton
Slaughter
Smith (WA)
Snyder
Solis
Spratt
Stark
Stenholm
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Tierney
Towns
Turner (TX)
Udall (CO)
Udall (NM)
Van Hollen
Velazquez
Visclosky
Waters
Watson
Watt
Waxman
Weiner
Wexler
Woolsey
Wu
Wynn

NOES—220

Aderholt
Akin
Bachus
Baker
Ballenger
Barrett (SC)
Bartlett (MD)
Barton (TX)
Bass
Beauprez
Bereuter
Biggert
Bilirakis
Bishop (UT)
Blackburn
Blunt
Boehlert
Boehner
Bonilla
Bonner
Bono
Boozman
Bradley (NH)
Brady (TX)
Brown (SC)
Brown-Waite, Ginny
Burgess
Burns
Burr
Burton (IN)
Buyer
Calvert
Camp
Cannon
Cantor
Capito
Carter
Castle
Chabot
Chocola
Coble
Cole
Collins
Cox
Crane
Crenshaw
Cubin
Culberson
Cunningham
Davis, Jo Ann
Davis, Tom
Deal (GA)
DeLay
DeMint
Diaz-Balart, L.
Diaz-Balart, M.
Doolittle
Dreier
Duncan
Dunn
Ehlers
Emerson
English
Everett
Feeney
Ferguson
Flake
Fletcher
Foley
Forbes
Fossella
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Goode
Goodlatte
Goss
Granger
Graves
Green (WI)
Greenwood
Gutknecht
Harris
Hart
Hastings (WA)
Hayes
Hayworth
Hefley
Hensarling
Herger
Hobson
Hoekstra
Hostettler
Houghton
Hulshof
Hunter
Isakson
Issa
Istook
Janklow
Jenkins
Johnson (CT)
Johnson (IL)
Johnson, Sam
Jones (NC)
Keller
Kelly
Kennedy (MN)
King (IA)
King (NY)
Kingston
Kirk
Kline
Knollenberg
Kolbe
LaHood
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas (OK)
Manzullo
McCotter
McCrery
McHugh
McKeon
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Moran (KS)
Murphy
Musgrave
Myrick
Ney
Northup
Norwood
Nunes
Nussle
Osborne
Ose
Otter
Oxley
Pearce
Pence
Peterson (PA)
Petri
Pickering
Platts
Pombo
Porter
Portman
Pryce (OH)
Putnam
Quinn
Radanovich
Ramstad
Regula
Rehberg
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Royce
Ryan (WI)
Ryun (KS)
Saxton
Schrock
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simmons
Simpson
Smith (MI)
Smith (NJ)
Smith (TX)
Stearns
Sullivan
Sweeney
Tancredo
Tauzin
Taylor (NC)
Terry
Thomas
Thornberry
Tiahrt
Tiberi
Toomey
Turner (OH)
Upton
Vitter
Walsh
Wamp
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Young (AK)
Young (FL)

NOT VOTING—11

Combest
Davis (TN)
Gephardt
Hyde
McCarthy (MO)
McInnis
Nethercutt
Paul
Pitts
Souder
Walden (OR)

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). Members are advised that approximately 2 minutes remain in this vote.

□ 1454

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. SIMPSON). The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. SHAW. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 396, noes 28, not voting 10, as follows:

[Roll No. 102]

AYES—396

Abercrombie
Ackerman
Aderholt
Akin
Alexander
Allen
Andrews
Baca
Bachus
Baird
Baker
Baldwin
Ballance
Ballenger
Barrett (SC)
Bartlett (MD)
Barton (TX)
Bass
Beauprez
Becerra
Bereuter
Berkley
Berman
Berry
Biggert
Bilirakis
Bishop (GA)
Bishop (NY)
Bishop (UT)
Blackburn
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonner
Bono
Boozman
Boswell
Boucher
Boyd
Bradley (NH)
Brady (PA)
Brady (TX)
Brown (OH)
Brown (SC)
Brown, Corrine
Brown-Waite, Ginny
Burgess
Burns
Burr
Burton (IN)
Buyer
Calvert
Camp
Cannon
Cantor
Capito
Capps
Capuano
Cardin
Cardoza
Carson (IN)
Carson (OK)
Case
Castle
Chabot
Chocola
Clay
Clyburn
Coble
Cole
Collins
Cooper
Costello
Cox
Cramer
Crane
Crenshaw
Crowley

Cubin
Culberson
Cummings
Cunningham
Davis (AL)
Davis (CA)
Davis (FL)
Davis, Tom
Deal (GA)
DeFazio
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart, L.
Diaz-Balart, M.
Dicks
Dingell
Dooley (CA)
Doolittle
Doyle
Dreier
Duncan
Dunn
Ehlers
Emanuel
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Farr
Fattah
Feeney
Ferguson
Filner
Flake
Fletcher
Foley
Forbes
Ford
Fossella
Frank (MA)
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Goode
Goodlatte
Gordon
Goss
Graves
Green (WI)
Greenwood
Grijalva
Gutierrez
Gutknecht
Harman
Harris
Hart
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Hensarling
Herger
Hill
Hinchey
Hobson
Hoeffel
Hoekstra
Holden
Holt
Honda
Hooley (OR)
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Inslee
Isakson
Israel
Issa
Istook
Janklow
Jefferson
Jenkins
John
Johnson (CT)
Johnson (IL)
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Keller
Kelly
Kennedy (MN)
Kennedy (RI)
Kildee
Kilpatrick
Kind
King (IA)
King (NY)
Kingston
Kirk
Kleczka
Kline
Knollenberg
Kolbe
Kucinich
LaHood
Langevin
Lantos
Larsen (WA)
Larson (CT)
Latham
LaTourette
Leach
Lee
Levin
Lewis (CA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Lynch
Majette
Maloney
Manzullo
Markey
Marshall
Matheson
Matsui
McCarthy (NY)
McCollum
McCotter
McCrery
McDermott
McGovern
McHugh
McIntyre
McKeon
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Mica
Millender-McDonald
Miller (FL)
Miller (MI)
Miller (NC)
Miller, Gary
Miller, George
Mollohan
Moore
Moran (KS)
Moran (VA)
Murphy
Murtha
Musgrave
Myrick
Nadler
Napolitano
Neal (MA)
Ney
Northup
Norwood
Nunes
Nussle
Oberstar
Obey
Olver
Osborne
Ose
Otter
Owens
Oxley
Pallone
Pascrell
Pastor
Payne
Pearce
Pelosi
Pence
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Platts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Putnam
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Rehberg
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Ross
Rothman
Roybal-Allard
Royce
Ruppersberger
Ryan (OH)
Ryan (WI)
Ryun (KS)
Sabo
Sanchez, Linda T.
Sanchez, Loretta
Sanders
Saxton
Schiff
Schrock
Scott (GA)
Scott (VA)
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shuster
Simmons
Simpson
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Solis
Souder
Spratt
Stark
Stearns
Strickland
Stupak
Sullivan
Sweeney
Tancredo
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Tiahrt
Tiberi
Toomey
Towns
Turner (OH)
Udall (CO)
Udall (NM)
Upton
Van Hollen
Velazquez
Visclosky
Vitter
Walsh
Wamp
Waters
Watt
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOES—28

Bell
Carter
Conyers
Davis (IL)
Doggett
Edwards
Frost
Gonzalez
Granger
Green (TX)
Hall
Hinojosa
Jackson (IL)
Jackson-Lee (TX)
Johnson, E. B.
Lampson
Lewis (GA)
Michaud
Ortiz
Paul
Reyes
Rodriguez
Rush
Sandlin
Schakowsky
Stenholm
Turner (TX)
Watson

NOT VOTING—10

Combest
Davis (TN)
Davis, Jo Ann
Gephardt
Hyde
McCarthy (MO)
McInnis
Nethercutt
Tierney
Walden (OR)

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. SIMPSON) (during the vote). Members are advised 2 minutes remain in this vote.

□ 1501

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 857

Mr. SWEENEY. Mr. Speaker, I ask unanimous consent that the gentleman from Washington (Mr. SMITH) be removed as a cosponsor of H.R. 857.

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

There was no objection.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 660 AND H.R. 1014

Mrs. CHRISTENSEN. Mr. Speaker, I ask unanimous consent to have my name removed as a cosponsor of H.R. 660 and H.R. 1014.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from the Virgin Islands?

There was no objection.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H. RES. 59

Ms. LORETTA SANCHEZ of California. Mr. Speaker, I ask unanimous consent to have my name removed as a cosponsor of H. Res. 59.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from California?

There was no objection.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12(a) of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 3 o'clock and 3 minutes p.m.), the House stood in recess subject to the call of the Chair.

□ 1727

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. HENSARLING) at 5 o'clock and 27 minutes p.m.

REPORT ON H.R. 1559, EMERGENCY WARTIME SUPPLEMENTAL APPROPRIATIONS ACT FOR FISCAL YEAR 2003

Mr. YOUNG of Florida, from the Committee on Appropriations, submitted a privileged report (Rept. No. 108–55) on the bill (H.R. 1559) making emergency wartime supplemental appropriations for the fiscal year ending September 30, 2003, and for other purposes, which was referred to the Union Calendar and ordered to be printed.

The SPEAKER pro tempore. Pursuant to clause 1, rule XXI, all points of order are reserved on the bill.

HONORING PRIME MINISTER TONY BLAIR WITH CONGRESSIONAL GOLD MEDAL

(Ms. GINNY BROWN-WAITE of Florida asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. GINNY BROWN-WAITE of Florida. Mr. Speaker, I rise today to tell my colleagues about a bill I introduced 2 days ago. It is H.R. 1511. The purpose is to honor British Prime Minister Tony Blair with a Congressional Gold Medal.

Mr. Blair is a true ally and friend to this country and has shown incredible leadership, resolve, and solidarity with the United States in recent months. I thank him for his friendship, and I want to honor his commitment and contribution to this country by bestowing him with this honor.

The Congressional Gold Medal is the highest expression of national appreciation for distinguished achievement and contributions to the United States that Congress can offer to any individual. The Congressional Gold Medal of Honor was originally created by this body in 1776 to recognize military leaders, and the first recipient was George Washington.

Since that time, the award has evolved to include world leaders and humanitarians as well. Great Britain has long been one of America's closest friends and staunchest allies. I thank the Prime Minister and Great Britain for the loyalty, resolve, and support they have shown throughout this most recent conflict. I ask my colleagues to join me in supporting this resolution to pay tribute to a great man and a great leader.

□ 1730

GENERAL LEAVE

Ms. GINNY BROWN-WAITE of Florida. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 743.

The SPEAKER pro tempore (Mr. HENSARLING). Is there objection to the request of the gentlewoman from Florida?

There was no objection.

SPECIAL ORDERS

The SPEAKER pro tempore (Ms. GINNY BROWN-WAITE of Florida). Under the Speaker's announced policy of January 7, 2003, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

AMERICAN PARITY ACT

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

Mr. DEFAZIO. Madam Speaker, tomorrow the United States House of Representatives will vote to borrow $75 billion as an emergency supplemental: some of the funds to support our troops in Iraq; some for large new discretionary or a slush fund to be made available to the President, the Secretary of Defense and others; some $10 billion in foreign aid, military assistance; $2.4 billion for Iraq itself, and now $700 million of that is humanitarian assistance. But the rest is to help rebuild Iraq, and I will go into that in a moment.

But the thing is that the House is going to vote to borrow this money. We are not going to revisit the tax cuts. We are headed toward a record deficit this year; but we will not revisit the tax cuts, more than half of which in this House of Representatives are targeted toward the wealthiest in this country, those who earn over $273,000 a year, an average of $90,000 for every millionaire in those tax cuts. God forbid we should ask them to help contribute to this emergency, that we should reduce their tax cuts and not borrow this money but collect the funds from those who can afford to help contribute. But that is where this House of Representatives is headed.

The gentleman from Illinois (Mr. EMANUEL) and I hope to offer an amendment. We will go to the Committee on Rules. I expect we will be denied, but our amendment in principle is very simple, and that is to say if the United States House of Representatives is going to borrow $1.7 billion to begin to implement contracts, which I have here, from the Federal Government of the United States to provide universal health care in Iraq, which of course 44 million Americans have no health insurance whatsoever, tens of thousands of Oregonians, to rebuild their highways and bridges, and we have a $4 billion bridge problem in Oregon, about a $270 billion bridge problem nationwide, we are going to borrow money to do that in Iraq. We are going to borrow to build 6,000 schools in Iraq when we do not have enough money to educate our kids here, and we are going to borrow money for a number of other things: airports, sewer, water, and a whole host of infrastructure. But guess what, there is not a penny in this bill for the economic recovery of the United States of America.

I lost another 800 jobs in my district today. Where is our assistance? Where is our economic stimulus? It is not in the tax cuts for the wealthy and trickle-down. It is not in borrowing more funds to fund this, driving us further in debt and ultimately driving up interest rates in this country. There is a more responsible way to approach this, and there is also a way to approach it so that we are responsible to the American people. Fund this by reducing the tax cuts or eliminating the tax cuts.

The United States of America is at war. This would be the first time in the history of our Nation that we have reduced taxes in a time of war, and we are reducing taxes at a time when we are headed already for a record deficit. We are looking at doubling the national debt probably in the next decade. We are going to have the economic profile of Argentina with a $500 billion trade deficit on top of this, but we are going to borrow the money.

And what are our kids going to come home to if we do not invest here in the United States of America? They are going to come home to the bill, not in the first couple of years they come home; but when they get a little bit older, they are going to come home to that bill. That bill is going to come home to them. And they may well not come home to good jobs because we are failing to stimulate the economy. We could act much more responsibly in this body in approaching this situation, but I fear we will not.

But I will go to the Committee on Rules. I will pretend that this is on the up and up and ask them to allow us a vote on the American Parity Act. That is to say, for every dollar we spend on health care, on schools, bridges, highways, water infrastructure, all needs well documented in our Nation and in Iraq, there should be a comparable dollar sent down to the States; and preferably this money should not come from borrowing. It should come from reducing tax cuts to the wealthiest among us who could at least do a little bit to help share this burden.

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

(Mr. BURTON of Indiana addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

SUPPORT AMERICA'S TROOPS

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

Mr. SKELTON. Madam Speaker, yesterday the House of Representatives overwhelmingly passed Concurrent Resolution 109, a resolution that calls on families of America's servicemembers to display the Blue Star and Gold Star banners in their homes or in their businesses. The gentleman from Arizona (Mr. SHADEGG), the gentleman from California (Mr. HUNTER), and I asked families to restore this proud tradition, first established during the First World War and because our country is at war in the Middle East and around the world in the fight against terrorism.

I want to take this opportunity to encourage all Members of Congress, and indeed all Americans, to support our men and women in uniform, now and in the days ahead. I would like to explain why and suggest a few ways in which we could do something concrete to benefit our troops. When our Nation calls, servicemen and women volunteer. They volunteer to be the point of the spear, protecting the Nation's interests both here and abroad. Today we have an all-volunteer force, and let me say it is the finest, best-trained fighting force the world has ever seen. It is not just the 1.4 million active duty servicemembers I am referring to. There are also 875,000 citizen soldiers, National Guardsmen and Reservists, part-time volunteers who serve when called. A growing number of these service soldiers have been called. They have been called to serve on multiple deployments over the past decade. Over 218,000 National Guardsmen and Reservists have been activated since September 11, 2001. Over 31,000 of those are now serving in Iraq.

The question is what can we do to show our appreciation to these dedicated men and women. Let me make a few suggestions.

First, Members of Congress can reach out to the troops and their families in their districts. I urge my colleagues to visit the National Guard armories in their towns and cities across the country and talk with the servicemembers, talk with their families, or visit a Reserve center or active military base and spend time with these brave and courageous individuals. In the district I am privileged to serve is Whitman Air Force Base, the home of the B–2 bomber; and Fort Leonard Wood, which has an engineer battalion that is deployed.

While I have always been a great believer in getting out and spending time with our troops, there are other ways we can support our military. Because of heightened security concerns, the Defense Department has discouraged Americans from sending letters and parcels to our deployed troops. However, the Department has a virtual thank you card at Defend America Web site which I will make available

through the CONGRESSIONAL RECORD. Or one may want to send an e-mail greeting through Operation Dear Abby, which I will make available through the CONGRESSIONAL RECORD.

To help servicemembers stay in contact with loved ones back home, donations to Operation Uplink at a CONGRESSIONAL RECORD address will help provide calling cards to the troops.

During these times of conflict, recognition of our men and women in uniform grows. It does not take too many hours of watching our troops in action on the television to know that they are demonstrating acts of heroism on a daily basis. As we Members of Congress have an obligation to let our men and women know that we appreciate and admire their contribution to our national security, visiting facilities in our districts and using the Internet are just two ways we can let our servicemen and women know that we appreciate what they are doing for our country.

Let me say that I know some of my colleagues do not agree with how the United States came to be involved in this war. Some Members feel the United Nations weapons inspectors should have been given more time to look for weapons of mass destruction. Others believe we did not exhaust all of our diplomatic options. I think it is of paramount importance that we support the troops, the men and women in uniform who are literally putting their lives on the line for our country, the United States of America, regardless of whether one agrees with the war itself or not. And I hope my colleagues will take these words of advice to heart.

More than 65 servicemembers have died since the global war on terrorism began, and over 200 have been wounded or injured. These individuals and their families having sacrificed for our freedom, and our thoughts and our prayers are with them. The Nation will not forget the price these servicemembers have paid to defend our country and the freedoms and our interests. I hope that all Members will take advantage of the opportunities we have as Members of Congress to show our men and women in uniform that we care, that we really care.

SUPPORTING OUR TROOPS

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

Mr. HENSARLING. Madam Speaker, I rise today to urge all of my colleagues and to urge all Americans to unite and support our troops now engaged in battle in Iraq. Our Commander in Chief, with the approval of Congress, called our Armed Forces into action to disarm a rogue regime that threatens our freedom and our security.

With our troops now in the line of fire, with more than four dozen Americans having made the ultimate sacrifice for freedom, the time for protest has passed. The time for unity has arrived.

Madam Speaker, we live in a free society. We all share the right to debate the best policies for our Nation; and in a free society each of us also have the right to assemble and to protest. These are sacred rights; but once our Nation, through our democratic process, has decided to commit troops and once those troops have been put into harm's way, the time for debate and protest is over.

Just as we share sacred rights, we also share sacred duties. Today with American troops in the field, we all share a duty to unite behind them and ensure that our actions do them no harm. But, Madam Speaker, even as recently as yesterday, Democrat Members of Congress were still denouncing Operation Iraqi Freedom. And Madam Speaker, if just one of these floor speeches by a Member of Congress, if just one acceptance speech by a Hollywood director, if just one street protest causes Saddam Hussein and his forces to continue the fight for 1 day longer, then those responsible would have done a terrible, terrible disservice to those serving so bravely in our name.

□ 1745

Now, I would never question Americans' right to speak or protest. I only question the wisdom of doing so at this time. No matter what political beliefs we hold we are all Americans, and those soldiers in uniform fighting on the front lines are our sons and daughters, our brothers and sisters, our mothers and fathers. Those who undertake further protest at this point only fuel the resolve of our enemy, and they must take full responsibility for their actions.

Now, perhaps some need to be reminded why we are fighting and what we are fighting against.

Americans were sent to disarm an evil regime that has stockpiled weapons of mass destruction that threaten the peace and security of the Free World. Madam Speaker, 26,000 liters of anthrax, 38,000 liters of botulinum toxin, 500 tons of sarin, mustard gas, and VX nerve agents; enough chemical and biological weapons to kill hundreds of thousands of Americans in a single act of terrorism.

I agree with our President. The risk of doing nothing is far greater than the risk of doing something.

Madam Speaker, Americans were also sent to Iraq to end a regime of terror, a regime that has used chemical weapons against their own people, a regime that has made rape and torture an instrument of public policy, and now a regime that uses innocent people as human shields and savagely executes prisoners of war.

Just ask a 68-year-old mother, Zahra Khafi, why we are in Iraq. As she was recently liberated by American forces, she let it be known that her 28-year-old son was summarily executed by Saddam's regime for merely practicing her religion. She greeted our troops saying, ''Peace be upon you, peace be upon you.''

''Should I be afraid?'' She asked, wiping back her tears. ''Is Saddam coming back?''

Ask Ali Khemy, who said after the First Marine Expeditionary Unit liberated his village, ''Americans very good. Iraq wants to be free.''

Madam Speaker, President Ronald Reagan once said, ''No weapon in the arsenals of the world is so formidable as the will and moral courage of free men and women.'' Madam Speaker, the minions of tyranny and evil are learning that lesson today.

Now, our Nation has faced much greater challenges and has seen darker days. During the Civil War when brother fought brother, our great President, Abraham Lincoln solemnly stated, ''I have often been driven to my knees with the overwhelming conviction I had nowhere else to go.''

I believe now is a good time for all Americans to be driven to our knees, to pray for a speedy victory, to pray for our men and women in uniform, to pray for their families and pray for a peaceful world no longer threatened with weapons of mass destruction.

Madam Speaker, our cause is just, our victory is inevitable. Freedom will prevail. But we, all Americans, must unite behind our troops and unite today.

The SPEAKER pro tempore (Ms. GINNY BROWN-WAITE of Florida). Under a previous order of the House, the gentlewoman from the District of Columbia (Ms. NORTON) is recognized for 5 minutes.

(Ms. NORTON addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

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

(Mr. NORWOOD addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

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

(Mr. FILNER addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

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

(Mr. SMITH of Michigan addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

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

(Mr. MEEK addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

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

(Mr. PETERSON of Pennsylvania addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

ERECTING AN EDIFICE FOR FUTURE WORLD PEACE

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

Mr. SCHIFF. Madam Speaker, this afternoon I want to recognize the patriotism of our men and women of the Armed Forces who, halfway around the world in Afghanistan, in Iraq, and elsewhere, are in harm's way. They are brave, they care deeply about this country, so deeply they would lay down their lives for it, and have.

This is worth our reflection as we gather here in the comfort of this Chamber, air-conditioned on a hot day. We should take a moment to think about our troops, to stand in their boots, and to give our thanks. Our soldiers deserve our unqualified support, and in Congress we must do everything we can to make sure they have it, whatever they need to do their job, to do it quickly, to do it with a minimum loss of life, and to come home safely. Whether they are in Basra, Baghdad, Bagram, or Afghanistan, we stand by our troops.

War is cruel. Innocent lives are lost, families are devastated. We cannot but turn on the television to see graphically the horrors of war; some of our soldiers dying or dead, the loss of innocent civilian lives, some by errant bombs, others by the deliberate murder of Saddam's regime as it fired on those in the street.

What we do not often recognize, because it is not thrust in our living rooms or our consciousness, is another terrible truth that peace, too, can be cruel. The peace of Rwanda, where millions died as the world watched. The peace of Kosovo, where tens of thousands were ethnically cleansed before we acted without the approval of the United Nations. And the peace of Baghdad, too, was cruel. The peace of torture and rape, of starvation and repression, of a failed sanctions regime that Hussein used cynically to kill his own people. That, too, is cruel. And lastly, the peace of September 10 was cruel, holding the promise of a long and precious life for 3,000 Americans who would not live out the week.

Americans who oppose the war have many important points to make but must resist the temptation to merely attack the administration uncritically or nonconstructively, or to defend in any manner the indefensible regime of Saddam Hussein. The failure to disarm Iraq peacefully, notwithstanding 17 resolutions of the United Nations, was not alone the United States' responsibility. It was a failure of the world body, of the United Nations, of the collective security of mankind.

Despite the intoxicating simplicity of the argument, the war in Iraq is not about American desire for oil, though our dependence on it is far too great. It is not about contracts for the French, although contracts they have. And it is not about debt to the Russians, although billions they are owed. Rather, it is about the post-Cold War failure to erect an edifice upon which the peace of the world can be built. And this problem, without our genuine reflection and determined effort, if left unattended and ignored, if lost in the dilution of a simpler answer, may mean that Iraq is only the second in a long line of future conflicts.

When the war is over, more hard work lies ahead. We must not only rebuild the Nation of Iraq for the Iraqi people, but we must rebuild the institutions of the world community which have been devastated by the last few months of fractious debate at the United Nations. These two tasks, to restore Iraq and to restore the collective security apparatus of the world, must go hand in hand. Indeed, we need the one to help repair the other. The United Nations must play the pivotal role in the provision of food and medicine to the Iraqi people and assist in the administration of Iraq until that troubled land becomes a self-governing nation.

Many have argued that democracy is incompatible with the traditions and tribal rivalries of the Iraqi people, or that a nation drawn artificially together on a map must tear if not held together by the noxious glue of tyranny. We must not have such low aspirations for the Iraqi people who have great talents that have not been allowed to flourish, and we must never indulge in the prejudice that any people are less capable, less suited, or less deserving of democracy. Democracy is the institutional reflection of the God-given rights of liberty, belief, and expression.

Democracy must be nurtured beyond Iraq and Afghanistan. We must be unstinting in our support for democratic movements in authoritarian nations. Democracy must come not only to our adversaries but to our allies as well, to the Saudis, to the Egyptians, and to Jordan. We must work to open these closed societies and closed economies to free the creative tall talents of their peoples, to lift the standard of living and expose the germ of terrorism to the cleansing power of opportunity.

HOMELAND SECURITY PRIORITIES

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

Mr. CROWLEY. Madam Speaker, I rise to address my colleagues on the immediate needs of protecting America, and especially protecting those who protect us.

This week, Congress will vote on an almost $78 billion war supplemental budget, of which most of this funding will be delivered to ensure America's Armed Forces, those protecting our liberties abroad, to make sure that they have the tools that they need to end this conflict successfully and return home as soon as possible. I, like most of my colleagues, will support this legislation.

While I am pleased that Congress is addressing those Americans who are protecting us from attack abroad, I am concerned about the lack of funding for those brave Americans who are protecting us right here at home; namely, our first responders.

The term ''first responder'' is thrown around a lot here. But it does mean something. They are our local police, firefighters, and emergency medical workers. They are the ones who run towards crime scenes, not away. They are the ones who run into burning buildings and not away. And they run towards the injured and dying, remaining calm and administering treatment and care.

Since the devastating day of September 11, these people have been hailed in every corner of our great country. But oftentimes, a lot of the rhetoric we hear is simply just that. It is rhetoric. We heard some absurd rhetoric today from a very prominent Republican Member of Congress, but the Rules of the House do not allow me to distinguish which body he serves in, who said that the New York City police and firefighters should work overtime without pay as a sacrifice to the war effort. I guess he does not think the loss of 414 first responders in our fair city have sacrificed enough. Of course, this same gentleman has continually supported the Bush administration in opposing additional funding for our first responders, like so many Republicans have, while supporting a tax cut for the wealthiest in this country. What about calling upon them to sacrifice? The call to ask our first responders to make a sacrifice while not simultaneously calling about the wealthiest 5 percent in this country to make a sacrifice is ludicrous.

My district is home to many of these first responders. I am the son of a New York City police officer and a cousin to several police officers and New York City firefighters. My family knows and understands sacrifice. We also know lunacy when we hear it, and the comments made today are simply lunacy.

On 9/11, of the 414 of these first responders who were killed, the number includes 23 New York City police officers, and 343 members of the New York City Fire Department, of whom I knew more than just a few. I remember people lining the streets of New York to thank them, and we all heard every

Member of Congress praise New York City's first responders for their heroism, and mourn them for the high price that they paid.

But now Congress has the opportunity to put these words of praise and gratitude into action. We have the opportunity to provide our first responders with the state-of-the-art tools that they need to perform their jobs, save others, and survive themselves.

On September 11 there was a breakdown in the communications equipment of our fire department, communications equipment that, if working as it should have been, could have alerted many of these firefighters and police officers of the impending collapse of the towers, the World Trade Center. Would they have left their position and fled? I doubt it, knowing the firefighters as I do. But at least they would have had the tools at their disposal to best protect themselves and to save others that day.

While every firefighter is now equipped with new digital radios, there is still not a system of ''repeaters'' in place throughout the city which help radio signals penetrate skyscraper walls. This means these radios really would not be any different than the ones that failed on September 11 of 2001.

Additionally, there is still no shared radio frequency between the police department and the fire departments, thereby forcing them to rely upon commanders for communication and coordination, a system that has failed in the past with tragic consequences. Additionally, New York State troopers still cannot communicate with New York City officers or Federal agents, causing yet another communications breakdown of our first line of domestic defense.

If we remember September 11, and we can never forget it, we should also never forget the sacrifices that these men and women made. We should take this opportunity in the supplemental budget to make sure they have everything they need to do their jobs properly in the way that they need to do it.

□ 1800

INQUIRIES OF MEMBERS OF DEFENSE POLICY BOARD AND REQUEST FOR INVESTIGATION OF MISCONDUCT INVOLVING RICHARD N. PERLE

The SPEAKER pro tempore (Ms. GINNY BROWN-WAITE of Florida). Under a previous order of the House, the gentleman from Michigan (Mr. CONYERS) is recognized for 5 minutes.

Mr. CONYERS. Madam Speaker, I rise today to put into the RECORD a letter that I have sent to the Office of the Inspector General of the Department of Defense asking that we investigate or have investigated the allegations of conflict of interest and other possible misconduct involving Mr. Richard N. Perle, formerly chairman of the Pentagon's Defense Policy Board.

As a special government employee, he is caught by all the ethics rules that preclude and severely limit his ability to operate with businesses connected with the military.

Madam Speaker, I include for the RECORD this letter.

The material referred to is as follows:

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE JUDICIARY,
Washington, DC, March 24, 2003.

Hon. JOSEPH E. SCHMITZ,
Office of the Inspector General, Department of Defense, The Pentagon, Washington, DC.

DEAR GENERAL SCHMITZ: I am writing to request that your office immediately open an investigation into allegations of conflict of interest and other misconduct involving Richard N. Perle, Chairman of the Pentagon's Defense Policy Board. As a result of this position, Mr. Perle is considered a ''special government employee,'' and is subject to government ethics prohibition—both regulatory and criminal—on using public office for private gain. As you know, under the Inspector General statute, your office is authorized to conduct investigations into any abuse or misconduct by senior officials.

I am aware of several potential conflicts that warrant your immediate review. First, Mr. Perle has contracted with bankrupt telecommunications company Global Crossing Ltd. to try to win U.S. government approval of its $250 million sale to two Asian companies over the objections of the FBI and the Department of Justice. Perle is being paid $125,000 for his advice and stands to reap a highly unusual $600,000 bonus if the sale is approved by the U.S. Committee for Foreign Investment in the United States (CFIUS), a government group that includes representatives from the Defense Department.

Although Perle has denied that he has sought to use his government position to benefit Global Crossing, he has reportedly signed an affidavit which directly contradicts this contention. According to the New York Times, in a March 7, 2003 affidavit, Perle stated, ''As the chairman of the Defense Policy Board, I have a unique perspective on and intimate knowledge of the national defense and security issues that will be raised by the CFIUS review process that is not and could not be available to the other CFIUS professionals.'' According to this article, Perle has even acknowledged contacting at least one government official on Global Crossing's behalf, though Perle refuses to identify this person. The fact that Mr. Perle may be reconsidering filing the affidavit does not alter the existence of the alleged conflict.

Second, Perle's position on the Board of Directors of software developer Autonomy, a data mining company that lists the Defense Department and the Homeland Security Department as customers would appear to present a significant conflict with his Defense Department. While Perle has drawn no salary, he has received more than 120,000 share options from Autonomy. Perle's award of these share options gives him a direct financial stake in the success of this company. Indeed, the National Association of Pension Funds recently recommended that shareholders ''abstain'' when Perle comes up for reappointment this summer because the group feels that share options ''compromise the independent status'' of independent directors such as Perle.

Third, Mr. Perle serves as managing partner of a private venture capital firm called Trireme Partners that invests primarily in companies that deal in goods and services related to national security. Again, this would seem to present a conflict of interest with his position as Chairman of the Defense Policy Board. In this regard, Pulitzer Prize-winning journalist Seymour Hersh recently reported that on January 3, 2003, that Mr. Perle met with Saudi businessmen, including arms dealer Adnan Kashoggi, in Marseilles, France, to secure their investment in Perle's company. The article contains a highly disturbing quote from Prince Bandar bin Sultan, the Saudi ambassador to the U.S.: ''There were elements of the appearance of blackmail—'If we get in business, he'll back off on Saudi Arabia'—as I have been informed by participants in the meeting.''

Finally, I would note that it has been reported that on March 19, 2003, Perle spoke in a conference call sponsored by Goldman Sachs, in which he advised participants on possible investment opportunities arising from the war in Iraq. The conference's title was ''Implication of an Imminent War: Iraq Now. North Korea Next?''. Again, I would submit that it is a conflict of interest for a high ranking government official to be proffering advice on how to profit from the war.

As the Ranking Member of the House Judiciary Committee, which has jurisdiction over conflict of interest rules, I have a strong interest in ensuring that our laws are being complied with, particularly those which touch on the integrity of our ethical requirements at a time of war.

Please respond to me through the House Judiciary Committee Democratic Staff, B 351–C Rayburn House Office Building, Attn: Perry Apelbaum/Ted Kalo, tel. 202–225–6504, fax 202–225–7680.

Sincerely,

JOHN CONYERS, JR.,
Ranking Member.

Also, I will place into the RECORD a letter to the Honorable Secretary of Defense, Donald H. Rumsfeld, which requests that copies of financial disclosure be submitted by the members of the Defense Policy Board to be made public. This is an effort to short-circuit the investigations of the Inspector General, and also accommodate Mr. Perle and other members of this board that might be involved in questionable business dealings with military contractors.

The document referred to is as follows:

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE JUDICIARY,
Washington, DC, April 1, 2003.

Hon. DONALD H. RUMSFELD,
Secretary of Defense, 1000 Defense Pentagon, Washington, DC.

DEAR MR. SECRETARY: I am writing to request copies of the financial disclosure forms submitted by the members of the Defense Policy Board as well as the minutes of all past Board meetings.

As the Ranking Member of the House Judiciary Committee, which has jurisdiction over conflict of interest rules, I have a strong interest in insuring that our laws are being complied with, particularly those which touch on the integrity of our ethical requirements at a time of war. I therefore believe it is critical that this material be provided to help us assess the degree to which members of the Defense Policy Board face real or perceived conflicts of interest which would impede their ability to advise the Defense Department.

I believe such disclosure would be in the best interests of both the Department and the members of the Defense Policy Board. Richard Perle himself just wrote in yesterday's Wall Street Journal that ''the first rule is full disclosure of financial interests of the adviser . . . the second rule is . . . if the

discussions or advice of the board should involve matters that have a direct and predictable effect on an adviser's financial interests, he is recused from taking part.'' The problem is that currently, only your ethics officer receives the disclosure forms, so only he or she is in a position to assess whether the rules and safeguards being laid down by Mr. Perle are being followed. Increased scrutiny and review of these filings would no doubt lead to greater public trust and confidence in your Defense Policy Board.

The alternative is to face a continuing and damaging disclosure of the potential business conflicts of the Board Members. Just yesterday, my own investigation revealed that Perle is on the board of directors for Onset Technology. Onset is the world's leading provider of message conversion technology. The company's customers include Bechtel—a government contractor widely considered the leading candidate for rebuilding the Iraqi infrastructure and Raytheon Company which is a provider of defense electronics including the patriot and tomahawk missiles. I also found out that Perle holds a directorship in DigitalNet, a Virginia-based communications company with Army and Defense Department contracts.

To the extent you are concerned about public disclosure of this material, I would be willing to develop a procedure whereby it is reviewed in confidence. As a matter of fact, several members of my staff have obtained a security clearance.

I would appreciate your office responding to this letter at your earliest convenience. Please respond through the House Judiciary Committee Democratic Staff, B–351–C Rayburn House Office Building, Attn: Perry Apelbaum/Ted Kalo, tel. 202–225–6504, fax 202–225–7680.

Sincerely,

JOHN CONYERS, JR.,
Ranking Member.

Madam Speaker, this may serve to end the ongoing e-mails and other information that I am getting asking me to ask about this, that, and the other thing. In other words, Madam Speaker, if they were to make voluntary disclosure, this would put an end to all of this, the public could be restored in their confidence, and we could move ahead with our business.

The one matter that is a little puzzling is why Mr. Perle would resign as chairman but remain as a member of the board, as if the same ethics requirements do not apply to every member of the board as well as the chairman. If he feels inclined to explain what motivated him to step down as chairman but remain on the board, I would love to be edified by what led to that kind of action.

What we are doing is trying to move this along. The Secretary of Defense, who nominated Mr. Perle, can expedite this by making these kinds of disclosures, as well as Mr. Perle himself. So it is in the spirit of cooperation and responsibility as the ranking member of the Committee on the Judiciary that I urge my friends in the Defense Department to accommodate this humble request.

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

(Mr. DAVIS addressed the House. His remarks will appear hereafter in the Extensions of Remarks

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PRESSING ISSUES IN AMERICA'S WAR ON TERROR

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 2003, the gentleman from Texas (Mr. TURNER) is recognized for 60 minutes as the designee of the minority leader.

Mr. TURNER. Madam Speaker, I am joined on the floor tonight by a group of Democrats who feel very strongly about the need to be sure that our Nation is prepared to defend against terrorist attacks and to respond in the event we have a terrorist attack on our soil.

As we speak tonight, we know that our young men and women in uniform are risking their lives fighting for our freedoms and liberty in and around Iraq. They make us very proud by the sacrifices they are making on behalf of our Nation, and we are proud of each of them and the commitment that they are making on our behalf.

None of us on this floor would dare suggest that we not provide them with the very best in equipment, the very best in training as they enter into that battle. We know that our men and women in uniform shall do the duties that we have asked them to do.

We know that we fight a war tonight in Iraq, but we also know that we are engaged in another battle here at home, the war against terrorism. We became acutely aware of that battle on September 11 of 2001, and in the 18 months since al Qaeda struck in the shadows, or from the shadows, and declared war on America, we know that we have a changed world.

Just as we prepare for battle in Iraq and arm our young men and women with the very best in equipment and training, we know that it is important for us as Americans to arm those who will fight the battle here at home against terrorism with the very best in equipment and the very best of training. Tonight we will address some of the issues that we think are pressing on our Nation in order to prevail in the battle against terror.

On this floor tomorrow we will debate a $78 billion appropriation supplemental bill to fund the war and to prepare America to fight the war against terror at home. Tonight we will hear several Members from the Democratic side of the aisle share what we believe to be deficiencies in the proposal that will be debated tomorrow, because we firmly believe that our Nation must be prepared not only to defend against terror, but to prevail against terror. The Democratic Members of the House have a plan, a plan to win the war on terror.

It is my pleasure, Madam Speaker, to yield to the gentlewoman from New York (Mrs. LOWEY), who serves on the Committee on Homeland Security, to speak to one of the issues that is so critically important, the issue of nuclear power plant security.

Mrs. LOWEY. Madam Speaker, I want to thank the distinguished ranking member from Texas, who has the same laryngitis I do, for yielding to me. I appreciate his leadership on this very important issue.

Madam Speaker, I rise to discuss my continued concerns about security at the Nation's commercial nuclear reactors. Since September 11, 2001, intelligence officials have amassed a critical body of evidence suggesting terrorists intend to strike our nuclear infrastructure. Plans of U.S. nuclear facilities discovered in al Qaeda caves during U.S. military operations in Afghanistan provided perhaps the earliest indication that terrorists had not just casually contemplated, but rather assiduously, studied the option of sabotaging a nuclear reactor.

In early March, fresh intelligence confirmed our worst fears: Terrorists continued to plot attacks against nuclear and other critical infrastructure. Recent reports of a terrorist plan to sabotage the Palo Verde nuclear power plant in Arizona were sufficiently serious that the National Guard was immediately deployed to secure the plant.

As disturbing as these revelations is the Nuclear Regulatory Commission's failure to coherently address them. Indeed, the NRC, the agency responsible for ensuring the safety and security of the country's 103 commercial reactors, has shown a remarkable unwillingness to recognize post-September 11 terrorist threats.

The commission flatly denied petitions by citizen groups for reinforcement of the spent fuel pools at Millstone Nuclear Power Station, stating ''the possibility of a terrorist attack is speculative . . . and simply too far removed from the natural or expected consequences of agency action.''

Over 18 months after the attacks of September 11, 2001, the same old assumptions about the size, tactics, and weapons used by an attacking force, referred to as the Design Basis Threat, guides serious security policies.

The NRC continues to presume a terrorist force of no more than three individuals, with one passive insider who would relay information to the outside force, but not manipulate any controls or even attempt to incapacitate plant operators. The NRC further assumes that the attacking force would not utilize a vehicle larger than a Jeep to transport and detonate explosives. The Design Basis Threat is also built on the premise that sophisticated weaponry, including grenade launchers and shaped charges, is well beyond the reach of terrorists.

These flawed assumptions define the conditions for NRC-supervised force-on-force exams, in which security personnel must defend the reactors against mock terrorists. They also govern NRC standards with respect to the size, training, and capability of the guard force.

Our national response to nuclear terrorism must no longer be predicated on such hollow hopes.

More than the Design Basis Threat is in urgent need of revision. The NRC has not required reinforcement of the walls of nuclear reactors and spent fuel pools. Although these pools often contain several times the radioactive material of the reactor vessels themselves, they remain among the most lightly defended parts of the nuclear facilities.

Collision of a large aircraft into these pools, which are not designed to withstand such an impact, could result in release of radioactive material in as little as 1 hour. A recent report on the hazards of spent fuel pools written by a team of distinguished scientists concluded that the long-term land contamination consequences of a spent pool fuel fire could be significantly worse than those of Chernobyl.

Force-on-force drills in which plant personnel respond to a mock terrorist attack have not been administered at some facilities in over 8 years. The NRC has only recently resumed these drills, discontinued after September 11, 2001. Nuclear power plants' abysmal performances on these force-on-force drills, licensees have failed about half of all of the exams administered, causes me considerable consternation.

The NRC has never decommissioned or fined facilities failing the exam. At an August security drill at the Indian Point Energy Center in Buchanon, New York, which abuts my district, mock attackers were able to place simulated explosives at the spent fuel pools twice in 60 seconds or less. The NRC nevertheless ultimately passed Indian Point with high marks.

The absence of any sanctions for poor performance provides licensees with little incentive to improve security. The commission's decision to administer force-on-force drills triennially, while certainly an improvement, will be of limited effectiveness as long as violations go unpunished. Chronic turnover in security personnel at nuclear facilities, which can approach 70 to 100 percent for a 3½ year period, also makes more frequent exams essential.

The size and tactics employed by the mock enemy force is still based on the current flawed Design Basis Threat of three lightly armed terrorists and one passive insider. More frequent realistic exams, coupled with stiff penalties for poor performance, would dramatically improve the usefulness of these drills.

The absence of strong Federal training standards have left many guards wholly unprepared to fend off a terrorist attack. Tactics are commonly taught using painted clothespins and a flat surface rather than serious simulation models.

The testimony of guards in a report released by the Project on Government Oversight challenges industry assertions that personnel received 270 hours of pre-posting training, 90 hours of recurrent firearms training, and 30 hours per year of tactical instructions. Most guards interviewed engaged in firearms training only a few hours every year, and had no moving-target practice.

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Such training is all the more necessary as many personnel have no prior military or law enforcement experience. Physical agility exams are notoriously lax and wholly inadequate to verify plant personnel could respond effectively to a coordinated attack by multiple professional terrorists. An internal report completed by Entergy, the plant's owners, in 2001 revealed that 4 out of 5 guards interviewed by Entergy lacked confidence in their ability to thwart a terrorist attack. The majority of guards also stated they feared retribution if they spoke up about security concerns and substandard hiring and training procedures. Struggling to fill vacancies, Entergy has hired personnel with little or no law enforcement or military background. Security-sensitive information, including guard performance on firearm drills, has not been protected in accordance with Federal regulations.

Astoundingly, the NRC never fined or even warned Entergy for these practices which violated Commission-approved security policies. Foster Zeh, a certified instructor at Indian Point and vocal critic of its security operations, has affirmed, with few exceptions the problems identified in the December 2002 report still exist today.

I worry that a similar system prevails at other nuclear reactors around the country. The NRC's policy of benign negligence should no longer stand.

Training and qualification standards for guards must be strengthened and an enforcement system with real teeth must be put in place. A comprehensive evaluation of present terrorist threats and of the new security policies needed to address them is long overdue.

Certainly the stakes are high. Studies on the impact of a successful attack on a nuclear facility detail public health and economic consequences almost too chilling to contemplate. A 1982 investigation commissioned by the NRC found that a meltdown at Indian Point, which lies within 50 miles of 21 million people, could lead to 123,000 short- and long-term deaths, over 300,000 injuries, and property damages conservatively estimated at over $1 trillion. Factoring the fourfold increase in property values in the New York metropolitan area since the study, the economic damages for our region could reach $2.3 trillion.

This administration's recent decision to restrict public access to millions of classified documents, including those potentially dealing with the safety of nuclear power plants, represents a step in the wrong direction. Covering NRC activities in a veil of secrecy would limit the public's ability to effectively critique the plan, thereby removing a critical check on the agency.

The Department of Energy, pursuing a similar strategy, has repeatedly refused to provide the Government Affairs Office with details on the Design Basis Threat, information the office requires to complete a report on physical security at DOE sites.

As terrorist threats increase across the globe, we must acknowledge the vulnerability of nuclear infrastructure and craft thoughtful, coherent responses. In this area we truly delay at our own peril.

And I want to thank the gentleman again, my friend the Congressman and the ranking member of our select committee, for arranging this time to share our views on this very important issue of homeland security. I thank the gentleman from Texas (Mr. TURNER).

Mr. TURNER of Texas. Madam Speaker, I thank the gentlewoman. I appreciate her leadership on the Select Committee on Homeland Security as well as her work on the Committee on Appropriations.

The amendment that Democrats hope to be able to offer, hope will be made in order tomorrow, would provide over $240 million for nuclear security to cover the items mentioned by the gentlewoman from New York (Mrs. LOWEY).

I am pleased now to recognize another member of Select Committee on Homeland Security, the ranking member of the Subcommittee on Intelligence and Counterterrorism of the Select Committee on Homeland Security, the gentleman from Rhode Island (Mr. LANGEVIN).

Mr. LANGEVIN. Madam Speaker, I thank the gentleman for yielding.

Madam Speaker, I am pleased to join my colleague, the gentleman from Texas (Mr. TURNER) and distinguished ranking member of the Select Committee on Homeland Security, for this timely special order.

There is no more important issue facing us in Congress than protecting the freedom and security of the American people. I was deeply honored when the gentlewoman from California (Ms. PELOSI) asked me to serve on the Select Committee on Homeland Security. It is a responsibility that I take very seriously and I am eager to embrace the challenges confronting us.

We have an incredibly important obligation to our first responders across the country, and we must make their needs a top priority. Firefighters, law enforcement officers, health care workers, and others on the front lines need our support to keep America safe. With dozens of States experiencing their worst fiscal crises since World War II, combined with the activation of thousands of Guard and Reserve members, first responders are more desperate than ever for Federal assistance. In addition, we are faced with significant unmet needs in the area of port security, nuclear and chemical plant security, border security and more. Mayors and Governors nationwide are faced with soaring costs as they seek to meet

their obligations under a heightened threat alert and a newly implemented Operation Liberty Shield.

I was deeply disappointed to learn yesterday during the supplemental appropriations markup, Republicans voted down the Obey amendment to add $2.5 billion in homeland security funding. This funding is absolutely critical if we are to live up to our promises to the American people. The amendment would have meant an additional $3 million of first responder funding for my home State of Rhode Island, money that is sorely needed to equip our State and local governments to fight the domestic fronts of our war on terror.

Another area that is of special interest to me is intelligence, and I am honored to be serving as interim ranking member on the Subcommittee on Intelligence and Counterterrorism. In this capacity I hope to turn the committee's attention to some critical issues facing Congress as the new Department of Homeland Security gets up and running.

One of the most important things we must address is the issue of integration and cooperation among the different intelligence agencies. We need to know how DHS is receiving and analyzing information, what kind of intelligence the agency is getting, whether the process is efficient and streamlined, and whether DHS and the rest of the Intelligence Community understand their roles and obligations to each other clearly enough to make sure that there is neither too much overlap nor too much falling through the cracks.

Along these lines it is absolutely critical that we look at the relationship between the President's proposed Terrorist Threat Integration Center and the DHS Information Analysis Directorate. Their roles sound strikingly similar to me and it has not been made at all clear how they will interrelate and work together.

In addition, we must ensure that our State and local law enforcement agencies are properly equipped to share information and coordinated activities so that threats that cross jurisdictional lines can be adequately addressed.

Finally, as we endeavor to identify threats before they become real dangers, we must be ever vigilant of the civil liberties of our citizens. Protecting the homeland does not need to run counter to protecting privacy and freedom. We should make sure that intelligence tools are used judiciously, and we must always work towards a balance that ensures both security and liberty.

Again, I want to thank the gentleman from Texas (Mr. TURNER) for hosting this special order and urge my colleagues to make homeland security a priority both in words and in deeds.

Mr. TURNER of Texas. Madam Speaker, I thank the gentleman for Rhode Island (Mr. LANGEVIN) and I thank him for his leadership as the ranking member of the Subcommittee on Intelligence and Counterterrorism of the Select Committee on Homeland Security.

Next I would like to recognize another outstanding member of our Select Committee on Homeland Security, the distinguished delegate from the Virgin Islands (Mrs. CHRISTENSEN).

Mrs. CHRISTENSEN. Madam Speaker, I want to begin by first thanking the gentleman from Texas (Mr. TURNER) for his leadership on the select committee and for this opportunity to draw attention to the critical issues of homeland security. And I also want to take the opportunity to thank as well the minority leader, the gentlewoman from California (Ms. PELOSI), for the honor of having me serve on this important committee.

I was placed here, I think, especially because I am a physician. The issue of bioterrorism is central to the work we are charged with and it is a charge we take very seriously. It is especially so for those of us who have long been concerned about the poor state of the public health infrastructure in many of our communities across the Nation, both urban and rural, as well as in our offshore areas.

The ranking member, the gentleman from Texas (Mr. TURNER) has begun working to ensure we will have the hearings, briefings, and roundtable discussions to learn as much as we can about the public health and other needs of our communities so we will be better positioned to respond to them.

We had our first hearing which was on Project Bioshield last week. And while I am a strong supporter of NIH and applaud the work that they do, and while I was impressed with the Department's employment of advanced technology to be able to monitor and be alerted in real time of any potentially dangerous exposure, all of that will be useless if we do not take care of the public health facilities, personnel, and systems at home in our towns, cities, and islands who must be ready to respond immediately.

We cannot in some cases afford to lose 1 minute; in others, to wait the time to takes for DMAT teams or deployable medical units. They are great things. We have used them in the Virgin Islands after hurricanes, and they are very important, but we may not have the time it takes to get them to the site.

The health care disparities in minorities and in our rural areas that I have come to this floor to bring to the attention of our colleagues on many occasions did not just come about by chance. They exist because of the poor public health systems in these communities. The last 2 years of cuts to health budgets have been devastating. The lack of emphasis on minority and rural health and the even bigger cuts that the President is insisting on this year, so that those who already have the best of health care can get a tax cut and other perks, have sent States into a free fall of budget deficits, and local public health safety nets, like those in Los Angeles and Detroit, to near collapse.

So, Madam Speaker, we cannot just throw money at the problem of terrorism, as this administration has a tendency to do, without adequate planning. In this case, we must first and foremost insist that our public health system is intact and that it can ensure that people are healthy and our bodies are in a better condition to fight off infections and the other biological assaults that may come from a bioterrorism attack.

The anthrax scare taught us that lesson. The breakdowns were fundamental ones. Project Bioshield, the administration's centerpiece for public health preparedness and biological countermeasures, would not have saved the two postal workers just a little way away from here who died because the public health system failed to respond. It happened here, but it could happen anywhere.

SARS, although that has not been determined to be deliberate, is testing the world health community once again. I am very pleased to be here with my colleagues and to be working with the ranking member, the gentleman from Texas (Mr. TURNER) and our other colleagues on the committee to bring real homeland-hometown security to the people of this country and restore the hope that was shaken so violently on 9/11/2001. It can be done. We can be secure again, but the requisite funding must be there in the supplemental tomorrow, and we have to do it by fixing and fortifying the public health systems that we depend on to keep us healthy every day.

Mr. TURNER of Texas. Madam Speaker, I thank the gentlewoman from the Virgin Islands (Mrs. CHRISTENSEN). I particularly appreciate her leadership in the health care field. Her training as a medical doctor means much to us when we are dealing with the threats of bioterrorism and preparedness in the health care arena. We thank you for your leadership.

Next I would like to recognize another member of our Select Committee on Homeland Security, a gentleman who spent a great deal of time working on behalf of emergency preparedness to be sure our first responders get the tools and the training that they need to do the job, the distinguished member from New Jersey (Mr. PASCRELL).

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Mr. PASCRELL. Madam Speaker, I want to thank my good friend, the gentleman from Texas (Mr. TURNER), for his exemplary leadership as ranking member on the Permanent Select Committee on Homeland Security. He has a weighty and difficult course to chart in helping Congress stay focused on the most important issues of our day; but I cannot, if I can just move to an addendum, a footnote, I must respond to what I heard early this evening.

I voted on October 10 to support the President. That does not make me any

better of an American than those who voted not to support the resolution; and until we understand that, we do not really understand the impact of the Constitution. I carry this document with me at all times, and I would suggest that to come to this floor and to challenge those people who may disagree, who may protest, this is what changes us from the other guys, the bad guys. I had to put that in there. I hope my colleague does not mind.

Sometimes I fear that we do lose focus, Madam Speaker. Even as our national alert system is ablaze in Code Orange, our Armed Forces are fighting thousands of miles away. I just returned this last month. I was there in central Asia and in Kuwait. Far too much of our time has been spent on the rigid, uncompromising domestic proposals that have been sent to us time and time again.

At least it is somewhat heartening to see that tomorrow on the third day of the fourth month of 2003, we will begin debate on needed funding for the war and needed funding for homeland security. It is a little bit too late to be sure, but I also fear that it is too little.

I would like to read my colleagues a brief passage from a December 2002 report sponsored by the Council on Foreign Relations, not a partisan group by any stretch. They wrote, ''America remains dangerously unprepared to prevent and respond to a catastrophic terrorist attack on U.S. soil.'' Just a few months ago they said that. Let that statement frame our conversation here tonight, and let those words linger in all of our thoughts as we decide on what the priorities of this Congress should be from here on out.

We must take every possible measure, bear any needed costs to safeguard our country and our people, and that is exactly what we are doing for our sons and daughters on the battlefield in Iraq and in Afghanistan.

A one-track-minded commitment to massive new tax breaks does not help us in this regard. As has been reported everywhere, local communities are now charged with an enormous responsibility. When Washington calls Code Orange alert, the States and local communities absorb the costs of heightened security measures.

In New Jersey, it has spent close to $66 million, Madam Speaker, on homeland security needs this fiscal year alone. Shockingly, these increased security measures statewide cost about $125,000 a day. Nationwide, a new survey released last week, by the United States Conference of Mayors, as a former mayor, I can particularly appreciate, they estimate that cities are spending $70 million a week as a result of the war and the increased threat alert. At a time when our economy is barely moving, when States throughout our country are suffering from debilitating budget deficits, this is money they can ill afford.

We appreciate that tomorrow's supplemental spending measure includes almost $4.2 billion to homeland security; specifically, I am glad to see $2 billion allotted to our first responders in terms of State grants. However, let us be real. The $2 billion included for first responders, combined with the $3.5 billion set-aside in fiscal 2003, the omnibus bill, is just about a third of what local governments really need. If we really care about our firefighters and police officers and other emergency workers, and I think both sides of the aisle are committed to this, Madam Speaker, but we have got to put our money where our mouth is. If everything's a priority, nothing's a priority; and we need to prioritize this to those first responders where they are day in and day out.

Three weeks ago, I had another meeting with first responders in my district. They reiterated what everyone who studies homeland security agrees upon: firefighters and police officers need better training. They need protective gear. They need interoperable communications equipment, when they rush to the scene of a terrorist attack. These people on the front lines know what they need. We do not need any consultants. We do not have to hire consultants to find this out. Ask them; they will tell us.

The gentleman from Wisconsin (Mr. OBEY) introduced that amendment yesterday. When it went down the tubes, I could not believe this. Our priority must be to improve local emergency preparedness, to provide for a strong homeland defense. If we agree that this is our priority, then we must do more.

I am disheartened, I will conclude, Madam Speaker, by the 2004 budget, which is not what we will be voting on tomorrow. That budget cuts $4.1 billion from the Justice Department programs. Think about this. Here we are dealing with a supplemental tomorrow to help our first responders, and yet we are cutting money for the cops. We are cutting money for the Edward Burn grants. We are cutting money for fire assistance. So we are giving on one hand; and we are saying to the FBI, the INS, the DEA and Customs, wait, hold on.

I assure my colleagues, I realize that every person sitting at home, anything over $1 million sounds like a tremendous amount of money and it is. So the fact that I am here arguing in a realm of billions of dollars may seem excessive, but we cannot do this on the cheap. If we think we can, we are wrong. Ask those people, ask those mayors, ask those councilmen, ask those Governors. They need help. They have been footing the bill since 9–11. Do we not get it? If we get it, we need to respond; and I thank the gentleman from Texas for giving me this opportunity to speak.

Mr. TURNER of Texas. Madam Speaker, I thank the gentleman from New Jersey for his leadership on behalf of homeland security.

The amendment that the Democrats hope to be able to offer on the floor tomorrow on the supplemental appropriations bill would provide slightly over $1 billion in additional funding for first responders, first responder equipment, firefighter grants, chemical/biological response to support State and local governments and to provide civil defense team funding. These we believe are important issues to ensure the security of our Nation and also to be sure that we arm and train those soldiers on the front lines of homeland security just as we are always committed to funding those who fight for us abroad.

It is my pleasure now to yield to the gentleman from Minnesota (Mr. OBERSTAR), the distinguished ranking member of the House Committee on Transportation and Infrastructure, a gentleman who knows perhaps more about the functions of a very important element of homeland security, the United States Coast Guard, than any person in this House.

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

Mr. OBERSTAR. Madam Speaker, I thank the gentleman for those kinds words and his leadership in initiating this Special Order tonight to focus on transportation security, homeland security.

We have made a great deal of progress on aviation security, thanks to the tough law with strong deadlines that this Congress passed, largely initiated by the Democratic Caucus on the Committee on Transportation and Infrastructure; but we have made little progress in other modes by comparison. The administration has been unconscionably slow in proposing security measures and requesting the necessary funding to initiate and implement those measures.

Case in point is maritime transportation. EPA has identified 123 chemical manufacturing facilities in the U.S. where toxic gases released by a terrorist attack could kill or injure more than 1 million people and 700 other chemical facilities where an attack could kill or injure 100,000 people. Most of those 823 facilities are along the navigable waterways of the United States.

The Maritime Transportation Security Act, otherwise known as the port security bill, requires the Coast Guard to undertake a vulnerability assessment of each of those facilities and requires the owner to have the security plan approved by the Coast Guard and implemented by July 1 of next year. Good idea, good plan. Implementation in serious doubt. We have yet to see any plan from the administration for conducting vulnerability assessments of these chemical facilities, let alone a process to review and approve the security plans for these chemical time bombs.

The Port Security Act also requires the Federal Government to undertake vulnerability assessments of every vessel, port and facility to assess security weaknesses. By July 1 of next year, the Coast Guard is required to review and

approve a security plan for each port, facility and vessel. If it does not have a security plan, it cannot operate.

Again, slow implementation. Only in the past week has Secretary Ridge agreed to accelerate the rate of port vulnerability assessments to ensure that assessment will be done at the Nation's 55 largest ports by the end of next year. There are 361 ports in the United States. When are they going to get serious about this?

Then we have the Vessel Security Provisions Maritime Transportation Security Act. In the December 30, 2002, Federal Register, the Coast Guard stated it was going to accept the security certification, pay attention to this, issued by the foreign government where the vessel is documented. That means the U.S. Coast Guard will accept security certification by countries such as Liberia, Panama, Malta, Cyprus.

We did not intend the security of the Nation to be placed in the hands of the country that runs those flags of convenience registers. We expect the Coast Guard to review the plans firsthand. They will have very great difficulty reviewing foreign security flag plans since the International Maritime Organization Standards allow those plans to be written in French and Spanish.

The administration is supposed to support funding to secure our ports and facilities as required by the law. The Coast Guard estimates are it will cost $4.4 billion to provide port security over the next 10 years, and the administration to date has requested only $11 million. Congress has appropriated $350 million, but the administration has made available only $92.3 million of available port security funds.

When the maritime administration asked for proposals for the ports, they received requests totaling seven times the amount of money available, and even though we have appropriated more funds, no further grants have been awarded.

Last week, we passed a budget resolution that attempted to deal with this issue, but our side did not prevail. The other side did. It passed by one vote, but again, their budget proposal does not have enough in it to deal with the needs of port security.

I do not want America's port security to be in the hands of a country like Liberia that cannot even protect itself, let alone our maritime interests. This administration is not taking the threat to port security or its responsibility seriously enough. Securing the Nation's ports and the cargo that moves through them is a Federal responsibility. All Americans, whether they live in a port city or in Boise, Idaho, will benefit from that security.

The impact on our economy, on all Americans, if the Nation's ports are shut down, as the Nation's airports were in the aftermath of September 11 because of a terrorist attack, that aftermath, those consequences will be far greater than the consequences of September 11. Refineries will run out of oil. Factory lines will shut down. Stores will run out of goods. The economy will come to a screeching halt. We cannot let this happen.

Madam Speaker, I insert for the RECORD the rest of my remarks:

AVIATION SECURITY

In aviation, the Transportation Security Administration has made major progress in enhancing security by securing cockpit doors, hiring and training a workforce of federal employees to screen baggage, and procuring and installing explosives detection and trace detection equipment to screen most checked baggage. However, at a few airports, not all baggage is being screened by detection equipment. TSA has been directed to have all baggage inspected with explosive detection equipment by December 31, 2003. We need to ensure that this deadline is met.

We also need to work on other areas of aviation security such as cargo. Current Explosion Detection Equipment systems are too small and too slow to screen all cargo carried on aircraft. TSA relies on the ''known shipper'' program to screen most cargo but questions have been raised about how well shippers are known by the carriers accepting cargo from them.

We also need to do much more work in securing the perimeters of our airports.

AMTRAK'S SECURITY NEEDS

We have to devote considerably more attention to security problems for passenger rail. Although there are unmet security needs of at least $140 million dollars, the Administration has not requested funding.

Intercity rail passengers on Amtrak trains and the hundreds of thousands of others who use Amtrak stations and other facilities each day are also potential targets of terrorist attacks. Terrorist attacks on crowded stations and on key elements of the infrastructure are a particular cause for concern. A preliminary estimate of the cost to secure Amtrak's facilities is $100 million.

Amtrak has immediate security needs for its six New York area tunnels that connect New Jersey and Long Island to Penn Station. Amtrak, New Jersey Transit and the Long Island Railroad operate more than 1,180 trains through these tunnels each day. Although strapped for funding, Amtrak has begun engineering watertight doors to separate these tunnels from Penn Station. It is imperative that this work be completed as soon as possible to prevent catastrophic flooding of parts on NYC that are beneath the water table (including Penn Station, the Subway system and much of Lower Manhattan). Amtrak is trying to complete the work before the scheduled date of May 2004 and requires a $4 million reimbursement for this emergency construction.

Amtrak also needs $40 million to develop redundant capacity for its train dispatching centers. Currently, Amtrak has three dispatching centers for the electrified Northeast Corridor (Boston, New York, and Philadelphia). Amtrak also has a consolidated National Operations Center in Wilmington, Delaware that monitors and manages all other train movements around the Nation. A successful attack on any one of the three locations controlling the NEC trains could prevent Amtrak from monitoring and dispatching train movements. Amtrak would have to shut down all train movements in the Corridor including all commuter operations.

In addition, Amtrak is incurring additional security costs to respond to the Code Orange Threat Level. Each Code Orange day costs Amtrak an additional $18,000 in overtime cost for security personnel—roughly $500,000 for April alone.

BUS SECURITY

I am particularly concerned with the Administration's poor performance in dealing with security in the intercity bus industry. Since the September 11, 2001 terrorist attacks, over the road bus drivers and passengers in the United States have been the targets of many serious assaults, including one assault killing seven passengers and another assault injuring 33 passengers. In addition, there have been at least three other serious over-the-road security breaches. Over the same period, no other mode of transportation has experienced as many incidents of passenger attacks. These incidents occurred in states throughout the country, including Tennessee, Arizona, Utah, Oklahoma, Pennsylvania and Vermont.

These violent incidents point to the immediate need to improve security measures for intercity buses and bus terminals. On August 2, 2002, the President signed into, the 2002 Supplemental Appropriations Act which provided $15 million for grants and contracts to enhance the security of intercity bus operations. The FY2003 Omnibus Appropriations Act provided an additional $10 million for these purposes.

Despite the timely enactment of funds, the Transportation Security Administration has yet to release a single penny. Furthermore, there are indications that these funds may not be released until June.

The Administration's failure to make these funds available in a timely manner is inexcusable. Any further delay in releasing the funds risks the lives of thousands of Americans whose only mode of transportation may be travel by bus. The Administration must take immediate action to make the funds available.

Furthermore, I am gravely disappointed that the Administration's recently released plan, Operation Liberty Shield, says nothing about buses, the most ubiquitous and, in many ways, the most vulnerable public transportation mode. What were the people who drafted Operation Liberty Shield thinking about, leaving out such an important mode of transportation? In light of the war and its associated security risk, the Administration must take action now to release the funds. Releasing the funds will allow the intercity bus industry to respond immediately to the elevated threat level precipitated by the war.

In conclusion, Mr. Speaker, only in aviation have we responded to the security vulnerabilities of our transportation system. We, in the Congress, must pursue vigorous oversight to ensure that we do not have another 9/11 tragedy in our ports, highways or railroads.

Mr. TURNER of Texas. Madam Speaker, I thank the gentleman for his leadership on the House Committee on Transportation and Infrastructure and his leadership, particularly on homeland security.

Next I would like to yield to the gentleman from Texas (Mr. LAMPSON), a distinguished member of the Committee on Transportation and Infrastructure, a Member who has worked long and hard on behalf of homeland security.

□ 1845

Mr. LAMPSON. Madam Speaker, I thank the gentleman from Texas for yielding to me and giving me this opportunity to come up and join the Democratic members of the Homeland Security Committee, the select committee, on this amendment that they are trying to put together and that certainly needs consideration.

I was somewhat astounded when I was given the summary of this amendment and found what was not included on the bill that was put forward by the majority party and became very pleased that we were asking for something from the Democratic side as an amendment to that bill. It certainly, certainly needs to be given consideration.

If our recent experience with anthrax, for example, has taught us anything, it is that we need to make the necessary investments to better identify solutions to these problems and to prepare appropriate responses. This comes only after we make science and research investments a priority and boost our homeland security funding.

I know that Dr. John Stobo at the University of Texas Medical Branch in Galveston had a vision when they moved to establish a Biosafety Level 4 laboratory to do that kind of research. UTMB Galveston's vision was validated after the attacks of September 11 and the ensuing anthrax tragedy. When completed, that project is going to be one of five such laboratories in North America and the first full-size facility on a university campus in the United States. The research that they will perform in this laboratory will be absolutely invaluable as we continue to attempt to solve these problems, whether it be smallpox, anthrax, or the next bioterror act that we may not know.

When I looked at this amendment, I found that there is zero money requested for this in the proposal tomorrow and that the Democratic amendment is requesting at least $150 million for these funds. Half of the funds would go to the CDC and the other half would go to the EPA. The funds would be used by agencies to help State health laboratories develop capacity to rapidly detect the presence of chemical terrorism agents. What a tremendous need we have within our communities, and it is astounding to me that we do not appear to be addressing this right now.

Another point that I found in here that took my breath away, 20 percent of the petrochemical processing capacity of our country is in the Ninth Congressional District, immediately south of the district of my colleague, the gentleman from Texas (Mr. TURNER). We are surrounded by other petrochemical activity. The Houston Galveston ship channel has 150 petrochemical facilities up and down the channel, and all of the rest that is going on there. We understand from a GAO report that the Federal Government has not comprehensively assessed the chemical industry's vulnerabilities to terrorist attacks.

This is one of the things I have talked about since 2 days after September 11 when I began to meet with the plant managers of the plants and our municipal leaders throughout. Certainly they have done a great deal of work. Certainly the communities have reached out and attempted to make improvements to our security. And I feel very good about the work that has been done. But in this bill for tomorrow we are not requesting any more money to give them help, and it does cost if we are going to address the problems that they are facing about that security.

Water and chemical plant security. We are asking for $100 million. Again, I am astounded we do not have any request in the supplemental tomorrow that we will be considering. We know what happened in my district in 1947. The Monsanto chemical plant in Texas City had two freighters parked at a port when ammonium nitrate fertilizer exploded and blew up both ships and half of the city of Texas City, killing over 600 people. It was the largest loss of life to firefighters until the September 11 attack on the World Trade Center. So we know what can happen to these communities, and for us to not give every opportunity to address the problems that we are facing, I think is shortsighted.

If I may ask my colleague, I just received a phone call a few minutes ago from my county judge and the U.S. attorney in the Eastern District of Texas, asking for the first responder equipment particularly dealing with inoperability of equipment. Am I to understand that there is not a request to fund the needs that they have for communications capability, to be able to communicate between agencies and among agencies when there is a disaster?

Mr. TURNER. It is my understanding that there are no funds in the current proposed appropriation supplemental to assist the local governments in that purpose.

Mr. LAMPSON. The fact that the gentleman's committee, and under his leadership with the Homeland Security Committee, is asking for $350 million to help address that problem is most appreciated. And I want to assure him that not only will I pass this information on back to the people in my congressional district about the needs that they face and the effort that the gentleman is making, and all the members of that committee are making to change this, but I will work as hard as I possibly can in support of this amendment tomorrow. I hope that it will be considered and it will be passed into law.

We need these funds. The lives of our citizens across this country depend on it, and I thank the gentleman for his work and commend him for it.

Mr. TURNER. Well, I thank the gentleman for his leadership in this area.

Madam Speaker, I will now yield to another member of the Texas delegation, who also represents a significant port in the United States and the city of Houston, the gentleman from Texas (Mr. BELL).

Mr. BELL. Madam Speaker, I would like to thank the gentleman from Texas (Mr. TURNER) for his leadership as the ranking member of the Homeland Security Committee and for giving me this opportunity this evening.

Madam Speaker, we as a Nation will pay any price in order to support and protect our troops in the line of fire. There is no cost too high to protect American lives in the face of tyranny and terrorism. This is not a new principle in American government but a promise renewed in the hearts and minds of the American people after the horrific events of September 11, 2001.

I think no one in this Chamber would disagree that the world has heard our resounding call: Never again. Never again will we handle the specter of terror with kid gloves or the dismissive neglect of indifference because it is a problem that affects them and not us. This is a lesson that we have all learned together, and I would like to commend my colleagues on both sides of the aisle for their clear commitment to support our troops with the resources they need to protect themselves.

One question still hangs heavy over this body. How do we keep our homeland secure? I do not have to tell my colleagues that our firefighters and police officers have become citizen soldiers in the war on terror, our first line of defense against another September 11. Americans have been empowered with a responsibility to protect their families and their communities by working with each other to stop acts of terror before they happen. The war on terror is a war in which we are all on the front lines.

I submit to this body that Americans on the front line need greater resources to get the job done. They need more funding in order to protect our homeland. I am particularly concerned about the security of American seaports. America's ports are our gateways of commerce to the world. Each year nearly 6 million seaborne containers enter our Nation's ports, yet only 3 percent, only 3 percent, of the cargo is ever physically inspected. The screenings that are performed are often carried out without the use of detection aids or with only hand-held devices that have limited range and capability.

This security gap gives groups like al Qaeda over 5 million opportunities every year to smuggle a nuclear device or weapon of mass destruction into the United States of America. In total, 95 percent of the cargo moving into and leaving this country each year passes through American ports. The region of Texas I call home has one of the largest of these ports. In fact, the Port of Houston receives more foreign tonnage than any other port in America. Each year, Houston alone receives 7.8 million tons of cargo from Iraq itself, 10

million tons of cargo from Saudi Arabia, and nearly 5 million tons from Algeria, a known state sponsor of terrorism.

Recently, I had the opportunity to tour the Houston ship channel, home to one of the world's largest concentrations of petrochemical plants and other critical energy infrastructure. Having had the opportunity to see the sheer size of the ship channel, the miles of exposed coastline and the sensitive nature of the industry located there, it became clear just how daunting a task protecting our waterways has become. If a petrochemical plant were to be struck by a bomb, we could face a tragedy greater in magnitude than the Chernobyl meltdown right in the heart of a major metropolitan area. This is a problem we cannot afford to ignore in Houston or anywhere else.

The Port of New York/New Jersey, the Port of Long Beach, California, the Port of Charleston, South Carolina, all three are major American ports. All three are located in close proximity to major metropolitan areas. And all three are at serious risk of attacks. These ports I have mentioned are but a few of the at-risk waterways across America. According to the GAO, Tampa Bay is home to Florida's busiest port and receives half of Florida's volume of hazardous materials, such as liquid petroleum gas, sulfur, and ammonia, all this in close proximity to downtown Tampa Bay where thousands of Americans live and work.

As my colleagues can see, it is critical that we support our port authorities and the thousands of shipping companies around the world with whom they work by enabling them to do the business of America without the constant threat of a terrorist attack.

The U.S. Coast Guard announced last year that necessary improvements to port security will cost $963 million in fiscal year 2004 and as much as $4.4 billion over the next 10 years. But since the attacks of September 11, Congress has appropriated less than $400 million for port security across America. Welcome funding, yes, but far short of where we should be given the challenges we face in protecting America's borders.

We must make a commitment in this body to adequately fund port security before it is too late. By giving lip service to the problem and then not providing our local communities with the resources they need to protect our families, we risk undermining our own campaign to rid the world of terror and keep the homeland secure.

How do we explain after the next terrorist attack on American soil that our country was willing to spend $80 billion to liberate the oppressed people of Iraq but were unable to commit the money necessary to protect our homeland against what the CIA has determined is one of the greatest vulnerabilities in America today, the threat of attack against our own ports?

We must give our heroes on the home front the same quality of support that I know each of us is committed to giving our heroic fighting men and women abroad. The threat to our Nation's ports and our communities is a clear and present danger that cannot be ignored. The time is now to begin fully funding these critical port security needs and it can begin now. The homeland security amendment to the wartime supplemental appropriations bill, to be offered tomorrow hopefully, calls for $440 million for port and chemical plant security and for the Coast Guard. Pass the amendment. The time is now.

Mr. TURNER. Madam Speaker, I thank the gentleman from Texas for his comments and for his leadership on a most critical issue, homeland security.

I now would like to now yield to the gentleman from North Carolina (Mr. ETHERIDGE), who serves as a member of the Homeland Security Committee, whose leadership on the committee has been invaluable, and whose experience in education brings a unique perspective to the issue of our homeland security.

Mr. ETHERIDGE. Madam Speaker, I thank the gentleman for yielding to me, and I thank him for his leadership on this committee and his leadership on the Homeland Security Committee. It has been invaluable and it is an area that we need to spend a lot of time on.

First responders are our hometown heroes. Their sacrifice and service inspire us all. When the Federal Government raises the threat level to code orange, like we have seen in the last couple of weeks, and once before that when it was raised, these are the men and women that are immediately called upon to assume the extra duties and responsibilities to help defend our hometowns from unknown threats. Congress has the responsibility to back up our local first responders with the funds that they need to make the extra security details work.

Last year I held a series of meetings with first responders across my district in North Carolina to assess what their needs were. More than 100 police officers, sheriffs, firefighters, emergency personnel, and others came to those briefings. During these meetings and in the months since then, I have heard troubling reports from our frontline forces. Despite improvements in security here in Washington at our Nation's historic sites and many urban areas, North Carolina's first responders still lack an interoperative communications infrastructure, appropriate training equipment, and the things they need to respond appropriately.

Do not get me wrong, we have made progress in coordinating responsive training and communications; but at what cost? Police chiefs and county sheriffs must decide whether to buy gas masks or bulletproof vests. Firefighters have to choose between arson training and learning about weapons of mass destruction.

□ 1900

Public health authorities divert resources from prenatal care to smallpox vaccination programs. The Federal Government mandated that local and State authorities take the lead in planning and coordinating response efforts, and when Congress appropriated funds for first responders, the President vetoed the first appropriation and said it was too much money. Now we are trying once again to provide additional money in the supplemental tomorrow, a bit more money to pay for the unfunded mandates ordered by the Federal Government.

The majority says it is too much money, that States may not be spending the money they already have on first responders. Yesterday I received a report from the State of North Carolina. It showed that last September North Carolina received approximately $7 million for the Office of Domestic Preparedness for first responder equipment, and the State immediately began to collect and process grant requests. This process does take some time. We want to make sure that it is not duplicated and we get the best equipment. Believe me, States all across the country can use every spare dime they can get. Our cities and States do need the money for training equipment, and they do need timely information about possible threats, and it is our responsibility to put the dollars in to help these first responders. We need to pass this amendment tomorrow to help first responders who will protect our homes, our communities, our schools and our families.

We cannot let them down and leave them unprepared.

I call on the Congress and this Administration to make the training and equipping of our nation's first responders a top priority.

Our first responders are ready and willing to do what it takes to ensure the security of their communities, our state and our country.

However, it is the responsibility of the Administration and Congress to make sure that they have the information, training and resources necessary to protect the men, women and children of America, as well as themselves.

The American people deserve to live without fear of a terrorist attack.

Parents deserve to send their children to school without fear for their safe return. Shoppers deserve to be able to walk into a crowded shopping mall without fear that a suicide bomber lurks in their midst, waiting for the right moment to strike.

Passengers deserve to be able to board an airplane without the fear that a shoulder-fired missile will bring it down.

Although no plan can guarantee every individual's safety at any given moment, all Americans deserve the right to a reasonable expectation that in their daily lives, the proper authorities have taken appropriate measures to maximize safety and security.

Unfortunately, that expectation is not being met today due to a lack of leadership.

Mr. Speaker, America was changed forever by the 9/11 attacks, and the American people accept the challenges and difficulties this new era presents.

But the American people deserve to live free from fear, and the national leadership

must provide the means to restore that hope for a secure future.

Our local first responders are absolutely key to that effort, and Democrats are working in Congress to provide the leadership necessary to get the job done.

Again, I want to thank my colleague Congressman TURNER for his leadership in this most important endeavor, and I yield back the balance of my time.

Mr. TURNER of Texas. Madam Speaker, I thank the gentleman for his leadership.

Madam Speaker, I yield to the gentleman from Florida (Mr. MEEK), a freshman Member who served very effectively in the Florida legislature and who serves on the Committee of Homeland Security.

Mr. MEEK of Florida. Madam Speaker, I thank the gentleman. I want to be very quick and within a minute I would like to share with the American public something that is very, very important. The information that you are receiving here this evening and the amendment that the Democrats will have tomorrow to not only put teeth but to make sure we have real homeland security is very, very important.

As we look at our ports and the Coast Guard, I think we need to go far beyond great speeches in front of Coast Guard cutters, and talking about how we support our men and women riding in those vessels and fighting in helicopters. I would say that with any major incident in our ports, not only will we experience a large loss of life, but we would also experience quite an interruption in commerce.

It is very, very important that the American people understand that the Coast Guard says they need a billion dollars alone this year to secure our ports. We have individuals working at our ports now that do not have proper credentials as it relates to some of the shipping companies. We know we are very vulnerable in our ports, and I think it is important that we make sure that this administration understands that it is more than just giving speeches, that it is important that we put our money where our mouth is and make sure that we are standing on behalf of homeland security.

This is an everyday issue that Americans care about, and it is an everyday issue that we have to respond to, and I am encouraging this Congress to support our efforts tomorrow to make sure that we have true homeland security.

Madam Speaker, I thank the gentleman from Texas (Mr. TURNER) and our subcommittee members for sharing their thoughts and ideas that we have as it relates to meaningful homeland security versus just talking about what we need to do.

The SPEAKER pro tempore (Ms. GINNY BROWN-WAITE of Florida). The time of the gentleman from Texas (Mr. TURNER) has expired.

Mr. ABERCROMBIE. Madam Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER pro tempore. Without objection, the gentleman from Hawaii (Mr. ABERCROMBIE) is recognized for 5 minutes.

There was no objection.

FUNDING HOMELAND SECURITY

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

Mr. ABERCROMBIE. Madam Speaker, I would like to join my colleagues in urging the House to increase the amounts we will include in the supplemental appropriations bill later this week for homeland security. Last Friday I held a meeting in Honolulu of first responders to discuss preparedness, planning and coordination among agencies and funding needs. It became very apparent during the meeting that funding being received is clearly inadequate to undertake the job we are asking of our emergency law enforcement agencies and personnel.

For example, the Honolulu Police Department has apprised me of the need for some $65.5 million for several projects that are necessary if the Island of Oahu is to be protected to the extent necessary. There are several important military installations for which Honolulu police have major responsibilities, such as Pearl Harbor Naval Base, Hickam Air Force Base, and Schofield Barracks. The Department has the responsibility for the safety of military personnel and their family who live off base, and to some extent on base. Specifically, communication and operability between civilian law enforcement and the military is essential. Additional personnel protective equipment has been identified as a need as well as emergency vehicles in a centralized equipment and maintenance facility.

The cost for effective homeland security management is a huge, unfunded mandate the Federal Government has imposed on State and local governments. The Honolulu Police Department is establishing an Emergency Management Command and an antiterrorism unit. It is undertaking extensive specialized training in areas such as chemical, biological, and explosive handling. Joint exercises with the military have been conducted so that in the event of an emergency, roles are recognized and responsibilities are familiar.

Our state of affairs and level of protection afforded to our citizens changed greatly after September 11, and has been heightened by our military engagement in Iraq. Our citizens expect and deserve such elevated security. But it also serves to remind us that protection is not cheap, and we in Congress should stand up to our responsibilities to properly fund the protections our citizens need.

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There are other imbedded homeland security costs with which state and local officials are struggling. When the Nation moves to a Code Red Alert posture, the Honolulu police incur costs of over $1.5 million a day, about two-thirds of it for the protection of critical infrastructure for military installations.

The Oahu Civil Defense Agency has identified numerous critical projects which total $18.1 million. Essential projects include warning siren upgrades, security cameras, computer software, as well as equipment and personnel training.

These statistics are for but two of numerous first responder agencies. This does not include the fire department, nor the burdens placed on hospitals and emergency rooms. And the Hawaii State Government has separate and additional mandates and responsibilities.

I'm not speaking today to point fingers of blame at anyone for the situation we face, but to articulate the need to provide adequate funding in the supplemental appropriations bill.

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Madam Speaker, I yield to the gentlewoman from California (Ms. Loretta Sanchez).

Ms. LORETTA SANCHEZ of California. Madam Speaker, while our brave soldiers continue their work abroad, our citizens back home must live under a constant state of Orange Alert. The administration has implemented Operation Liberty Shield.

Therefore, it is no secret that a threat still looms on our home front, so we must not forget that this war is not just being fought abroad.

Therefore, it is essential that the supplemental spending bill include necessary funding to meet the needs of the Nation's homeland security. In my district the Anaheim Police Department is presently spending an extra $21,000 per day to maintain Level Orange threat. If our Nation goes to Level Red, this number will double to $40,000 per day.

Also, joint terrorism task forces have been set up in a number of cities to coordinate the dissemination of information and strategies dealing with potential terrorism. These task forces give local law enforcement the unique opportunity to train, coordinate, and work closely with Federal agencies like the FBI, the INS, the marshals, Customs, and the Secret Service to share information and develop a coordinated process for combating terror threats, but there is no funding, no resources to adequately implement this.

While we continue to fight for additional resources for our first responders, we must not forget that the main thing we need to do is prevent any future terrorist attacks.

This week the National Commission on Terrorist Attacks Upon the United States received testimony from experts on the state of our Nation's homeland security. The testimony was not pretty. Our Nation's ports were referred to as porous, our civil aviation facilities called unprepared, and our immigration check points deficient. Our ports of entry are some of the most vulnerable threat risks to this Nation, and we need to provide the means and the resources for adequate security.

Every year more than 6 million cargo containers pass through our ports; 4 million of those, accounting for 35 percent of all international trade to the U.S. pass just 20 miles away from my home through Long Beach and L.A. ports, yet only 4 percent of these are screened. But the President responded to these requests with only $22 million, just a third of what we need.

But the President responded to these requests with only $22 million, a third of what the Customs Service deemed necessary.

Additionally, the U.S. Coast Guard requested nearly $1 billion in Port Security Grant money to address gaps in the physical security of the ports it patrols. To date, only 40 percent of that needed funding has been granted.

While the President says in speech after speech that he is taking port security seriously, neither his FY04 budget request nor his supplemental funding request contained money for Port Security. Our ports are still extremely vulnerable, and full funding of Port Security Grants and the Container Security Initiative are imperative.

IMMIGRATION

Of course, our Nation's security risks do not lie exclusively at our ports. We need funding to make sure that border and airport security are adequately staffed to screen entry into our country.

Presently, the government watch list used to screen for suspected terrorists entering the U.S. has 13 million names, including 40 percent more records of suspected terrorists than last year. These numbers are unrealistic, and we need to hire the personnel and develop the accounting systems to make us smarter about keeping track of threats while still allowing legitimate visitors in.

Right now, our universities are facing a crisis because visa backlogs and the government's new foreign student tracking system are slowing the ability for good, qualified students to participate in our university system.

We cannot develop new immigration systems at the expense of undermining the diversity that makes our nation great.

CONCLUSION

As the war goes on in Iraq, we face a great challenge here at home. Our homeland security needs are great, and many of them are not met. We need to work hard, we need to work efficiently, and we need to work intelligently to ensure we are doing everything possible to protect our communities.

FUNDING HOMELAND SECURITY

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Texas (Ms. JACKSON-LEE) is recognized for 5 minutes.

Ms. JACKSON-LEE of Texas. Madam Speaker, let me acknowledge the gentleman from Texas (Mr. TURNER) for the excellent Special Order that preceded me, and I would ask that my remarks be placed in the RECORD alongside that Special Order.

Madam Speaker, let me just suggest that we have an enormous challenge before us, and the responsibility that America is entrusting us with is a very difficult one, a very challenging one, but a very important one, and that is, of course, to secure the homeland. I like to think to secure the home front, the home city, to secure the counties and rural and urban communities, to secure the elderly, the disabled, the economically disadvantaged, people of all walks of life, individuals that do not speak English in our country, these are the responsibilities that we have.

Madam Speaker, I am here to suggest that we have challenges. We have challenges at the northern border, and we have challenges at the southern border. I was just in the Committee on Rules and heard the discussion about funding needs for the southern border and the northern border.

As the ranking member of the Subcommittee on Immigration and Claims, I suggest we also have work to deal with this Nation of laws and immigrants. We are a Nation of immigration, and we should realize it does not equate to terrorism.

Madam Speaker, in the emergency appropriations, I am going to ask for additional monies to help us with the student tracking program because we heard from the inspector general today that we need more resources to train the INS or the new agency that deals with this. We need more funds to train them how to do the student tracking program. As well, we need more funds for the implementation of the student tracking program. Our universities are suffering to a certain extent, and a lot of our research work is suffering.

In addition, I think it is important that we look at the entry/exit system which is not designed to prevent individuals from entering or leaving the United States, it simply makes a record of their entry and exit. It is doubtful that it has much utility in enforcing our immigration laws. It can provide the INS with a daily list of nonimmigrant visitors who have overstayed their authorized visit, but it will not provide information where they are. We must focus on finding where these individuals are. That is how we secure the safety of America.

So I also want to comment on the special registration program and suggest that we might look again at that to see whether or not that really does help us in terms of securing this Nation. What we need to do is ensure that we find the overstays, and that the overstayers are not here to do harm. We need to find the terrorist cells in this country and monitor them, and we need to provide the resources to the first responders.

I have added an amendment in the emergency supplemental to ensure that we give an extra $2 million to our first responders, and an additional $3 million to our emergency hazardous materials units and in our respective fire departments throughout the Nation.

Madam Speaker, I believe we have a lot of work to do, and we can do it together. I believe homeland security should be this Nation's first priority. We support the troops, the POWs, and their families. As they secure our freedom, we need to secure the homeland.

As the ranking member of the Judiciary Subcommittee on Immigration, Border Security and Claims, I want to emphasize that immigration law enforcement and immigration benefits are interrelated and both merit serious attention, support, and funding. The transition from the former Immigration and Naturalization Service into the new department should be undertaken so as to ensure the full provision of services and effective and fair enforcement, while minimizing disruptions and delays.

With the Department of Homeland Security's authority to establish and administer rules governing the granting of visas, it is vitally important that visas be granted to the people who come to build America and denied to those who mean to do us harm. We must balance our national security and economic security needs by recognizing that the United States is tied to the rest of the world economically, socially, and politically.

Enforcement and adjudications come together at our ports of entry. Our national security and economic security depend on the efficient movement of cross-border travel and trade at these ports. The Bureau of Customs and Border Protections must coordinate with the Bureau of Citizenship and Immigration Services to ensure that there are no unnecessary obstacles to cross-border travel. One good way of doing this is to examine ways to expand the use of preinspection stations and authorize pre-clearances for low-risk travelers.

We need to take the time to ensure that our entry exit system works well. This may require billions of dollars to purchase real estate for new inspection lanes, to upgrade our inspection facilities generally, to develop our infrastructure and technological capabilities, and to hire additional inspectors. We must determine if the level of security the system would provide is worth the cost of the program. We also should consider whether the same level of security could be obtained through increased intelligence and database security checks that are performed outside the country.

I want to emphasize that the entry exit system is not designed to prevent individuals from entering or leaving the United States. It simply makes a record of their entry and exit. It is doubtful that it has much utility in enforcing our immigration laws. It can provide the immigration service with a daily list of nonimmigrant visitors who have overstayed their authorized visits, but it will not provide information on where they are. The system will not tell us where they are until they appear at a border to leave the United States. I see little value in placing them in removal proceedings when they are trying to leave on their own volition.

Special registration is a program under which people from certain, specified countries who fall within a specified age range are called in to be interviewed by immigration officers. The program targets groups of people through the use of national origin, race, and religious profiling, not information gathered by intelligence. The special registration program does not enhance our security. Rather, it alienates the very communities here in the United States and abroad that are necessary allies in our fight against terrorism.

We need to do a better job of providing information to our immigration inspectors at the points of entry into our country. We need to obtain information from government agencies that collect criminal and intelligence data that may apply to some of the aliens who seek admission to the United States. A complete and accurate database should have a mechanism for correcting database errors. Having incorrect information only serves to hinder the inspection process and discredit the reliability of the security checks.

The Department of Homeland Security has the responsibility of implementing the President's commitment to admit 70,000 refugees by the end of fiscal year 2003. Among other things, this requires security checks which are causing substantial delays in moving people from refugee camps to the United States. In addition to the delays, there is reason for concern about the effectiveness of the security checks. The current system relies on name checks, and, according to the information my counsel received at a meeting with the State Department, the information from these name checks has not resulted in denial of refugee admission in a single case yet.

THE WAR IN IRAQ

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 2003, the gentleman from California (Mr. HUNTER) is recognized for 60 minutes as the designee of the majority leader.

Mr. HUNTER. Madam Speaker, I think it is time to tell the American people, ''steady on.'' This operation in Iraq is proceeding according to plan. Our troops are well equipped, well trained, well led. Don Rumsfeld, our Secretary of Defense, is doing a great job. General Tommy Franks, who is the CINC commander and in charge of the operation, is doing a great job.

□ 1915

This plan was well thought out, and it is being well executed. And as I looked at the map and looked at the bridges which we overran so quickly with a fast armor attack in which the defenders, the Iraqi defenders, did not have a chance to blow, I look at the oil wells that they did not have a chance to fire up, to put aflame as they did in 1991 when we came into an Iraq that was literally carpeted with fires because the Iraqi defenders had a chance to ignite their oil fields, when I look at the other key infrastructure that has not been destroyed and was not laid down in the wake of the retreating Iraqis as a barrier to the American forces, one thing comes to mind, a lightning armor strike as fast as we moved it up those narrow causeways coming up through the center of Iraq has paid off.

And if we had waited, if we had held back, if we had choked those roads with more men and material and we had given them time to blow key bridges, we would have had engineers working in an exposed manner, being subjected to sniping, to potshotting; and we would have taken, in my judgment, Madam Speaker, more casualties. This operation is being conducted very effectively right now, and the Iraqi military is feeling that effectiveness.

Beyond that as we are ringing now the Baghdad area and hammering the remaining Iraqi divisions with heavy air power, it is very clear that even if we had heavy units ringing Baghdad, if we had another two, three, four, five divisions, we still would not have gone in until we attrited or brought down the strength of the Iraqi divisions with air power. So the number of heavy divisions that we had in that staging area at this time would not have been relevant. So once again in reflecting on that and going through the many hearings and briefings that we have had on the facts as they emerge on a day-by-day basis, Madam Speaker, I once again am impressed with the great leadership of our Secretary of Defense, Don Rumsfeld; the leadership of the President of the United States, George Bush; and the great operational leadership in theater of General Tommy Franks.

Madam Speaker, it is clear now that there is another war being fought, and that is the war for hearts and minds; and incidentally I am proud that the gentlewoman of New Mexico (Mrs. WILSON), a member of the Committee on Armed Services and a veteran of the U.S. Armed Forces, has put together this Special Order because this is kind of a time to talk about that other effort that is being undertaken, and that is what I would call the ambassadorial effort, the effort that is undertaken by all men and women who wear the uniform of the United States, and those people are proving to Iraqis who may have been subjected to lots of propaganda coming from Baghdad about how Americans were going to rough them up and be mean to them and ill treat them and they now have American GIs doing what American GIs have always done, and that is hand out candy to kids, be kinder than usual, giving away their rations and doing all those other things that young Americans are taught to do because of their moms and their dads and the communities that they are brought up in.

And, Madam Speaker, I think this is a historic time. I think it is a little bit like the days right after the close of World War II when all of Japan lay prostrate before the American military machine; and Japan's military leaders, because they were brutal and because they were cruel and because they were inhumane and especially looking at the things that they did to Chinese civilians when they took Nanking and looking to the beheadings and the mutilations that they undertook against American forces and the executions, they told their people to expect the same thing from the Americans.

And yet when those GIs walked down the streets of Tokyo, completely unopposed, in total power, they handed out candy bars to the kids; and we had almost no incidents, Madam Speaker, of brutality, of GIs acting out bad behavior. They were good ambassadors for this country and for our values. And they are doing the same thing right now, those grandchildren of those great GIs who persevered and won us our freedom in World War II. They are doing the same thing in Iraq because they are great people, and we are seeing now incident after incident of Americans proving that they have great values and that this thing that we call democracy over here is a good way to foster those values and maybe, when we get this country stitched back together, a good thing for the Iraqis to emulate.

I yield now to the gentlewoman from New Mexico (Mrs. WILSON), my great colleague on the Committee on Armed Services, who has some very good evidence of those good ambassadors; and I yield to the gentlewoman.

Mrs. WILSON of New Mexico. Madam Speaker, I thank the gentleman from California for yielding, and I also thank him for his leadership in the Committee on Armed Services at a time like this. I found his leadership to be refreshingly direct and full of good humor and also making sure that every Member of this body on both sides of the aisle have access to information, the kind of information that we need to make decisions.

I came to this whole thing very much a skeptic. I know about these things. I

think anybody who has ever worn the uniform is always very cautious about using military force because we know the consequences of war and we often know many of the participants.

When we came to this House in October to decide whether we would authorize the President to use force, I think all of us came to that decision, a serious and sober decision, having been gathering information for several months. And I came to the decision that, yes, we did need to give him that authority, that we could not allow Saddam Hussein to have chemical or biological weapons or the ability to deliver them against Americans; and I also came to the decision that Saddam Hussein had the intent to use those weapons against Americans.

Over the last 2 weeks we have seen the cruel brutality of this regime. Day and night air power is degrading Iraq's command and control and its armored divisions with powerful, sustained, and precise engagements. And to prevent the regular army from surrendering or defecting, Iraqi death squads now depend on executions to maintain a climate of fear. They kill people, civilians, women, children, the elderly trying to cross bridges just to get food and water. That is the regime we are facing.

Most folks probably do not know this, but as Members of Congress, we are not told in advance exactly what the war plan is because we have no need to know, and the security of the operation is more important. We do not direct the Army or the Navy. We do not instruct the diplomats. Our role is different. But we do get briefings as things are going on, and we have been briefed daily; and I commend the Defense Department and the military for coming up here every day and answering questions from every Member of Congress that has them in a classified way about exactly what is going on so that we can put in some kind of context the soda straw views that all of us are getting on our televisions 24 hours a day.

I am very much a skeptic about military plans too. I was one of the Members of this House that opposed U.S. action in Kosovo, and I opposed it for the reason of principle. So I believe when we go into combat we must first have a very clear political objective, and in this case we do. Our objective is to overthrow the regime of Saddam Hussein, to rid Iraq of chemical, biological, and nuclear weapons, and then to put in place in Iraq a unified Iraq, a government that is responsive to its people. That is a clear political objective. I think people can understand that.

Second, we need a military plan that is tied to that objective. That was our failure in Kosovo, by the way. It was a largely humanitarian mission, and we had a plan that included only air strikes against a door-to-door campaign of ethnic cleansing. We failed in that military plan.

I have been looking day by day at this military plan as it has unfolded, not only what we see on television but what we are briefed on in detail in the gentleman's committee; and I have been very impressed. We were reassured before this started that we would use overwhelming force, the full force and might of the United States military, so that we could secure our objectives and bring our men and women home again. And that is what they have brought us, overwhelming military force, the full force and might of the American military.

At the same time this plan is being executed, we are also seeing not only the greatness of the American military but the goodness of the American military. The commander of the United States Marines in Southwest Asia the night before the launch of the ground attacks said to his troops we are going to show the world, we are going to show the world that they have no better friend and no worse enemy than a United States Marine. They have been showing the world. There is no better friend and no worse enemy than a member of the United States military.

This picture beside me was taken this weekend. It is of Annette Gonzalez; and she came to downtown Albuquerque in the plaza in Albuquerque, New Mexico, and she was a very quiet woman, but she brought a picture of her son. He is a sergeant in the United States Marine Corps, a staff sergeant. His name is Anthony. And before she knew it, Annette was surrounded by people on the plaza there in Albuquerque who gave her comforting messages, who told her that she would be in their prayers, who thanked her for her son's service; and she gets pretty choked up when she talks about Anthony. She says she is very proud to be a Marine mom, but nowadays it is very hard.

The last time that the family heard from Anthony was about 3 weeks ago when he called his wife to tell her that he loved her. Anthony grew up in Las Lunas. He wrestled there and he played football, and he joined the Marines in 1993 shortly after he graduated from Las Lunas High School. He is a proud father, and he is considering becoming a preacher so he can help his fellow Marines learn about God. And that brought his picture of his full dress uniform to Friday's rally in support of our troops in New Mexico because she wants people to know that there are real people serving in Iraq. There are husbands and wives and sons and daughters proudly serving their country, and Annette is very proud of her son. They need and deserve our support and our prayers, and they have it.

Mr. HUNTER. Madam Speaker, I thank the gentlewoman for that wonderful story, and I think that really reinforces the idea that the best ambassadors we have are not folks that stay in consulates and embassies. Of course we have Marines in consulates and embassies also, but they are the folks in uniform. And the gentlewoman mentioned Kosovo and of course the Bosnia operation preceded Kosovo, but I am reminded of a story that is another true story about another Marine, and that is General Randy West, now retired, who was undertaking a recon operation in Bosnia and came with his unit, with his force, to a bridge where a massacre had taken place, and Randy noticed among all the bodies there was a blanket laying on the frozen ground. It was the dead of wintertime. There was a little lump under that blanket, and he peeled it back, and it was a little baby boy. And he wrapped the baby up and sent it back to a hospital in the rear, and a couple of months later Randy was asking the governmental officials what had happened to this little boy that his recon element had shipped back to the hospital, and the official told him that the baby was still in the hospital, that he had not been claimed because the mom was Bosnian and the dad was Serbian and that the baby was still there but without anybody to come and claim the baby.

□ 1930

So Randy was telling me this story as we were walking up to his house in the Blue Ridge Mountains a couple of months ago, and as we got to the door, I said well, Randy, what happened to that little baby boy? And Randy opened the door, and there stood a young man, a couple of years old, and Randy said, ''I want you to meet Randy West, Jr.,'' now his son. And that kind of heart and those types of values is something that permeates the United States military.

Madam Speaker, interestingly, and I would say to my colleague, the Vietnam experience was largely reflected, and I would say in an aberrational way, to the American public through the prism of some folks who probably would have to work hard to qualify for the title of drug-crazed hippies. Of course I am referring to some of the folks in Hollywood who saw Vietnam through the prism of their own experience. And generally, that experience was one of not participating in the Armed Forces and not having any idea of what went on in Vietnam.

So we had these nitwit movies like Full Metal Jacket and Platoon and all of these other things where every other GI was setting fire to a hut or madly spraying the countryside with his M–16, which, of course, were totally false and erroneous images. And in reality, most of the GIs, a great, great majority of GIs who were in Vietnam were also wonderful ambassadors. They were good people. They treated the people well. That is why after we left that country, half the nation tried to swim after us.

Now, they did not try to rush to the North where they could consolidate with the North Vietnamese Communists who offered them, of course, a worker's paradise, and they did not try to rush out to join up with the Hollywood directors who felt this great kinship for the folks from the North, but

they tried to follow the GIs, because they knew the GIs were basically really good people.

That has been the story of this country. We see it in every town, every city of any size. We see the Korean community, much of which came over to the United States after getting to know the American military community, and we see the German community, and many other communities that got to know Americans and, because of that, wanted to be in our home within the boundaries of this great country.

So these folks are making relationships right now. They are meeting people. They are working with people. They are smiling, they are just being GIs. You cannot fake it. You cannot fake that sense of humor.

I know when I was in Afghanistan here a few months ago with a good CODEL of folks, Pete Geren, our great former colleague from Texas was with us, and Pete pulled me off to the side as we were going down through the row of tents and he said, we have to take a picture over here. I said, what is it? He said, I have to show you a picture. And this was in the middle of a windstorm and stuff was blowing all over the place. There was not a speck of grass. One of the tents had a sign in front of it that said ''yard of the month,'' and Pete had to get a picture of that sign, ''yard of the month,'' and that little windswept front of that tent that I think had a couple of cactus in a tin can prominently displayed.

So GIs still have that great sense of humor. They also have a sense of goodness about them.

Madam Speaker, Tom Brokaw wrote the book about the greatest generation, and since 50 years or so have passed since we won World War II, I think he felt he could now feel close to the people who probably had a lot of values that he probably would not agree with. But I think this generation that is over in Iraq right now in that theater is every bit as great a generation as the generation of World War II, the generation of Korea, and the generation of Vietnam.

I yield to the gentlewoman.

Mrs. WILSON of New Mexico. Madam Speaker, I thank the gentleman. I told the gentleman I was a skeptic about plans, and I am. I will share some of the things I think are right about what we have seen so far, what the military has accomplished under the leadership of General Franks in southwest Asia. First, the tactical surprise. I do not think the enemy, and I do not think a lot of Americans, expected him to jump off with a ground assault. We did not do that 12 years ago. We waited for 38 days of punishing air strikes. But instead, they did something that I think was smart and took advantage of the situation, a completely different situation on the ground, a completely different political objective and military plan to achieve that objective. But they got tactical surprise.

As a result, that force that came out of Kuwait not only seized the oil fields intact after they saw seven of them burning, they jumped off early to try to keep the rest of the oil fields intact to benefit the Iraqi people and rebuild Iraq, but they also seized the bridges up and down the Tigris and the Euphrates to allow our forces to advance instead, as the gentleman said, to build them as they go. So they had tactical surprise. They were rapid, very nimble.

We think about how hard it is to plan, to move forward a large mass of people and vehicles at the same time. Think about doing that and then all of a sudden telling them we are going to do that 12 hours early or 24 hours early. That could be a real mess. And they did it.

I think we have done a much better job in western Iraq than we did 12 years ago with the problem of Scuds and dealing with Scuds. Special Operations forces have been much more integrated with the ground and the air operation than we saw 12 years ago. And, as a result, they managed to control not only all of western Iraq where the Scuds were launching from 12 years ago, but to team up with the Kurds in the north and manage the problems in the north and seize key areas in the south and in the Persian Gulf.

It was the Polish special forces that were some of the first to fire and the first to act in the Persian Gulf in seizing oil platforms, and British and American special forces moving forward to seize key sites in southern Iraq. So we have seen that integration of Special Operations Forces into the plan.

Precision air. Madam Speaker, air power was decisive in the first Persian Gulf War, and I think even more so in this one, because we have gone from about 10 percent of our munitions being precision guided to 90 percent of our munitions being precision guided. And they are pounding the tar out of the Republican Guard divisions from the air. They have been integrated with the ground forces, so that the marine on the ground knows that if he needs air power, he gets it now, and he is not sitting in some queue or waiting for some A–10 to fuel up in Kuwait and fly for an hour and a half to get to him, while he has to sit there and take it until he gets there. He gets air there, now.

We have precision, very good real-time intelligence and the integration of space to the battlefield and to the soldier on the battlefield so that that real-time intelligence is actionable. All of us have seen the pictures of the Predators and the Global Hawks. We are also getting information on that first night of the war, the Central Intelligence Agency, working very closely with our military, both here in Washington and in the field, so that if there is a piece of information, the military can act, whether it is to rescue a prisoner of war as was done so effectively yesterday, or to target a critical target, as was done on the first night of the war. We are seeing unit-level communications much better than it was 12 years ago.

And we are seeing a joint operation. If we look back to Vietnam, we really did not operate as a joint military. The Navy had its route packages to fly, the Air Force had theirs, the Army was doing something different on the ground; there was no kind of integrated military operation. How much the American military has changed in the intervening years is astounding, and it is even more integrated today than it was 12 years ago.

Mr. HUNTER. Madam Speaker, if the gentlewoman would yield on that point, if we go back to precision munitions, it is important for the American people to understand what that means. That means that instead of having to carpet bomb a bridge to knock it down, we can hit one strut on that bridge, if you hit the right one and you know where you have to go, with one precision munition that goes in and hits that particular strut and brings that entire bridge down. Now, that not only gives you your military goal, which was to knock the bridge down with only one bomb instead of maybe hundreds of bombs, but it also means that the village nearby is not going to be damaged, it means that the car halfway up the road is not going to be damaged, although I remember Norman Schwarzkopf talking about the world's luckiest taxicab driver. When that one precision munition went into a bridge in 1991, just about a split second after the taxicab had gotten on to firm footing, that bridge went down. But those precision munitions give us a chance to be more humane and not to hurt people, and that is what we strive for in these operations, and we have done it very successfully.

As the gentlewoman said, most of our munitions now are precision munitions, and that enables us to use these big platforms, whether they are the fast-movers, the F–15s, F–15Es, F–16, our stealth aircraft, 117s or even the large heavy bombers, we are able to use those platforms to bring an enormous amount of firepower into a very tight area.

Madam Speaker, I saw the after-action photos that were taken after the Kosovo operation where we were trying to destroy the revetments for the Serbian Air Force. We did not want their planes to escape and come up and challenge ours. And B–2 bombers had flown all the way from Whiteman Air Base in Missouri to those targets; it hit the targets and returned home, and those craters and those revetments were as precisely placed as if somebody had walked out on the tarmac with an explosive and placed it by hand and then finally detonated it. That is the American technology that allows us to use less assets and to turn these platforms really into very precise military equipment that spare civilians and do not cause collateral damage.

Mrs. WILSON of New Mexico. Madam Speaker, if the gentleman would yield,

on the Monday after the war started, I went to Holloman Air Force Base, and for those who are from New Mexico or who watch these things, on the opening night of the war, everyone who knew that those were the F–117s knew that the only base in America where we have the F–117 is in Alamogordo, New Mexico, at Holloman Air Force Base. I went there the Monday after it all started, and I met and had lunch with a lot of the spouses whose husbands, in this case, all of them were women, the spouses, and their husbands are deployed overseas. The squadron commander's wife has a wonderful sense of humor, which I think always helps in these kinds of situations. Apparently the wives were all talking about the morning after the whole thing started and they were trying to decide which two husbands were on that first mission, a very dangerous mission as it happens, because they went in without the usual cover that you would have in front of you. And she said that she looked at one of her friends and said, if they hit the target, it was my husband; if they missed, it was yours.

The families are so strong at home, and you can see it and feel it when you are talking to them. They support each other. And that is so true of the Air Force. One of the things that I thought was wonderful there is the wing commander, who is not deployed, every day when all of the 117s are back, he gets a phone call that everybody is home from their missions. And then the wing commander calls the squadron commander's wife, and then she calls all the flight commanders' wives, and they have a telephone tree. And by go-to-bed time in New Mexico, every spouse and every parent who has somebody flying the 117s in southwest Asia is reassured. And every child knows that dad is okay, that today dad is okay. And they sleep a lot better.

Now, that probably violates some rule or regulation, and Colonel Hunt may get in trouble for it for me mentioning it here, but please do not. He is using his judgment to do the right thing. His guys are halfway around the world flying and fighting a war, and I know in his heart he would dearly love, like any fighter pilot, to be with them. But he knows the best thing he can do is to make sure their families are taken care of so that they can focus on doing the job that they are doing and doing so well.

By the way, they hit the target, and they now know whose husbands were on the raid, and we are all very proud of them.

Mr. HUNTER. Madam Speaker, I yield to the gentleman from Georgia (Mr. KINGSTON).

□ 1945

Mr. KINGSTON. Madam Speaker, I want to say as the proud Representative from the part of Georgia that has not just Fort Stewart and Hunter, where the 3rd Infantry division is headquartered, but we also have Kings Bay Naval Base and Moody Air Force Base and Robbins Air Base, we are very proud of what the 3rd Infantry and all of our soldiers and all the branches of service are doing.

I have had the opportunity to meet with the wives' groups at Fort Stewart. It is incredible, the strength these people have. As we often are sitting in our hearings in Washington, we can tell that most Members and most members of the public do not realize that many of these soldiers have already been in the theater area for 6 months. They are not on a 6-month rotation that some people seem to think, or a 3-month rotation. Many said good-bye to their loved ones back in September or October, and they have no idea when they are going to be coming home.

Our friend, the gentleman from Maryland (Mr. GILCHREST), who is a Marine veteran and a veteran of Vietnam, raised that issue today among us, about how much time until these folks are getting off. We do not know the answer to that question, because war is imminent. Nobody is talking about, you have Saturday off.

The reality is our soldiers have been fighting and training in the theater for many, many weeks and months at this point. It is key for them to have a good support group back home, and to have the families saying, Everything is okay, honey. Don't worry about us, just come home alive. That means so much to them.

Today, I have an e-mail from one of our staffers, whose husband is deployed, about an Easter egg hunt that the families are putting together at Fort Stewart. Everybody is going to be joining in, and it is going to be an Easter egg hunt like we have never seen before. There will be lots of big and little kids looking for Easter eggs. We cannot have the soldier in the battle without the family support group back home.

I will say also that our Reservists who have come to man these bases and posts while the actives are gone, they are doing a very vital thing for the war effort. It is amazing to see the unity of people coming together.

I had mentioned to the chairman today, one of the distressing things is some of our weak-kneed supports from groups in the U.N. that we thought were going to be with us. I was wondering if it would be appropriate to bring up some of those thoughts.

Mr. HUNTER. Madam Speaker, I thank the gentleman. Let me say that we definitely have some thoughts about countries which heretofore the United States had relied on very strongly. I am thinking of France, a country that we saved twice, actually three times in this last century, in World War I, World War II, and of course the Cold War; and also Germany.

I am reminded of that Berlin airlift which was a lifeline for free Germany, that enabled them to stand up to the Soviet Union with the help of 300,000 American troops over a long period of time, and finally marry up with the captive portion of Germany, East Germany, and become a community again. That was all done because of the strength and the friendship of the United States.

So, of course, I think lots of Americans have thoughts about those countries. But I would ask the gentleman if we could shift back just briefly. I was thinking about the operation taking place right now in Iraq.

In fact, I had my old company commander, Jim Yarrison, a great gentleman, a wise officer, here.

Mr. KINGSTON. Is that the one up here last week?

Mr. HUNTER. Yes. I think I introduced him to the gentleman.

Mr. KINGSTON. Madam Speaker, I had the honor of meeting the gentleman's former commanding officer. He said his years in the military did not wear him out nearly as much as being the gentleman's commanding officer.

Mr. HUNTER. I did not do anything special in the military, in the 173rd Airborne, but I served with some great guys; and Jimmy Yarrison was one of them. The day he came up, unbeknownst to him the 173rd Airborne, reconstituted in Italy, had jumped into Iraq.

We were with another great former trooper from Vietnam, Tom Carhart, with the 101st Airborne. It was awfully good to see a great comrade of the 173rd Airborne when the Sky soldiers have gone into northern Iraq, they are stabilizing that front, they are giving some American spine to that community, the Kurdish community, and acting as a great stabilizing force in northern Iraq right now. So the Sky soldiers were famous folks in Vietnam, and they are proving their mettle in Iraq.

That takes us to the point that the gentlewoman made when she went over the units that are in Iraq. When we look at the enormous firepower arrayed there, when we combine that with the great leadership they are moving under right now, and the fact that the 4th is now moving into place, it is clear to Saddam Hussein's forces, now isolated in a number of very poorly defended areas, that time is drawing short.

I would ask the gentlewoman to give us a little description of her thoughts of that, of the present situation in Iraq.

Mrs. WILSON of New Mexico. Madam Speaker, the gentleman was talking about the pride our American people, and particularly our American veterans, have in our units. All of us get a lot of mail, and I love getting letters from people.

I got a letter from a veteran of the 507th in the Vietnam era. It says here, ''Heather, my name is John Campbell. I served two tours in Vietnam. I was a member of the 507th Engineer Group. I was a crane operator and a dozer operator and cleared land mines, among

other things. Today I am in a wheelchair, in part because of combat-related injuries.

''I am proud to have served my country, and today I am proud the men and women of our military have once again answered our Nation's call to service. I particularly feel a connection to the brave soldiers of the 507th Maintenance Group from Fort Bliss. I am certain you have seen and read the news reports of the POWs from that group now in Iraq.

''I want to let them know that I and others from the Vietnam-era 507th group support them. Enclosed is a banner I had made that says, '507th Engineer and Maintenance, Vietnam and Iraq, good luck.' I would appreciate your help in getting this banner and a message to their home base at Fort Bliss, Texas. I want to tell them, 'Good luck and hang in there. We are praying for you to come home soon, and we know how rough it is. I wish I was there with you, but my wheelchair would probably get bogged down in the Iraqi desert sand.'''

Those kinds of connections and that support from the American people matter so much to our soldiers and sailors and airmen and Marines who are serving all of us now in Southwest Asia.

I find these letters encouraging, and also letters from troops who are over there now. I have a copy of another letter that is from a young Marine. I will not use his name, but his first name is Kent. He is with the 3rd Battalion, 5th Regiment, 1st Marine Division, so he is kind of busy at the moment. He went to St. Pius High School and graduated from there in Albuquerque. His parents live in Albuquerque.

He wrote a letter to them that I just thought typified the greatness and goodness of these young men and women we have serving in the military.

It says, ''Hey, mom and dad,'' and this is written just before things started over there, when he was still sitting in the desert, ''Hey, mom and dad, still living the high life. If there was a worse area in the world, I don't think I want to see it. This place just keeps getting better and better, since it is right now raining. Well, I, for one, feel great and proud. I feel great and proud and I love what I'm doing. This place is terrible, the toilets are disgusting, the sleeping areas are all right, and I love it.

''I love it because I just got done talking to our wacky Iraqi, Jack. He is our local Iraqi defector who escaped to the U.S. after the Gulf War and now works as an interpreter and an intelligence source. We just had a long conversation over lunch about what we are doing here, Iraq in general, and all sorts of things. His family was tortured by the Saddam regime, and his father was killed. He said his story was way too common, and that is why he is doing what he is doing.

''I thought the most poignant thing he talked about was about the protesters and people wanting a peaceful resolution. He says that anyone wanting a peaceful resolution needs to be over here for a year or so. He said his dad, who was tortured and killed, wanted a peaceful resolution, too. It didn't quite happen.

''Anyway, he made me realize that this is where I need to be. I am, of course, coming home; but, you know, war and all. But damn, I feel like I am part of something great and truly going to help a lot of people. Is that too much of a cliche? Anyway, the point is, this place is awful and there really is no place I would rather be. Okay, that is all. I will write soon. Love you, Kent.''

Mr. KINGSTON. Madam Speaker, if the gentlewoman will yield, it is unbelievable when we talk to the soldiers who have that sense of mission, who have had the opportunity to talk face-to-face to the Iraqis who have been oppressed.

There is a group in Washington, D.C., a women's Iraqi advocacy group. They talk about being arrested and having their family members killed, and having cousins and brothers disappear. They say over and over again that the only thing that is going to liberate them from this oppression is an outside intervention by a country such as America that has a moral high ground.

It is unbelievable when we hear the Hollywood crowd, the blame-America-first people, who have done so well by the United States' system of capitalism and government. Yet, they are the first ones to jump up and down and blame things on America.

What I would say to the gentlewoman from New Mexico (Mrs. WILSON) and the gentleman from California (Mr. HUNTER), I hear a lot of people say, I do not support the mission, but I support the troops. Tell that to the young soldier who wrote that letter. We cannot do it, we have to say, love me, love my mission. If we are going to support the soldiers, tell them we agree the mission is very important and what they are doing is the right thing.

Mr. HUNTER. Madam Speaker, I am looking at the picture behind the gentlewoman from New Mexico (Mrs. WILSON) of the G.I. with the baby. Before this campaign is over, we will have passed out lots of vitamins; given lots of inoculations; lots of milk, probably in powdered form; and lots of food for the people of Iraq. They are going to know the friendship of the American people.

That takes us back to our contribution as Members of Congress. What we can do now is get our folks in uniform the tools they need to get the job done. I looked at the supplemental appropriations bill coming up and the $62 billion for DOD, for the Armed Forces. We have to replenish that ammunition, those spare parts, all those things.

I looked at that fairly carefully and looked at what the gentleman from California (Mr. LEWIS), our chairman of the Subcommittee on Defense of the Committee on Appropriations, has done; and what the gentleman from Florida (Mr. YOUNG), the chairman of the full committee, and all the members have done, Democrat and Republican. They have put in a good supply of what it is going to take to get the job done.

Of course, along with that there is going to be lots of humanitarian aid. There is going to be, after this operation, water systems to maintain, transportation systems to maintain. We are going to have to be able to keep the wheels turning and get this country with a new birth of freedom rolling again. Of course, that will be the Americans.

I am reminded, somebody said, war is terrible. I thought, yes, war is terrible. It is what gave us our independence, and it is what got rid of Nazism and fascism. War is terrible. But in the wake of war, only the Americans are generous and good and kind to the folks, even to the folks who ran the operations, the military operations against them.

Once again, I am reminded of the country of Japan, which after it had engaged in a sneak attack at Pearl Harbor and killed 5,000 American service people in that surprise attack, mutilated people, executed people in World War II, killed 30 percent of our POWs while they were incarcerated, we took that country, and they expected us to be as brutal to them as they had been to us.

America said, here is a Constitution. We have one requirement of you, you conquered people. They said, what is that? We said, be free, have access to our markets, sell anything you want in America. You do not have to buy anything from us; we will give you money. We will help you out when you need it, and we will provide for the next 50 years a defense umbrella to make sure that nobody engages in violence against this great nation of violence in World War II, the country of Japan.

We did the same thing to Germany; and after the two Germanys came together, a united Germany.

□ 2000

And that is the mission of this country, and people know that, too. And one of the great stories that represents, I think, is one that my mom and dad told me is when they had been ON a trip to the Philippines. They related being in Manila at the American Embassy when an anti-American demonstration was taking place and there were some organizers in this demonstration and they had some very carefully worded placards all with anti-American slogans on them. And they were paying people to march around with these slogans, ''Down with America.''

Well, my mom and dad looked at this long line of people at the embassy waiting to get their visas to come to the United States, and they noticed that the anti-American demonstration organizers would regularly go over to

the line of visa seekers, pay them money. The visa seekers would ask the person in front of them in line to hold their place, and they would then go out and take their placard that said ''Down with America,'' and they would march around for half an hour or an hour or so, and they would go back, give the placard back to the organizer, receive their money in payment and go back and get in line to get a visa to go to the good old United States of America.

Do people know what we are all about? Absolutely. And a little propaganda television from Saddam Hussein or any of the other people who want to paint us as evil folks cannot erase that and they cannot take that away. People are smart. And the people OF Iraq, when they do not have a gun to their head and when they know their families are safe, are going to turn in the right direction. That direction will be towards the United States of America.

Mrs. WILSON of New Mexico. There has been a lot of carping in the last few days about plans and a lot of criticism from folks who have not seen the plan and have not been briefed on the plan, do not know what the plan is but they are critical of it, and others who say, oh, well, you did not anticipate this in your plan. There is a quote I remember once from General Eisenhower. He said, ''Planning is indispensable because it gives you something from which to deviate.''

Any commander worth his salt will plan well and then will react to what is going on on the battlefield. I would be concerned if our commanders were sticking slavishly to a plan and not reacting to the things that were going on around them. The point is not the plan. The plan allows people to think through the potential problems. You cannot anticipate all of them, but they have done pretty well. And when they have not anticipated, they have relied on the ingenuity of the American soldiers to sort it out and their good commanders to give them the resources they need to get the job done.

And I know that there is a war, a battle in southwest Asia and we all know there is the battle of the Potomac as well. There are people with different agendas around this town who might be upset about the Crusader cancellation or the fact that there is a Marine as the SACEUR or that there is a Marine as the Vice Chairman of the Joint Chiefs of Staff instead of somebody who is wearing a different shade of green. There is a lot of bitterness and game playing going on in this town. And, frankly, there are a whole lot of us here who do not much like it, and we do not even respect it.

And I was glad that the Chairman of the Joint Chiefs of Staff, who is a pretty taciturn Kansan, was just about as blunt and direct as I have seen him yesterday and saying exactly what he thought about this kind of arm-chair quarterbacking by folks who had either long ago hung up the uniform or were still in it and calling themselves ''anonymous sources.'' No decent officer is an anonymous source. And I was very glad to see him put some of them right and defend exactly what his plan was in collective operations going on in southwest Asia.

So here is to you, the gentleman from Kansas, and thanks for standing up for what you believe in.

Mr. KINGSTON. It does seem that in Washington, D.C. you go from maybe major to lieutenant colonel to colonel to general to journalist. And it seems that after you have turned in your uniform, you get more information and you are briefed in more top secret stuff than when you were active. Because it is amazing, the ex-generals who now can tell people what the plan is; where I would kind of think that if you do have a plan, which obviously you may need to deviate from, but you sure do not share it with everybody and his brother, as much as these embedded journalists like to think that they are in the Army. The reality is there are certain things they do not need to know.

I wanted to say a little bit, one thing about this open society we have, this open war where the camera is right next to the rifle, it has got some good and it has some bad. But one thing that is seen over and over again is the United States' efforts to minimize collateral damage. And here you have Saddam Hussein who hides behind school children, who hides behind mosques, who takes his palaces into the civilian areas so that he can cower behind them. And even with that we minimize collateral damage.

But you know, it is really bad when you have groups like the U.N. who have a role to play on the treatment of our prisoners of war, and all Kofi Annan has done today is say he is worried about the collateral damage because a missile hit a marketplace in Baghdad. We do not even know if it was an American missile or not. Does he say, America is bending over backwards to minimize collateral damage? That is a good practice. And is it not too bad that Saddam Hussein is hiding behind civilians and children and women? Is it not too bad? And is it not too bad that the Iraqis put out white flags of surrender and then turn around and ambush and shoot troops? And is it not too bad that they parade American POWs out on worldwide television and even show executed prisoners of war on TV. Not one word from the U.N. on that, but let them come back one more time with one of these veiled criticisms of America.

I think one thing you have mentioned is people can do all the anti-American talk they want, when there is a problem in the world it goes to the United States of America to solve. And the biggest criticism we get is people do not like the way we try to solve problems. But can you imagine trying to turn to France, trying to turn to Germany, trying to turn to Russia, trying to turn to China to solve problems in the world today? What kind of world would we live in if Saddam Hussein could have continued to gain the U.N. and America blinked and backed down from the action that we are having right now?

Mr. HUNTER. On that point, it is interesting that since the days of World War II people have asked in schools and colleges and in family settings, how could the world stand by while Adolf Hitler gassed people to death in these gas chambers in places like Dachau and Auschwitz, and literally killed millions of people in such a horrible way, gassed them to death? How could the world stand by?

Well, the answer is, if you look at what happened to these Kurdish villages and you see the pictures, which we have all seen, of little Kurdish babies and their mothers lying on the ground after a heavy dose of poison gas by Chemical Ali, the gas-dispensing Minister of the Department of Defense of Iraq under Saddam Hussein, we see the answer.

You know what is interesting, after those Kurdish villages were gassed and those people were killed in that despicable manner, there were no demonstrations in Berlin or London or in liberal places throughout the United States. In fact, nobody, nobody in the world did anything except one country, the United States of America.

Now, we have missed some of these and one thing that I have regretted is seeing those bodies float down the Rwanda River after the massive massacres that took place in Africa where innocent people were killed in huge numbers and the United States, with all of our power, did nothing. And as a Member of Congress, I wish and I regret that I had done more, that I had taken an effort.

There are massacres that take place around this world and there are evil deeds that are done to people by dictators. And sometimes those dictators are beyond the means and the reach of the United States of America. We saw that, I think by British estimate, some 20 million people were executed by the Communist Chinese and actions were not taken by this country.

But in many cases we do act. This is one of those cases. So when those people asked the question about how you could stand by and watch Mr. Hitler commit the atrocities that he committed before and during World War II without taking action, the answer is that just recently thousands of people were gassed to death by an evil dictator, and no one in the world took action except the Americans and our allies.

And I want to mention the British and those folks that sided with this coalition, and there were lots of them. But the real message for us is if the United States does not lead the free world, the free world will not have a leader.

President Bush is manifesting that leadership right now in a very effective

way. And right by his side is Donald Rumsfeld and, of course, the Chairman of the Joint Chiefs who has been mentioned, General Myers. And of course we have that great American, very sharp, very smart, very effective in strategy and tactics, General Tommy Franks, leading this operation in the theater. With that team and with the team of all of the folks that wear the uniform of the United States, we are going to win this contest.

Once again, I want to thank this gentlewoman for bringing out not only the military operational effectiveness of this present campaign in Iraq, but also the campaign of goodwill that people in uniform are bringing to the people of that country, the good old GIs who by their values and by their demonstrations of kindness are winning a lot of folks over even as we speak.

Mrs. WILSON of New Mexico. I thank the chairman. And maybe the way for me to at least close my participation in this 1-hour Special Order that we are having tonight is with another e-mail. I think it shows the goodness of the American military. It is one thing to be great. We have a great American military who can do things that no other military in the world can do, the overwhelming power. But we also have a very good American military. And sometimes I think it is more important to be good than to be great.

This is an e-mail that was forwarded to me by a master gunnery sergeant. And master gunnery sergeants are not necessarily known for their softheartedness, although I think that is actually a myth. I think some of them are the softest-hearted guys. They are kind of like chocolate-covered marshmallows, tough on the outside but marshmallows on the inside.

It says, few things move me to get misty but there are a few, and this one did. He saw this and described it this morning on CNN. And he wrote it down in an e-mail, what he saw. He said, Martin Savage of CNN, embedded with the 1st Marine battalion, was talking with four young marines near his foxhole this morning live on CNN. He had been telling the story of how well the Marines had been looking out for and taking care of him since the war started. And he went on to tell about the many hardships that the Marines had endured. And he told them that he cleared it with their commanders to call home, for each one of the four to call home. And he turned to the first marine next to him, a 19-year-old kid and said, Who would you like to call? And he said, Well, sir, if you do not mind, I would like to allow my platoon sergeant to use my call. I would like to give my call to him to let him use it to call his pregnant wife back home who he had not been able to talk to for 3 months.

Savage was stunned. And the young man ran off to get his sergeant. And then he turned to the other three who were still there and he asked which one would like to call home first. And the marine closest to him responded, Sir, if it is all the same to you, we would like to call the parents of a buddy of ours, Lance Corporal Brian Buesing of Cedar Key, Florida. He was killed on the 23rd of March near Nasiriyah. We want to see how his parents are doing.

At that, Martin Savage was close to tears and unable to speak, and all he could say before signing off was, Where do they get young men like this?

I will tell you where we get them. We get them from Palestine, West Virginia and Saint Charles, Indiana; we get them from Sherwood, Oregon; Queens, New York; from Midland, Texas; from San Diego, California. We get them from Lee, Florida; from Adams, Colorado, and Mountainair, New Mexico.

Mr. Speaker, I thank the chairman for letting me join him here this evening.

Mr. HUNTER. Mr. Speaker, I thank the gentlewoman. The USA will prevail.

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REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 1559, EMERGENCY WARTIME SUPPLEMENTAL APPROPRIATIONS ACT, 2003

Mr. SESSIONS, from the Committee on Rules, submitted a privileged report (Rept. No. 108–57) on the resolution (H. Res. 172) providing for consideration of the bill (H.R. 1559) making emergency wartime supplemental appropriations for the fiscal year ending September 30, 2003, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPUBLICAN BUDGET

The SPEAKER pro tempore (Mr. CHOCOLA). Under the Speaker's announced policy of January 7, 2003, the gentleman from Maryland (Mr. CUMMINGS) is recognized for 60 minutes.

Mr. CUMMINGS. Mr. Speaker, tonight I come with a heavy heart and come with members of the Congressional Black Caucus and some members of the Congressional Hispanic Caucus.

We come, Mr. Speaker, at a time when our country is at war; and we want to say from the outset that we support our troops with all our heart and that we spend our days and our prayer time praying that they will be kept safe.

At the same time, Mr. Speaker, on next Friday, it will be my sad duty to be with a gentleman named Michael Waters as he parts with his son Kendall Waters-Bey, Sergeant Kendall Waters-Bey for the last time. His son was one of the first young men to die in the Iraq war. As a matter of fact, Mr. Speaker, I was supposed to be meeting with the father of Kendall Waters-Bey tonight; but he, I am sure, would have preferred that I join the Congressional Black Caucus this evening in not only lifting up the name of his son but also lifting up the names of all of our people who are in our military who are giving their blood, sweat and tears and, in his case, his life.

So our sympathy goes out to all of those families who have lost loved ones. Our prayers go out to all of our military personnel and others who may have been harmed. Our prayers go out to all of those who find themselves in harm's way.

As I sat here, Mr. Speaker, listening to the previous hour, I could not help but think about the fact that the Republican budget cuts $28.3 billion in veterans benefits over 10 years, compared to the amount needed to maintain purchasing power in at the 2003 level. It hurts my heart. Of this $28.3 billion, $14.2 billion are cuts in health care, and there is a 3.8 percent cut in overall benefits.

Mr. Speaker, I ask how we could possibly, with a clear conscience, deny the tens of thousands of veterans that we just heard about. They will be veterans, too. How can we deny them these benefits?

So it gives me great pleasure to yield to the distinguished gentlewoman from the great State of Texas (Ms. EDDIE BERNICE JOHNSON), who has been a fighter with regard to standing up for what is right and has consistently been a conscience for this Congress and for the United States of America.

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, let me express my appreciation for our Chair of the Congressional Black Caucus for organizing this hour tonight.

Mr. Speaker, sometimes when I hear the comments about the troops that we all strongly support, we forget that if they survive this war they will be veterans; and it is the veterans that we owe a great deal to for our freedom, but we really have left them behind in this budget.

So I rise to express my opposition to the Bush budget, because despite President Bush's pledge to leave no one behind, the budget has proposed leaving out over half of African Americans and Hispanic families; and this really is not compassion with conservatism, conserving resources for a very, very few.

Can my colleagues just imagine in less than 2 years, 2.5 million private jobs have been lost since January 20, 2001? The unemployment rate for African Americans has climbed 28 percent from 8.2 percent indicating really how African Americans will be disproportionately impacted by this budget. The employment rates for Hispanics is up by 33 percent.

I am from Dallas, Texas, where we have lost many jobs because we are very high tech in our employment. For every job lost in the high-tech field, there are three other jobs lost in low-income jobs because they are hired for cleaning homes, doing the yards, keeping the children; and we have a record number of foreclosures, not of poor people, but working people because they have lost their jobs.

This budget does not help because it is cutting adult training programs, the dislocated workers programs and the employment service State grants by $60 million below the 2003 enacted level, while freezing funding for youth employment activities at the 2003 enacted level. That is leaving most of the American people, the workers, the real taxpayers behind.

The budget leaves Americans behind on education. Vital programs like Head Start are taking tremendous cuts. Many more children should be enrolled in Head Start because we have said over and over again that education is so important for the future. The proposed budget provides $9.7 billion less than the amount promised in Leave No Child Behind.

The Bush budget proposes to cut the maximum Pell grant from $4,050 in 2003 to $4,000 in 2004, when he promised, in my presence, to some college presidents that the Pell grants are key to helping low-income young people to get to college. In fact, more than 45 percent of the African Americans and 40 percent of Hispanic students in 4-year public colleges and universities depend on Pell grants to make college affordable.

The budget essentially freezes the funding for the historically black graduate institutions to $53 million, and for Hispanic-serving institutions to $94 million at the 2003 enacted level, at a time when we encourage minority students, with everyone else, to get a better education. They have to get a better education in order to have a job. We are still the last hired and the first fired. So education really is essential, not just for jobs, but also to understand each other and to be able to relate to our diversity now.

It leaves our seniors very vulnerable, exhausting the Social Security trust fund over the next 10 years to try to fill in for this deficit that is, I cannot believe that we went from almost over a $1 trillion surplus to over a $1 trillion deficit in less than 3 years.

African American and Hispanic seniors are even more likely than others to rely solely on Social Security as their source of income upon retirement. The proposed budget does not even address Medicare increases for seniors, and yet I hear billions and billions being talked about, going out of the country, while we leave the American people at risk.

I am not opposed to foreign aid; but I do think homeland security is very, very important, and this is a part of homeland security. The American people want to feel safe, and safety has a lot to do with employment and education, but this budget does not seem to understand that.

Our college young people are coming home because parents have lost jobs, and they have to drop out of college, and they get home and find that the house has been foreclosed as well; but the President's budget makes many cuts in public housing, even though these funds are critical to making it possible for 1.7 million low-income families to have homes, and this is not all African Americans and all Hispanic. This is low-income Americans.

More than 45 percent of these residents are African American, and nearly 20 percent are Hispanic; and it is growing. So that is according to HUD's multifamily characteristics report.

The proposed budget eliminates funding for the HOPE VI program which replaces distressed low-income housing with new strong community housing. That also provides opportunities for homeownership. All of us know that when one invests in a home it brings about pride. It brings about new wealth, and it also brings about a good deal of safety because crime goes down, children are stable in homes. When they are using rental property, some young people, some kids, change schools three times in one school year. They cannot be caught up because every time somebody offers a month of free rent, the parents move to get that one month of free rent; but they are dislocating children, inconveniencing and handicapping our teachers, and disproportionately burdening our school systems because they cannot plan when we have a moving population at all times.

So, sadly, in a democratic Nation, we have also witnessed Americans being left behind with a vote. We worked from January 2001 until November last year, 2002, trying to get some kind of election reform so we can be sure of who we elect to office. The proposed budget offers $500 million in funding for election reform, undercutting the Help America Vote Act authorized at the level of $1.5 billion. That is how we distinguish what a democracy is. It is whether someone can speak out for whom they want as their leaders and make sure it is counted. The Help America Vote Act must be fully funded to ensure that every citizen's right to vote is protected. Every citizen, every citizen.

In fact, the Civil Rights Commission found that minorities, particularly African Americans, were the Americans most impacted by the loss of voting rights. They were the ones who were not counted well in Florida. If they had been, we might have a better economy, because it sure would not be the President that is over there now. It would have been the President that got elected; and unfortunately, this Bush budget does not address any of these concerns.

So homeland security involves a lot of things; but most importantly, it also involves our first responders. Firefighters, police, emergency medical personnel, all are in jeopardy because the Bush budget includes $4 billion less than what is required for them to do their jobs adequately.

We are in dismal shape in this country and everyone should be feeling it; and if they have not felt it yet, they will. We cannot afford to leave the Americans and their agenda without adequate security through education, housing, and a means to economically sustain themselves and their families.

As lawmakers, we have the responsibility to ensure that all Americans, including minorities, are able to move ahead to achieve the American dream: life, liberty and the pursuit of happiness.

We must reject this budget. It is clear that if the President's budget office has given out negative information about this budget, we know that others see it, feel it, and will never forget it.

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Mr. CUMMINGS. Mr. Speaker, I want to thank the gentlewoman for her statement.

Mr. Speaker, a lot of people have asked the question, why is it that members of the Congressional Black Caucus have decided to address the budget issues while the war is going on? And it is very simple. It is what the gentlewoman from Texas just said. Life goes on in this country. We believe very strongly that not only must we protect our country from outside forces, and, sadly, some home-grown forces, but we also realize that at the same time we have to make sure that we keep America strong.

As the gentlewoman said, when we talk about our children and a program like Head Start, it is so very, very important with this budget that so many of our children will be denied the opportunity to get that head start. When we look at an issue like the $215 billion of cuts in the House Republican's budget for Medicare and Medicaid, for school lunches and student loans, in agriculture and veterans programs, that is major. Major.

So while the war goes on, as the gentlewoman from Texas said, we have to make sure that when our veterans come home that they come home to a very strong America.

And speaking of a very strong American, it gives me great privilege to yield to the gentlewoman from the great State of California (Ms. LEE).

Ms. LEE. Mr. Speaker, I want to thank the gentleman from Maryland (Mr. CUMMINGS), our outstanding and very dedicated and very brilliant chairman of the Congressional Black Caucus, for his leadership and for his vision and for organizing once again this Special Order to really discuss the disastrous Republican budget and to examine the terrible toll it will take not only on communities of color but on our entire country as a whole.

As we support and pray for our troops, for their speedy and their safe return, I have to ask tonight what kind of America, what kind of opportunities and support will we provide for them upon their return? Our troops and our veterans deserve a sense of economic security. This Republican budget, however, demonstrates nothing less than a very profound disregard for the majority of Americans and for the future of

this Nation. It sacrifices our children, our seniors, our security, our veterans, our environment, and our economy in order to advance special interests and promote tax breaks for the wealthy.

This is a national mistake, and the repercussions of it will be felt in cities and rural communities and towns across America. They will certainly be felt in my district in northern California, where the high-tech economy has struggled, where housing costs are sky high, where seniors and veterans are struggling to pay medical costs and grocery bills, where seniors sometimes have to choose between their medication or buying food, where school infrastructure is crumbling, and where the State budget is reeling from the body blows struck by the recession.

In the last year, we have seen rising unemployment, escalating housing costs, and a floundering economy. We have seen, however, tax cuts for the rich that the President wants to make permanent, forever protecting the richest 1 percent at the expense of the rest of us. That is wrong. And now we see $1.6 trillion in additional tax cuts for the wealthy. Those tax cuts and those misplaced priorities help explain why this budget falls $4 billion short of the money we need to invest in homeland security according to nonpartisan experts. They help explain why this budget underfunds education, short-changing special ed, gutting after-school programs, freezing Pell grants and ultimately leaving millions of children far, far behind.

With the struggling economy and millions of Americans unemployed, this budget cuts spending for job training and employment programs and does nothing, absolutely nothing, to create new jobs. It also cuts funding for environmental programs, including badly needed enforcement programs at EPA that will safeguard our water supply and our children's health. Communities of color will continue to pay the highest price for pollution. This budget will only increase environmental injustices and the health costs it exacts every day.

In terms of energy, the budget reinforces our dependence on fossil fuels by cutting energy efficiency programs and assuming drilling in the Arctic National Wildlife Refuge. In energy, in education, in security, and in so many other areas, we should be investing in our future rather than bankrupting our children. With this budget, we will be spending as much on defense as the rest of the world combined. But, Mr. Speaker, $400 billion plus for defense that underfunds homeland security will not make us any safer.

We could put some of these resources, and we should put some of these resources into health care, but the Republican plan is not designed to expand health care access. For example, seniors would be herded into HMOs and forced to abandon their own doctors if they want prescription drug coverage. This budget threatens Medicare without offering real coverage. And again it will hit African Americans, Hispanic Americans and other minorities especially hard.

We have enormous health disparities in this country and this budget just makes them wider. Most of the 9 million children who lack health insurance in this country are minorities, children of color. Under this budget they remain uninsured. It even cuts Medicaid coverage for children. Cuts it. And it slashes funding for minority health programs.

Instead of spending billions on a faulty and unproven missile defense system, we should put more resources into housing, which is a national emergency and a national disgrace, but this budget cuts funding for public housing. It eliminates funding for the HOPE VI program to replace public housing structures that are in terrible condition. I ask you, without HOPE VI, what hope will those residents really have?

The credibility gap between the administration's rhetoric and its budget grows each and every day. The President promises an economic stimulus but offers tax cuts for the wealthy that leaves small business out of the picture, even though small businesses are the real engine for economic growth in this country. The President promises to leave no child behind, but then cuts nearly $1 billion of funding, $1 billion, Mr. Speaker, for elementary and secondary education. The budget cuts teacher quality programs and after-school programs for our kids and slashes Pell grants and Perkins loans that can transform college from an impossible dream into an actual diploma.

The President praises our troops, as we all do, but then decimates veterans programs, enacting cuts that will reduce cost-of-living increases for the veterans who are with us and who have served our country well. What a shame and what a sham. Our veterans deserve better. Again, rhetoric versus reality.

Look at the budget. It is about choices. We could choose to invest in our future, grow our economy, enhance our security, look out for our children, our senior citizens and those who are struggling economically, or we could, as the Republican budget has demonstrated, provide tax cuts for the multimillionaires and special interests.

I hope it is not too late to wake up America to the damage that is being done to our country, to our children, and to our future. That is the choice that the Republican budget offers. Once again, America, wake up to what is going on in Washington, D.C.

Mr. CUMMINGS. I want to thank the gentlewoman for that wonderful statement, Mr. Speaker, and I just want to emphasize something that she said, because we have heard so much about support of our troops. We all support our troops. But the fact still remains, and we need to say this over and over again, the Republican budget cuts $28.3 billion, billion, in veterans benefits over 10 years compared to the amount needed to maintain purchasing power at the 2003 level.

The gentlewoman talked about veterans, and I just wanted to emphasize that because that is so significant. We do not want to be a Congress that says one thing and does another. I think that is what the gentlewoman was emphasizing.

Ms. LEE. Well, Mr. Speaker, I thank the chairman, and, yes, I think this really highlights the credibility gap, this increasing credibility gap of this administration.

And as I say, with regard to our veterans, it is really a shame and a sham that this administration is cutting their benefits, cutting out their economic security that they so deserve. They have served our country well. Our troops deserve better upon their return, and we are going to fight this to the end, Mr. Chairman.

Mr. CUMMINGS. It is very painful when we go to the American Legion meetings and we see our veterans in parades and they meet us at the shopping centers, or wherever they see us, and so often they come to us with their concerns. I agree with the gentlewoman, if we are going to support our veterans, we have to support them with everything that we have. Clearly, when we are cutting $28.3 billion, and I emphasize that ''b,'' over a 10-year period, I do not know what kind of message that sends.

Ms. LEE. Mr. Chairman, I do not know what kind of message it sends, and also I do not think this administration remembers that we have many homeless veterans now who are just seeking shelter and a place to live. That, again, is a disgrace that we need to address in this budget. We need to address their access to health care and to housing and to all of those support services which they need. They fought for us and they deserve a decent life. They do not deserve to have their funding cut, as the President intends to do in this budget.

Mr. CUMMINGS. I thank the gentlewoman. It is my pleasure now, Mr. Speaker, speaking of veterans benefits and speaking of standing up for veterans over and over and over again, to yield to the gentlewoman from Florida (Ms. BROWN), who has been an 11-year veteran of the Committee on Veterans' Affairs.

Ms. CORRINE BROWN of Florida. Mr. Speaker, I want to thank the gentleman from Maryland for his leadership in organizing this Special Order, and to the members of the Congressional Black Caucus for participating.

Mr. Speaker, I have served on the Committee on Veterans' Affairs for 11 years, and I do not think I have ever been as outraged at the shameful act of this Republican leadership as I am today. On the same day that this House voted to commend our troops and the work that they are doing in Iraq, this same Republican leadership pushed through a veterans budget that cut the VA budget by almost $30 billion. Let me repeat that. Thirty billion dollars.

Republicans can talk the talk, but they do not walk the walk. Or as one veteran group says, they do not roll the roll. It is not what you say, Mr. Speaker, it is what you do.

Our troops today are tomorrow's veterans. These cuts mean the loss of almost 20,000 VA nurses at a time when we are already experiencing a nursing shortage. These cuts mean the loss of 6.6 million outpatient visits. These cuts mean the disenrollment of over 160,000 veterans in a 1-year period from the VA health care system.

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Not only that, but these cuts also mean reaching into the pockets of our Nation's service-connected veterans and robbing them and their survivors of a portion of the promised compensation. And the veterans are not the only unlucky recipients of the Republican budget ax. Elementary and secondary education as well as teacher quality programs also get the ax. Head Start and school lunch programs get the ax. The Office of Minority Health and the Ryan White program all get the ax.

Mr. Speaker, I do not have enough time here today to let the American people know about all the crucial programs that the Republican leadership does not think are more important than funneling money to their country club friends.

Mr. Speaker, this budget dishonors the service of millions of veterans and our Nation's commitment to care for its defenders. Mr. Speaker, I cannot express it any better than the Disabled American Veterans did so appropriately in testifying on this budget, and I quote, ''Is there no honor left in the hallowed halls of our government that you choose to dishonor the sacrifices of our Nation's heroes and rob our programs, health care, and disability compensation to pay for a tax cut for the wealthy? '' Let me repeat that again. Somebody out there needs to hear what I am saying.

The Disabled American Veterans, in testifying before the Committee on Veterans Affairs said, ''Is there no honor left in the hallowed halls of our government that you choose to dishonor the sacrifices of our Nation's heroes and rob our programs, health care and disability compensation to pay for tax cuts for the wealthy?''

Mr. Speaker, I call on all of my colleagues who so vocally supported the troops 2 weeks ago on the floor to stand up today and put their money where their mouth is. This budget is one of the best examples of what I call reverse Robin Hood, robbing from the poor to give tax breaks to the rich. Wake up, America.

Mr. CUMMINGS. Mr. Speaker, I thank the gentlewoman from Florida (Ms. CORRINE BROWN) for her statement, and I want to thank her for emphasizing our veterans when the gentlewoman said today they are soldiers, and tomorrow they are veterans. When we see those soldiers parting from their families to go overseas, when we see their interviews over in Iraq, some of them with sand in their faces and hot weather, giving up their lives, blood, sweat and tears for us, it seems to me that we would not want to do this double talk thing.

I am so glad the gentlewoman said what she said because a lot of times when we talk about the Congressional Black Caucus, people conclude that we are just talking about African American people, but we are talking about all veterans. I know that the gentlewoman has been fighting year after year, day after day. I have heard her so many times on this floor standing up for all of our veterans.

Ms. CORRINE BROWN of Florida. Mr. Speaker, we talk a great talk here, and on Veterans Day we are all involved in the parade; but what is very discouraging is when we get in the closed rooms of the conference and they say, well, we do not have enough. Well, the Bible tells us, and many of my colleagues talk about the Bible and the poor will always be with us, but our job in Congress is to help raise the standards.

How can we deny our veterans fighting for us today? They will come home tomorrow, they are going to need assistance and counseling, and yet we are cutting programs. It is a disgrace. I say, wake up, America.

One last thing as far as our veterans are concerned. Many of them are African Americans. They are fighting for this country today when we have a Commander in Chief who says you are good enough to go fight, but you are not good enough to go to our universities, and that is a disgrace. Wake up, America.

Mr. CUMMINGS. Mr. Speaker, I thank the gentlewoman for mentioning that. Over and over tonight we have been saying we support our soldiers, our men and women in the armed services, and we want to make sure that they come back to an America that is strong, an America that will support their families, an America that will support them when they have health care needs. I can think of no better person than the gentleman from New Jersey (Mr. PAYNE) to address those issues. The gentleman has constantly, like the gentlewoman from Florida (Ms. CORRINE BROWN), has stood up for veterans, but not only stood up for veterans, but stood up for people all over the world, traveling constantly to Africa and around the world trying to make sure that the entire world knows of the concern of not only the Congressional Black Caucus, but of the American people for people who may never even know all that he has done for them.

Mr. Speaker, I yield to the gentleman from New Jersey (Mr. PAYNE).

Mr. PAYNE. Mr. Speaker, I commend the gentleman from Maryland (Mr. CUMMINGS) for the leadership the gentleman has shown in the Congressional Black Caucus in the short time he has been our Chair. Just this past weekend the gentleman conducted a housing summit in Florida where the gentlewoman from Florida (Ms. CORRINE BROWN) had close to a thousand people during the weekend coming to a housing fair, and his participation in Houston, Texas, where he and the gentlewoman from Texas (Ms. JACKSON-LEE) talked about the fight against the Bush plan to end affirmative action. I think the great work that you have been doing is commendable; and as was just indicated, affirmative action is supported by many of the Fortune 500 companies. I spoke at a Black History Program at Merck in New Jersey, and mentioned seven or eight of the companies that were supporting affirmative action, and I failed to mention Merck, and as I finished my speech and came off the platform at their home office, they said we are part of that suit that supports affirmative action.

Our military generals, such as retired General Schwarzkopf, say we should keep affirmative action, especially because our troops need to see diversity in our leadership. As we talk about that, I would like to join with the gentleman in this question about the budget.

I rise to join my colleagues in expressing my grave concern about the budget plan approved by the Republican-controlled House of Representatives. With our Nation engaged in a military conflict overseas, we are told that this is a time of sacrifice on the part of Americans. Unfortunately, both in the military conflict and on the domestic front, sacrifices are being asked mainly from those at one end of the income scale. The fact is that the sons and daughters of wealthy Americans rarely serve in combat while minorities and lower-income men and women serve in disproportionate numbers. It is a time we as a Nation renew the spirit of shared sacrifice. That is what made us so strong in World War II, shared sacrifice, rationing of food, rationing of meats, fuel, price controls, wage controls. Everyone came together, and that effort during World War II made us and saved the world and rebuilt Europe, and Asia then began to strengthen itself. Shared sacrifice is what is fair, not what we are seeing today.

During this time of rising unemployment rates, we should be concentrating on creating jobs for those out of work rather than giving the wealthy more tax breaks through a $1.3 trillion tax cut. Is that fair? Is that shared sacrifice? I do not think so from my math.

Is it fair to approve a budget that cuts domestic appropriations by $244 billion over 10 years, below the amount needed to maintain services at the present level, and we know that services will need to increase, but at the present level cutting it $244 billion? All of the spending cuts will be used to finance the huge tax cut for the wealthy, for those at the country clubs, which most Americans say we should not do. Most Americans say we should not

have a tax cut at this time, but the Bush administration insists on a $1.3 trillion tax cut for the wealthiest of our Nation.

As a former teacher and as a member of the Committee on Education and the Workforce, I am deeply concerned about the fact that the Republican budget approved by the House of Representatives cut education by $2.1 billion in fiscal year 2004 and by $25.7 billion over the next 10 years, and that is below the Bush budget which freezes spending for education by failing to keep up with inflation or increasing enrollments. His budget did not give any increase, but the House Republican-approved budget cuts $25 billion below what President Bush asked for.

The House budget also fails to provide an increase for Head Start, despite the fact that the program is serving only 54 percent of those eligible 3- and 4-year-olds. We know there is a real problem with affordable housing in this Nation, and yet the Republicans drastically cut spending for housing. It is a shame. It is a disgrace.

The Bush administration budget eliminates funding for the Hope VI program, which displaces distressed low-income housing with new community housing. It is hope, Hope VI. That is what people are looking forward to. So what did they do, cut it out. Funding is slashed for the public housing capital fund by $71 million below fiscal year 2003. Rents have increased for thousands of tenants who receive Federal housing aid through minimum rent requirements for public housing and section 8 vouchers. Section 8 vouchers are for the truly poor in our community. That has been cut.

The Republican budget calls for $169 billion in cuts that could harm Medicare and Medicaid. By contrast, the budget put forth by the Congressional Black Caucus led by the gentleman from New York (Mr. OWENS) and the Progressive Caucus led by the gentlewoman from California (Ms. LEE) and the gentleman from Ohio (Mr. KUCINICH) implements the Medicare For All Program. That is what our budget did, a single payer, universal health care plan that guaranteed access to health care regardless of income. There are close to 70 million people now. The number grew from 40 to close to 70 million who are uninsured today. Where are we going as a Nation? Our budget, the Congressional Black Caucus and the Progressive Caucus budget, provides an economic stimulus plan that provides $20 billion in extended unemployment assistance and $50 billion for Federal revenue sharing with States, as well as $50 billion for needed infrastructure investment.

States need help. Our government has turned its back on our States. New Jersey has a $5 billion budget gap, Pennsylvania has one, as does California and New York. States are cutting budgets, and we are turning our backs on them. That is unfair.

We need to restore fairness to our Nation's veterans in gratitude for their service to our country. Our budget provides $3 billion over what the Bush administration allocates. Our plan would provide a substantial investment in school construction, in our Nation's teachers, in student loan programs. We would also create a national housing trust and restore the reckless cuts in housing put forth by the Bush administration, including Hope VI and the Public Housing Drug Elimination Program which has been eliminated.

Mr. Speaker, let us come together as a Nation and truly move forward in the spirit of shared sacrifice. Let us not continually target those who can least afford those severe cuts in order to fund a reckless, unfair tax cut tilted towards the wealthiest members of this society.

Mr. CUMMINGS. Mr. Speaker, I thank the gentleman, and I want to say when the gentleman talks, as a former teacher I know he can appreciate our children getting where they are supposed to be. I sit on the board of Morgan State University, and every year now as it is right now, we have to let go some 600 to 700 students every year. Why, because they do not have enough money to go to school. It is so sad with the Pell grant cut situation; it is going to make it even worse.

People ask me, why is the Congressional Black Caucus so concerned about this budget?

□ 2100

The reason why we are so concerned is because life has to go forth while we are also dealing with a war, and we also understand that a lot of these young people that I just talked about, and I am sure that the gentleman has them in his district, and I am sure that people who are watching this right now who do not have an idea of how they are going to pay for their college education, they may never, they may never get back in college, and their earning power is thus reduced. They cannot do for their families as well as they could have done if they had gotten the education, and it is so very painful to so many people.

So I want to thank the gentleman for all the things that he mentioned. It just kind of stood out in my mind because the gentleman talked about the Governors in various States, State budget suffering and we had our Republican Governor come down to meet with our delegation, and he gave us a book about that thick of things that he wanted from Congress. And as I began to flip through the book, I had to tell him the President and the Republicans have slashed just about every single thing he wants. So States are suffering tremendously. As a matter of fact, in the State of Maryland, it looks like we are going to have to go into extra days of session beyond our 90-day normal session just to figure out how to deal with the budget, and a lot of it is a result of this budget that we are dealing with on this Federal level.

Mr. PAYNE. Mr. Speaker, I thank the gentleman very much. As I met with our Governor, Governor McGreevey, a bright young man who for 2 years in a row had to cut $5 billion each year, does not want to raise taxes, refused to raise taxes, but cut funding for arts, cut funding for hospitals, cut funding for all kinds of programs. The Governors deserve better, whether they are Democrat or Republican Governors. The people in the State are saying really do not tread on us, but bring us in. As a matter of fact, in the first 13 original colonies, New Jersey's flag was a flag with a snake that said, ''Don't tread on us.'' We are treading on our States. It is unfair. It is wrong, and I wish that all the Governors, Republican and Democrat, would tell the unfair Bush tax cut, cut the tax cut, help the States. I thank the chairman.

Mr. CUMMINGS. Mr. Speaker, I thank the gentleman.

I yield to the distinguished gentleman from Virginia (Mr. SCOTT). We have often heard and we heard on this floor earlier tonight of people being very upset that there were people who were concerned about this war and expressing their concerns, and the gentleman from Virginia (Mr. SCOTT) has been one who has consistently stood up for our constitutional rights and has been a conscience of this Congress; and so it gives me great privilege to yield to the distinguished gentleman from the great State of Virginia (Mr. SCOTT).

Mr. SCOTT of Virginia. Mr. Speaker, I thank the gentleman from Maryland (Mr. CUMMINGS) for yielding.

We have heard a lot of adjectives and descriptions. Let me just show some charts that show where we are and why we have so much trouble in funding programs. And one cannot spin these charts. These charts show the numbers of the budget.

This chart shows the deficit over the past few years starting with the Johnson administration, Ford, Carter. Reagan and Bush, as everyone knows, generated a great deal of debt. These are the deficits. When President Clinton came in, we passed a budget in 1993 without a single Republican vote, 218 to 216 in the House, 50/50 with Vice President Gore breaking the tie in the Senate and creating a straight line, straight up until we generated a surplus.

The Republicans note that they were in the majority in much of this time. However, people will remember that their budgets were vetoed. They closed down the government. President Clinton would not sign their budgets because they were irresponsible. So the line kept going because President Clinton had enough Democrats to sustain the veto and those Republican budgets were not passed, were not enacted; and we have a straight line going up into surplus.

In 1 year in the Bush administration, when there was no veto on those irresponsible budgets, we had the deficit coming right back worse than it ever was. This chart was developed before the recent budget that we will consider

tomorrow, $70-some billion with no way to pay for it. So this red line will go almost off the chart.

What are the plans? The plans are we started with a surplus in 2000. In 2001 we spent all of the Medicare surplus. September 11 is 3 weeks before the end of the fiscal year; so there is nothing that could have been done in those 3 weeks. We had already gone into Medicare and almost into Social Security by September 10. In 2002 we are spending all the Medicare, all the Social Security surplus, and $160 billion in additional deficits. In 2003 it looks like we are going to spend all of the Medicare, all of the Social Security, and $300 billion in additional debt. As a matter of fact, we are going to spend Social Security and Medicare and hundreds of billions of dollars in debt as far as the eye can see.

How did all of this happen with this tax cut? Who gets the tax cut? The blue is the 2001 tax cut. The green is the proposed 2003 tax cut. My colleagues will see, and take my word for it, the lowest 20 percent do get some. There is a little bar there. We can hardly see it. The second 20 percent, the third 20 percent, the fourth 20 percent, the top 20 percent, what they get out of the tax cuts. This line right up to here shows the top 1 percent, the next 4 percent. So this is the top 5 percent population. The top 5 percent gets this much of the tax cut. We were told we had to do that for economic growth. This is a chart of economic growth since the Truman administration. Average growth of the Presidents, the worst growth since World War II as a result of that tax cut.

Most people who have any kind of retirement fund know what the stock market looks like. This is 2000, the average price on the Dow, the S&P and the NASDAQ collapsing right after we enacted those budgets. We ran up all that debt. My colleagues will notice that in the Clinton administration when he left, we had anticipated by 2008 paying off almost all of the debt held by the public so there would be almost no debt held by the public. Right now in 2008 it looks like we are going to have this much debt.

We have to pay interest on that debt. Here is the difference in interest that we are going to be paying over these years. We add up the difference of what we anticipated paying and, because we have no debt, what we are going to pay. By 2010 we would have paid an extra $1.6 trillion, with a T, trillion dollars in additional debt.

Let us make this personal, a family of four. Add up the whole interest on the national debt, divided by the population, multiplied by four, and what do you get? In 2003 a family of four's share of the interest on the national debt, not the national debt, the interest, $4,500. As my colleagues will remember, it was going to nothing; but instead, by 2008 it will be almost $6,500; by 2013, almost $7,500 interest on the national debt. We do not get anything for that.

This chart shows where we are with Social Security. Right now Social Security is paying a surplus. We are getting more into Social Security than we are paying out. 2017 we will break even, and then it gets worse. We will be paying almost $1 trillion a year more out in Social Security than we have coming in.

The thing about this chart that is interesting is the tax cut in 2001 already enacted was twice as big as necessary to pay Social Security for 75 years. In other words, if we cut taxes half as much in 2001 as we did and the other half receive the taxes and allocate it to Social Security, that half would have been enough to pay for Social Security for 75 years. But, instead, we are paying more interest on the national debt, and what happens? We have heard about the cuts in veterans benefits, cuts in heating assistance for low-income elderly, cuts in education.

The last 5 years or so, 4 or 5 years, average 12.3 percent increase in education, this year a cut in education, which means that we are going to be cutting school lunches. We are going to be cutting school loans and Pell grants at the time when States are increasing their tuition. With No Child Left Behind, the president went all over the country bragging about that authorization, but the money is not there to fully fund it.

I just want to ask how bad it has to get before somebody realizes that the budget is not working and we have to do something. We are cutting veterans benefits, housing, health care, and education.

Mr. CUMMINGS. Mr. Speaker, I thank the gentleman for that excellent presentation.

Mr. Speaker, I yield now to the distinguished gentleman from New York (Mr. OWENS), who is a leader in the area of education and has consistently stood up for our young people.

Mr. OWENS. Mr. Speaker, I thank the gentleman for organizing this Special Order. I think all Members should be listening and should get the kind of education we have just gotten from the gentleman from Virginia (Mr. SCOTT).

We have, the Congressional Black Caucus along with the Congressional Progressive Caucus, produced a budget, an alternative budget, to guide our people into understanding what the priorities should be. This is a budget which we call Leave No Family Behind because it addresses the needs of working families.

The New York Times just this past Sunday said that the military, the people who are fighting in Iraq right now, mirrors a working-class America. New York Times, Sunday, March 30, 2003. I urge all Members to get it and read it. It goes into an analysis of who is in the military in great detail. It is working families, representatives of working families. Those are the people who are fighting for America. It is our country as much as it is anybody else's country, and certainly the budget that the Republican majority has put forward starting with the president does not mirror a concern for working families. The concern is not there.

We have heard from my colleagues quite a number of examples of items that are being cut. I will not go through all of that again, but the fact that food stamps for low-income families are being cut drastically, temporary assistance to needy families is being cut. The members of these families are out there fighting. Student loans are being cut. Schools are going to have to close early in some States because the States are running out of money, and they should be the beneficiaries of revenue sharing which is proposed in our budget.

The Federal Government would give the States money to help them make up some of the gap in their budgets. We need a budget which reflects a concern for the working families, members who are out there fighting in Iraq for our country. We need to let them know that this country cares about them and appreciates them and the benefits of the Federal Government certainly are going to be there for them when they come home. That is not true in the President's budget proposed by the Republican majority. We need to make certain that between now and the time we pass the appropriations, we correct this great injustice, this great gap between what is needed for working families and what is there.

Mr. CUMMINGS. Mr. Speaker, I began this evening dedicating this hour to a young man from Baltimore, and I talked about how we wanted to make sure that we kept America strong for him although he has gone on, SGT Kendall Damon Waters-Bey. And the things that we have talked about tonight, Mr. Speaker, is about balance, balancing addressing our needs, for protecting ourselves from the outside, and for protecting ourselves from some home-grown enemies, and at the same time balancing our needs to take care of the American people.

It is so important to us in the Congressional Black Caucus that we focus in on this budget which, while it addresses a year or two now, it addresses expenditures for now, we realize that those expenditures that are made today or those cuts that are made today will affect people for a lifetime. A child only has 1 year to be in the first grade or to be in pre-K. If that child is denied Head Start, that might affect that child until she or he dies.

□ 2115

When it comes to prescription drugs and things of that nature, when our seniors simply want medicine and they cannot get it, it can affect them today and can cut their lives short immediately.

So we have come today to focus in on this budget. It is a budget that we have concluded is very unfair to the American people.

EDUCATING AMERICA ABOUT THE WARTIME SUPPLEMENTAL APPROPRIATIONS BILL

The SPEAKER pro tempore (Mr. CHOCOLA). Under a previous order of the House, the gentlewoman from California (Ms. WATERS) is recognized for 5 minutes.

Ms. WATERS. Mr. Speaker, I would like to first of all thank my colleague on the opposite side of the aisle for his generosity in granting me the opportunity to address the House prior to the hour that he has reserved for himself. I would also like to thank all of the Members of the Congressional Black Caucus for being here this evening to help highlight the problems with our budget.

I think that the case has been made. I think that the Members who came to the floor this evening were able to point out all of the devastating cuts in the President's budget that are going to wreak havoc on America. I think they have been able to make a very, very clear picture about what is happening in education, what is happening in housing, what is happening in health care. So I do not need to revisit all of that, but I would like to take time to talk about an action that I tried to take just earlier this evening.

Earlier this evening I went to what is known as our Committee on Rules. I went to the Committee on Rules because this is the committee that will decide whether or not we can amend the supplemental appropriations legislation that the President has asked us to pass in this House. The President has asked for supplemental appropriations legislation because the president needs to have more money to fund the war in Iraq. We understand, whether one agrees with the war or not, that once we deploy our soldiers it costs an awful lot of money. They have to be fed, their clothing, all of the supplies and the equipment, and I think every Member of this House is prepared to support our soldiers and the funding that is needed.

But, Mr. Speaker, as we examine the supplemental appropriations, one can readily see that there is something else going on in that appropriations bill. It is not simply a bill that is designed to support our soldiers and that war in Iraq. What it appears is we are literally paying some people off. We are rewarding some folks, maybe because they voted with us in the U.N., maybe because we want them to vote with us; certainly, Turkey is in the bill for $1 billion. But in addition to Turkey, what I discovered in the bill was money for Afghanistan, for Israel, for Jordan, for Bahrain, for Oman and Pakistan, Poland, Hungary, the Czech Republic, Estonia, Latvia, Lithuania, Bulgaria, Romania, Slovakia, Slovenia, Djibouti, the Philippines, Colombia, and on and on and on.

Now, I went to that committee because I decided that if they can fund all of these countries for whatever reasons, billions of dollars, and, in addition to that, Mr. Speaker, in this bill we will find a very generous allocation for educational needs for not only Afghanistan, but also for Iraq where we are talking about rehabilitating schools and providing building and rehabilitating buildings, and building new schools. We are also talking about providing health care. As a matter of fact, it is the universal health care system that we wish for in America that we will be providing to Iraq. I am not jealous of the fact that we have torn up the countries and we need to in fact do something about funding them.

So I went and I asked that we appropriate $5 billion for our rural and poor communities that need health care clinics and transportation systems to get people to the hospital, and that we fund urban communities so we can get rid of buildings that are burned out and that are boarded up and that have been standing for 35 and 40 years on land that we can have people investing in for growing these communities, if we could but clear them and package it so that we can do some economic development. Of course it is not going to be made in order.

But, in addition to a president's budget that is cutting and slashing domestic programs, now we have a supplemental appropriation that is asking for more money for all of these countries, I guess because they voted for us in the U.N.

Mr. Speaker, it is not right, and the people are going to want to know why we are doing this. We come to this floor tonight to do some educating.

IMMIGRATION REFORM

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 2003, the gentleman from Colorado (Mr. TANCREDO) is recognized for 60 minutes.

Mr. TANCREDO. Mr. Speaker, I rise tonight to talk about the issue of immigration and immigration reform and a specific aspect of that particular problem that we face here in the United States. I have, over the course of the last couple of weeks anyway, tried to enter into a dialogue here; perhaps it is more of a monologue, I suppose, at this time of night and in this particular setting, and the discussion that I have tried to focus on is one that I believe is of paramount, or should be at least, of paramount importance to the Members of this body. It is true that I am concerned about that particular issue and I intend to spend at least most of the evening tonight discussing this particular point, and I should say more particularly, more specifically, the issue of the drug importation into this country which is allowed by the porous nature of our border and the various hazards that that poses, because there are a wide range of problems that confront us because our borders are porous.

We are going to explore these one at a time; we are going to take them in sections, I guess, if you will, and we are going to talk about, as I did last week, we are going to talk about the issue of national security and how that is affected by porous borders. We are going to talk this evening about the importation of illegal narcotics into the United States and how that threatens the country and how that phenomenon is made more, I guess prevalent, and it is, of course, much easier to import illegal narcotics into the United States because our borders are porous, and we are going to focus on that. And then we are going to talk about maybe in the next week or so, environmental degradation that comes as a result of millions of people crossing this border illegally and what they do to the land as they trespass upon it.

But let me just for a moment or two reflect upon some of the things that have been said in the prior hour by members of the Black Caucus.

Time and again we heard reference to the ''cuts'' that were part of the budget we passed, the Republicans introduced and passed in the House. And I am certainly not going to spend a lot of time talking about each of the issues, each of the different kinds of budget issues that were identified here, but I am going to talk for just a moment about one aspect of this, and that is, I think 13 or 14 times I heard the phrase ''cuts in funding for veterans.'' I am going to only focus on that to show my colleagues the difficulty of debating this kind of an issue and actually getting the facts out to the general public.

Now, if anybody did in fact hear the last hour, Mr. Speaker, they would think certainly that there has been a cut in funding to veterans, and actually proposed, that is to say, by the Republican budget. A cut not just to veterans, but to a whole host of groups, the elderly, children, schools, you name it. So let me just focus on this one point, just on veterans, in order to put this thing in some sort of perspective for anyone who was actually listening to that discussion.

Cuts in the budget to veterans. Cuts. Now, I am not sure exactly how Webster defines the word ''cut,'' but it has to do, I am sure, with a reduction from one level to another. I am just going to assume that. So if someone stands up in front of us and says there has been a cut proposed in the Republican budget for veterans, one assumes that the money that is being proposed to be spent for veterans benefits next year, 2004, is less than what is or what has been spent or will be spent in the 2003 fiscal year.

So that we again can actually understand what is going on here, let me tell my colleagues what the figures are. These are undeniable, undebatable; they are in black and white; they are produced for the public consumption by the printing office when it prepares these budgets. So anyone can determine whether or not I am being truthful here when I tell my colleagues that the budget for veterans for the fiscal

year 2003 was about $57 billion. I believe $57.6 billion, to be a little more specific.

Now let me tell my colleagues what the budget is for veterans for the year, in our budget, in the Republican budget for the fiscal year 2004. It is $61.6 billion.

Now, let me think. Let me think. Mr. Speaker, $57.6 is this year; $61.6 is next year proposed; somehow or other, only in this place, only in this kind of debate can we say things like the Republican budget is proposing a cut. I do not know how they come to that conclusion. It may be because they established for themselves some mythical number that should be in the budget of $100 billion, and then say, do you realize the Republicans have cut the budget for seniors by $40 billion? Because I think they should get $100 billion, therefore the proposed budget of $61 billion is a cut from my figure. Now, maybe that is what they meant. It is, of course, irrelevant because nobody does math like that; or perhaps, I should say, nobody does anything but fuzzy math in that way.

Or maybe it is a product of a school system. Maybe it is the fact that the schools are so bad, as was discussed in the last hour, that people simply cannot figure out, they cannot do the math and figure 57 minus 61; let me think, that is about, oh, yes, that is $4 billion. That is an increase proposed for the next fiscal year. So I am going to go out and say that because I wanted $70 billion or $100 billion, there is less money available, or that the Republicans had cut the budget.

Now, I am just pointing at that particular thing because it is really and truly an example of this entire debate. The president's budget, by the way, was a 4 percent increase, higher than inflation. It proposes a 4 percent overall increase for all Federal spending. An increase, I-N-C-R-E-A-S-E.

□ 2130

No matter how many ways we try to construct this debate, it is impossible if we do the math to figure out or to come to the conclusion, I should say, that there is a ''cut.'' Yet people can say things like that over and over and over and hope that somebody actually believes it. It is amazing. What a country, as the comedian says, what a country.

There is another aspect of that last debate that I wanted to bring up. It is a very, very controversial aspect. I certainly understand that what I am about to discuss here for a moment or two has that dimension, or that characteristic. It is controversial.

I am concerned about the fact that in this body, and certainly throughout the country, we do things that are designed, maybe not purposely, but certainly have the effect of pulling America apart, pulling us apart and putting us into camps as individuals. This is one of the issues that we deal with when we talk about immigration reform, and the problems with massive immigration into this Nation that occur simultaneously with the development of this philosophy of multiculturalism.

It is not just massive immigration into the United States that is problematic. We have, as a Nation, dealt with it over the last couple of hundred years. As a percentage of the population, it has risen; it has fallen. We have been able to deal with it. We would be able to deal with it even today, even though the numbers are far greater today. The massive immigration into this country exceeds, in just the numbers, anything we have ever witnessed before.

But I am sure that we could handle it if we did not have to also deal with, internally, this issue of, I would call it, a pernicious multiculturalist philosophy. What that philosophy boils down to is something like this: that, you know, the United States as a whole, as a Nation, cannot really be defined. America cannot really be defined easily if we are talking about a group of people that are coming together in support of and in a complete understanding of and an allegiance to a certain set of ideals and goals, because of course we are not a country of people that can easily be identified any other way.

We are not a people that you can look at and say, yes, he or she is an American. We do not know that, because we are people of different color and different religious perspective and cultural habits; and all the things other countries maybe have to hold them together we do not have in America.

People say diversity is our strength. Of course, there are certain positive aspects of diversity; but there are certain times when diversity, driven to the extreme, becomes something other than a positive aspect of our society. It is when we become pulled apart as a Nation and divided up along ethnic lines, as opposed to along the lines that would divide any other sort of republic; that is to say, along the lines of ideas: ideas about how we should be governed, ideas about what it is to be an American, some communal thing.

There can certainly be differences. Absolutely there are differences, as evidenced by the division in this House, right and left, conservative and liberal, Republican and Democrat. Those are good. They are healthy differences to be discussed, to be debated, and for the Nation to work through. Those are healthy differences, and I applaud them.

I wonder sometimes about those things that are designed, however, to divide us on other lines; not into camps based on ideas about how government should be formulated and how government should actually react to the citizens of this country and reflect their opinions. But we should in fact be divided on other lines: on racial lines, such as the Black Caucus, the Hispanic Caucus.

I respect every single person in this body. I respect people; and I certainly have great, great respect and love for my colleagues who serve here. I do believe that they are capable, competent individuals who have gained this seat in this body because of their individual abilities. They are, for the most part, I think, enormously competent people, and people who come to serve here for all the right reasons, because they want to do what they can to improve the quality of life for people who live in this country; but I hope it is for all the people who live in this country.

I am concerned to a certain extent about the division even in this body into groups that are based on things other than ideas, and that are based on things like race. Certainly, I would be opposed to a white or Anglo caucus, and certainly the media would go crazy. Everybody would say, what kind of a thing is that? That is a racist concept. I would have to agree that such a caucus would be, I think by its very nature, racist, because I do not think that the problems that confront the United States are problems that are uniquely black, white, or Hispanic. I believe they are problems that confront us as human beings.

I want to reiterate that I respect every single Member of this body, and certainly every member of the Black Caucus, every member of the Hispanic Caucus. But I do wonder about the kind of message that even the creation and existence of those caucuses, those two caucuses, what is the message that it sends, that we are as a Nation dividing up into these camps, and that it is appropriate to do so: white, black, Hispanic.

Mr. Speaker, I think that is a dangerous thing. It is one of the reasons why I do, in fact, take the floor often to talk about the implications of massive immigration that are combined with this multiculturalist philosophy that permeates our society, a multiculturalist philosophy that says there is nothing unique about America, or if there is anything unique, it is maybe about how bad it is compared to other cultures and civilizations; that there is nothing special about America.

It is the philosophy that we see in the textbooks of the children in our classrooms throughout this country that downplays American history, that downplays the role of Western Civilization in the development of world history, the positive aspects of Western Civilization, all of Western Civilization and the participants therein, be they black or brown or white or yellow.

Western Civilization offers much to the world and has provided enormous opportunities. Certainly there are warts. Certainly there are aspects of Western Civilization that we can condemn or criticize. But overall, overall, I think it can be said and empirically proved that Western Civilization has contributed far more than it has taken away from human liberty.

We should extol that virtue, especially, especially when Western Civilization is in fact under attack, which I believe it to be. Western Civilization is confronted by many rivals, and we are seeing some of those battles being played out, I must tell the Members, right now, I think, in Iraq, in Afghanistan, in other places in the world. Because, yes, I think part of what we are facing is a clash of civilizations. I believe Western Civilization and the values thereof are being confronted by other values.

Perhaps we can, for our purpose here for just a moment, describe those other values or those other concepts as fundamentalist, or radical Islam. I believe that Islamists, radical Islamists, are in fact threatening Western Civilization, confronting Western Civilization. I believe that what is happening even today in Iraq is a reflection of that conflict.

I know that what I am saying here tonight is controversial. It is certainly not politically correct. It will tend to make people respond with the usual epithets of ''ethnocentrism'' and ''racism.'' Those are the words that are usually used to describe a person who feels as though Western Civilization does have a significant role to play in the development of mankind, and intrinsically has a great positive benefit; but I believe it does. I believe it can be proven.

I believe there is nothing to be ashamed of in this, as being a sort of representative of Western Civilization; or a participant in, a member of, however we want to put it. There is nothing to be ashamed of, and I think there are many things to be proud of.

I am proud, but I do worry about all of those things that are part of this multiculturalist philosophy that tend to tear us apart and make us, therefore, less able to actually confront an opponent; in this case, fundamentalist Islam.

Islam, I should say, is not a monolithic entity. It is made up of over 1 billion people who have different opinions and attitudes and ideas, so I do not want to suggest that everyone who is of the Muslim faith is a foe of Western Civilization. But I will tell the Members that the fight we fight in Iraq and that we will be fighting after the war in Iraq ends and after Saddam Hussein is deposed, that war, it will go on; and it is a war that I think can be characterized accurately as a clash of civilizations.

So we have to know who we are, Mr. Speaker. We have to know exactly what it is that we as Americans and that we as representatives and leaders of Western Civilization are all about, whether the ideas and ideals of Western Civilization matter, whether or not they are worthy of the battle and of our defense.

I think they are. I do not mean for a second to suggest that people who come to the floor and who argue for their particular point of view, certainly because it differs from mine, are not as committed to this Nation and to its future as I am. I just would want to bring to the attention of the body this fear, this problem, this one aspect of that debate.

When it strays from a debate over ideas and into a debate that divides us up on racial or ethnic lines, this is, I think, problematic, to say the least. It is something that we need to talk about, to discuss in candor and without vitriol. It is something that we must not be afraid to talk about, even though, I admit, it is controversial.

Certainly there are a lot of people who will be on edge when we begin to discuss this thing, but perhaps that is not a bad thing. Putting Americans on edge when confronting these kinds of questions is perhaps not the worst thing in the world; and it is, perhaps, absolutely necessary.

We have to think about this: What does, in fact, tie us together? What makes us come together as Americans? Can we actually define what that means, American? Can we leave out any reference to the color of our skin or to our ethnicity in that definition? Can we, to paraphrase someone else, can we forget about the color of our skin and concentrate on the nature of our character?

That would be the ultimate goal, and that would be the most positive development and the most positive aspect of any debate over what is America, what is the definition of America, or Americanism.

□ 2145

It is worthy, I think, of our allegiance, but we have to tell our children about it. I hope that the President of the United States and leaders of this country, elected leaders and cultural leaders and people in the pulpits of the country, I hope all of them will think about the importance of advancing this concept of America as one Nation, as an ideal, an ideal that has many components and one of the wonderful aspects thereof is the ability to debate those ideas in a forum like this.

So I hope that I will be given some leeway by those who are listening in terms as they get very on edge, I guess I should say, about what I am saying here tonight. Let me suggest that it is important for us to discuss these topics in a way that I think would make us all better people and better Americans.

So with that let me go to the point or to the discussion now of the issue of immigration specifically, and even narrow it down to a greater extent to the problem we face as a Nation of porous borders and the amount of very dangerous things that come across those borders. And so tonight for the rest of the evening I am going to talk about just one aspect of porous borders and the problem with lax immigration laws, and that is what happens to the United States and in the United States as a result of those porous borders, and specifically as a result of the drugs that come across those borders.

First, I am going to take a look at the Canadian border. Now, it is an interesting thing that although marijuana is by far the drug that is trafficked across that border more than anything else, there is one little thing that is happening up there that is worthy of our attention. That is the amount of a different kind of narcotic, in this case methamphetamines, that are coming across the border.

This is a series of pictures of meth labs that we have uncovered on our border, on our northern border, and what we are finding is that there is an enormous amount of methamphetamine traffic from Canada to the United States. Due to the lack of legal control measures in Canada, both Canadian- and American-based drug traffickers are able to purchase chemical products used in making methamphetamines openly from legitimate distributors. So they buy the component parts of methamphetamine in Canada. They ship them into the United States. They are cooked. They are brought together in meth labs like this that we see all over the northern border States and some, as a matter of fact, down in the Southwest, but primarily again up in Canada. The drugs are put together in these meth labs and then transported farther inland in the United States, sold, and the money goes back to the drug cartels in Canada.

Now, here is one little interesting aspect of this whole thing that I think relatively few people may be aware of; that in Calgary, Canada, we now see a relatively large community of Muslims, about 25,000 in Calgary. There are about maybe 100,000 in Vancouver, and I am not sure, estimates are about a quarter of a million or so in Canada generally. But the 25,000 Muslims that are in Canada can be identified as the primary source of that drug trafficking activity into the United States.

I was on the northern border not too long ago. I was a guest of the Forest Service and the Border Patrol. They were telling me about this particular phenomenon. They were telling me about the group in Calgary, Canada, about how they transport the methamphetamine components into the United States, about how those components are put together in these meth labs, and how then the money goes back to the Muslim group inside Canada, and then that money is used to support terrorist activities and terrorist organizations all over the world. I confirmed this, when I got back, with Asa Hutchinson who is, I guess we can call him our drug czar, but a Member whom I served with some time ago and a Member for whom I have the greatest respect. And it is true. What I just told you is true. There is this group in Canada, primarily Muslims, who are the source of this methamphetamine trade into the United States.

Now, not only, of course, do we know the damage that this particular drug

does in the United States to our children and to adults, there is also an environmental component of this, and we will talk about that more at a different time, the environmental degradation of the land as a result of illegal immigration and of porous borders, but specifically with regard to this particular problem, the methamphetamine and the labs that are operating all over the northern part of the United States, that environmental degradation is caused by dumping of toxic by-products resulting from this methamphetamine production, and it is a very scary thing. It is a very costly thing.

On average, 5 or 6 pounds of toxic waste are produced for every pound of methamphetamine produced. It costs us about 3- or $4,000 every time we go into these areas and clean up these meth labs that are left around. They will dispose of much of these chemicals, by the way, in caves, in abandoned mines and that sort of thing. And the problem is, of course, people come across it, kids, hikers, whatever, will go in there, animals; the danger is great. These toxic chemicals are very, very dangerous, and very lethal.

In addition to the chemical and other kinds of threats to health and safety of officers in dismantling these laboratories, these sites often contain additional dangers such as blasting caps, dynamite, explosive booby traps, grenades, pipe bombs, and plastic explosives of a variety of kinds.

The Canadian border sometimes, well, we just are sometimes astounded by it. We cannot believe this is happening up there. We do not pay a lot of attention to it. The media does not pay a lot of attention to the porous nature of that particular border. But while I mentioned earlier that I was up there along the Canadian border, this was not too far from Bonners Ferry, Idaho, an incredibly beautiful part of the North American continent. And I went to the border to observe an exercise being conducted by 100 marines who had been sent up there to see what kind of technology we could employ along with the military to try to control just one section of the border there, just one little tiny, maybe 100 miles of border.

And while we were there, we were using by the way, I say ''we,'' I was really just an observer. But the marines were using three drones, unmanned aerial vehicles to patrol the skies over that border to identify people coming across that border. And by the way, this is the most rugged territory you have ever seen in your life. And there are no roads, and people coming across that border are usually coming because they would not be welcomed at the port of entry. And sure enough, while we were there, one evening a drone that was being operated, it was about 2 o'clock in the morning, it was being operated by this young marine, and it pops up on the monitor, on the screen there, some sort of activity on that border. And they closed in on it and found, I think it was four people coming across on ATVs, All Terrain Vehicles, carrying 4- or 500 pounds of narcotics on the back of these ATVs. And they were able to be interdict because we were using the military in conjunction with the Border Patrol and in conjunction with the Forest Service to apply technology and human resources to try to see whether or not we could actually control the border. Actually it worked.

We also, I was not there at the time, that same exercise was responsible for interdicting, as I understand it, a light plane that was carrying a lot of drugs. And planes are often used, of course, for the transportation of narcotics across that border. Oftentimes drugs are smuggled across the Canadian border commingled with legitimate cargo in commercial vehicles. For example, in February of 2001 a bus driver from British Columbia was arrested for transporting 135 kilos of Canadian-produced marijuana into Washington State aboard a tour bus. Marijuana was secreted inside garbage bags located in the spare tire compartment of the bus.

The Coast Guard seized 240 pounds of marijuana from a Canadian military vehicle that crossed the border from British Columbia in the Blaine port of entry.

Canadian Customs in Montreal discovered 350 kilos of cocaine concealed in pallets loaded with a shipment of coffee. The shipment which originated in Brazil was transported by vessel to the United States through the port of Philadelphia, then transported by tractor-trailer to Canada through the St-Bernard-de-Locolle port of entry on the northern end of Interstate 87.

The Office of National Drug Control Policy reports that drug smugglers along the northwestern corridor of the United States have been increasingly exploiting the open skies policy between the United States and Canada. Due to this agreement, law enforcement reports contain several examples of drug smuggling by aircraft from Canada to the United States. It occurs in a number of locations, including from British Columbia to Washington State, from the Vancouver area across the Idaho and Montana borders, across Lake Erie into Pennsylvania, and from Quebec to Maine.

In January 2001, law enforcement authorities in the Western United States arrested 13 members of a smuggling group that regularly transported and air-dropped a potent type of Canadian marijuana into Washington State via fixed-wing aircraft and helicopter. There is even intelligence that suggests four trafficking groups transporting Canadian-produced marijuana into Pennsylvania using small aircraft and a corporate jet.

As with the southern border, we are seeing a higher degree of technology being employed and of sophistication being employed by the people smuggling drugs across that northern border. Intelligence reports indicate that drug smugglers are increasingly using night vision optics, global positioning systems in order to navigate in remote areas.

Furthermore, again, not unique to just the northern border, but what we see is smugglers increasingly are carrying weapons to protect their cargo. This is of course a threat to any law enforcement officer that may approach them. You have to remember that most often they are being approached by Forest Service personnel, Park Rangers and other, who are really not being trained for this kind of thing. They are not really able to be the first line of defense against drug traffickers, narcotics smugglers into the United States. Their job has been mostly dealing with people who are violating some camping regulation or whatever. But they are not really all that prepared to deal with this enormous amount now of smuggling that is going on on our borders.

Now, the northern border, as I say, it has unique problems that we have to confront. Incredibly difficult terrain, a government in Canada that takes sort of a blind eye towards the issue of smuggling and narcotics in general. We have actually had, we have actually had Royal Canadian Police call our folks on our side of the border, both Forest Service personnel and Border Patrol people and say, look, we are chasing a load of drug smugglers into the United States. But we are going to let them go. We are not going to actually interdict them. We are just going to keep chasing them because we know if we stop them, they are going to be let loose by our government because our government does not care about drugs, especially when they are going into the United States. So they actually warn us so that we can interdict them as they get across the border and hopefully they will be charged, sent to prison, and pay for the crime. But the Canadian police know that their government will not do it, so they call us and ask us to help them.

Those are some of the unique problems on the Canadian border. Those are some of the problems we incur because our friends, the Canadians, are not so friendly when it comes to these border-related issues.

□ 2200

Canadian borders are themselves porous. People can come in and do often come into Canada, claiming refugee status. That is all they have to do, and at that point, they are admitted into Canada, and they are allowed, of course, to actually traverse Canada.

I have often joked, but it is not really much of a joke that Osama bin Laden could land. I am surprised in a way that one of the countries that are not offering some sort of refuge to Saddam Hussein, I am surprised it is not Canada or Mexico because frankly their immigration policies would indicate that they would be wide open to it. I said that it was not really a joke, but I have suggested that Osama bin Laden could shave off his beard, come into Canada, call himself Omar the Tent Maker or anybody else, not have to produce any document of identification, just claim refugee status. He

would be allowed to go into Canada, and of course, because our borders are porous and because we refuse to actually do anything to control those borders, he could come into the United States; and of course, people do by the thousands, by the hundreds of thousands, yes, by the millions.

We are focusing tonight on just the drug importation problem. It is a serious one, but it is certainly not the only problem that results from porous borders.

Now we are going to move to the southern border. Magnify everything I just told about that northern border by 50 times, and this is the problem we have on the southern border. The problem there is we not only have a government that looks the other way when it comes to drug smuggling activities, we have a government, a large portion of which is involved with the drug smuggling activity.

Mexican drug lords, backed by corrupt Mexican military officials and police officers, will move tons of marijuana, cocaine and heroin this year over rugged desert trails to accomplices in Phoenix and Tucson for shipment to willing buyers throughout the United States as per an article printed not too long ago in the Washington Times by Jerry Seper.

He goes on, ''Most of the smuggling routes pass through the Tohono O'odham Nation, a sprawling Indian reservation, where undermanned and outgunned tribal police will confiscate more than 100,000 pounds of illicit drugs this year, about 300 pounds a day.'' I am going to talk more about the Tohono O'odham Indian reservation in just a moment or two, but believe me, the problem is not just there, that 71-mile chunk of the border.

The people coming across that border, according to Detective Sergeant Kray says, again, they have become very, very sophisticated. They have two way radios, night vision gear, body armor, and carry automatic weapons. They put people on the hills to act as lookouts and use portable solar panels to power their communications equipment. They have powerful four wheel drive vehicles that are under orders not to stop, to shoot their way through if they have to.

This is an example of that sophistication, of that level of danger, I should say, that is developing on those borders. Oftentimes we have seen probably on television when the police are in a chase, the police in the United States are chasing someone, they will put out spikes and try to stop the car and blow up the tires. The drug traffickers are doing exactly the same thing, but only to us. When they are being chased, they throw out these spikes here behind them so as to puncture and disable the tires of the border patrol or law enforcement agents that are coming after them.

They will also put across the road these barriers. They will cut down trees. They will place rocks across the border to stop people, carjack them, take their vehicles, use them for drug transportation and then abandon them; and we can go across the Southwest, we can fly over the desert areas in Arizona and Mexico, and we will see cars, literally hundreds and hundreds of abandoned cars all over the desert.

These cars are oftentimes stolen from Americans, stolen from people who are just traveling in the area. As I say, they are carjacked. People are sometimes hurt in the process, sometimes killed. Their cars are taken, used in the drug transportation and then abandoned.

This article goes on to say that the smugglers, according to U.S. law enforcement authorities, often are protected by heavily armed Mexican military troops and police, who have paid handsomely for the privilege of escorting the drug traffickers and their illicit shipments across the border and into the United States. The drug lords are expected to spend more than $500 million this year in bribes and payoffs to a cadre of Mexican military generals and police officers to ensure that the illicit drugs reach their destination. Mexican smugglers will account for 80 percent, 80 percent of the cocaine and nearly half the heroin that reaches the streets of America this year.

Law enforcement authorities all along the U.S.-Mexico border are concerned about the involvement of Mexican military troops and police in the alien and drug smuggling business.

Another visual portrayal of that, 2001 Mexican military police incursions into the United States. Hear what I am saying. Mexican military and Mexican Federal police have come into the United States along these points. The blue arrows indicate the Mexican military, the red the Mexican police. The yellow are the ports of entry.

''Several officials said in interviews that Mexican police agencies along the border have been 'totally corrupted' by drug smugglers and that the corruption included a number of key Mexican generals and other commanders.

''Violence along the border, fueled by the drug trade, has spiralled out of control.''

Corruption among Mexican police is so extensive that, they said, some U.S. law enforcement agencies refuse to work with their Mexican counterparts. Mexican police officials have been tied not only to alien and drug smuggling, but also to numerous incidents of extortion, bribery, assault, kidnapping and murder along the border.

''Border patrol agents in Douglas, Arizona, were pulled from their duty stations after police in Aqua Prieta, Mexico, tipped U.S. authorities of a pending drug shipment. Supervisors were fearful of putting their agents in the middle of a shootout between rival drug gangs, each supported by competing Aqua Prieta police.''

This is absolutely incredible in a way, if we think about it. Members of a foreign military, members of a foreign government's military establishment and police establishment routinely cross our border for the purpose of aiding and abetting a drug trafficking cartel, actually several cartels.

We have had over 200 of these incursions since about 1997. I have written the President of Mexico. I have written the Secretary of State of the United States. I have asked our administration what do they intend to do about this. What they say periodically is we intend to bring it up at the highest levels of government. We know what that means. Let us define that down to regular speak, okay. Nothing, that is what we intend to do, nothing.

Because, of course, these issues, if understood by the American public, Mr. Speaker, would certainly arouse some degree of ire, and they would probably result in people suggesting to their congressional representatives, let us say, that something should be done about the border, that, in fact, if the Mexican Government can put troops on the border for the purposes of helping the narcotics traffickers into the United States, that certainly the United States could put American troops on our border for the purpose of protecting our own sovereign Nation, if it is sovereign anymore.

We have had instances where Mexican military and/or Mexican police have fired on and injured people in the United States, specifically our border patrol agents. A recent documented Mexican military incursion on May 17 of last year when a border patrol agent was fired on by three Mexican soldiers in a military HUMVEE near now what is known as the San Miguel Gate on the Tohono O'odham Indian reservation, I mentioned it earlier, about 30 miles northwest of Nogales. The gunfire, which erupted shortly after 8:30 p.m., shattered the rear window of the U.S. agents' four-wheel-drive vehicle.

An unnamed agent, after spotting the soldiers, sought to avoid a confrontation, according to U.S. authorities, and had turned his clearly marked green and white border patrol vehicle away from the HUMVEE when it was hit by gunfire. Mexican soldiers were armed with assault rifles. One bullet was deflected by the vehicle's prisoner partition located directly behind the agent's seat, and knocked out the right rear window. The agent involved had been on the job for about a year, authorities said. I actually interviewed this fellow when I went down and visited the border some weeks later.

Earlier that day, in the same area, border patrol agents had confiscated 2,200 pounds of drugs from a vehicle that had crossed into the United States, although a second vehicle escaped back into Mexico. I am sorry I am getting ahead of myself here because we get into some other very dangerous situations along that border.

Let me move ahead here. Let me talk a little bit about those cartels that I mentioned, the cartels in Mexico that actually control most of the drug

smuggling into the United States, five main cartels: the Arellano-Felix organization, the Vincente Carrillo-Fuentes organization, the Armando Valencia organization, the Miguel Caro-Quintero organization, and the Osiel Cardenas-Guillen organization. They are responsible for the majority of the cocaine, heroin, methamphetamine, marijuana, and precursor chemicals entering the United States.

In April 2000, an investigation revealed that Mexican marijuana organizations were working in conjunction with Jamaican traffickers in the United States. A large-scale Jamaican marijuana trafficking smuggling group had numerous distribution sales throughout the United States and a primary marijuana source supply Mexico-based traffickers with ties to Mexico and to these different organizations.

We have uncovered tunnels. There is no two ways about it. These organizations are very creative and industrious. We have identified a whole series of tunnels that were dug across the border near Nogales and other cities along our border with Mexico through which both people and drugs were smuggled.

Let me talk a moment or two about the Tohono O'odham Indian Reservation in Arizona because this is a microcosm of the problem we are facing. I just want my colleagues to think about it. What I am going to tell my colleagues here is just one little part. It shares just a 71-mile-long border with Mexico; and of course, our border with Mexico is close to 4,000 miles, so extrapolate this any way you want to.

''They're being overrun by illegal aliens. They're being overrun by drug smugglers. And they're caught in a war zone,'' says Judge Pogo Overmeyer of the Tohono Indian Nation courts.

Homes burglarized by illegals, deadly car wrecks caused by reckless smugglers, drug runners brandishing weapons as they demand help from the local people, this is daily fair on the reservation. Overmeyer said that she noted that Tohono O'odham police reported seizing 33,000 pounds of marijuana during the first 4 months of the year. During the same period, the police located 1,877 vehicles that smugglers had abandoned on the reservation.

One of the busiest smuggling routes through the reservation begins about 25 miles to the West where taxis finish a 15-minute run from the Mexican town of Sonoyta by depositing passengers at a flimsy border fence.

This is a little publication put out by the Tohono O'odham Indian Nation. Four separate land areas comprise 2.86 million acres, three counties, 75 miles, I said 71, 75 miles contiguous with Mexico, nine villages in Mexico.

Narcotics seized in 2002, 65,000 pounds. Illegal immigrant traffic, over 1,500 a day, 1,500 a day coming through there. Towing vehicles out of there, 30 to 40 a day. Refuse, trash, every immigrant leaves behind over 8 pounds a day, equal to 6 tons per year.

□ 2215

In just December of 2002, the Indian Nation, and this is a very small contingent of police on that reservation, they alone took in 5,400 illegals. They have spent millions and millions, $6.5 to $7 million, in treating illegals that are getting sick on the transportation, 85 cases of death, exposure, drug smuggling, other death investigations, homicides, vehicle towing, immigrant interaction cases and Sells Indian Hospital. Sells is the little community there that has a hospital. Treatment of illegal immigrants, over 50 cases a month, summertime over $500,000.

And these are not just Mexican nationals, they say. In 2002, over 200 undocumented immigrants were apprehended in the Nation that were not Mexican nationals. On August 6, the Tohono O'odham Police Department drug enforcement officers found a plane ticket stub dated August 21, 2001, a plane ticket paid for Yousif Abdelkaber, paid for in cash.

Mexican military incursions into the Indian reservation in March 1999, April 2000, January 6, May 17, February 7. All this on this little Indian nation. They are overrun. Their entire life has been destroyed. Their children are being taken into these cartels, sometimes forcibly, but oftentimes of course just led into it for the money. I saw 5-year-old children on this Indian reservation who were walking around stoned. These parents are going crazy. They do not know what to do. They cannot deal with the fact that they are being invaded essentially.

But let me tell you, they are just one part of that border problem. It is just a microcosm. We can identify it, we can quantify it, because it happens to be an Indian nation and they have their own organization. They have their own police department and they keep numbers and track of it, so we can do that there.

But let us talk about the Tucson area, where in the month of November of last year they accounted for 100,000 people. They stopped about 23,000, but 100,000 people came through there illegally. This is a picture of the plane flights coming out of Mexico. I do not know if this can be seen, but there are literally hundreds, thousands, of plane flights just in the last year.

In the green, these are all over the area here; these are fades, where we catch them on radar then they duck under and we do not see it. The blue are low flyers. The red are called short landings. Now, what these red are, that means we catch them, they land in the United States, and we see them back on the radar going back out in 15 to 20 minutes. These are all drug related, coming into the United States. Okay?

How about this? How about this? Talk about the creative and inventive nature of the drug cartels down there. They stole a vehicle, an SUV, and they painted it with Border Patrol logos. They found and were able to obtain government plates for this thing. They used it to transport drugs into the United States. They packed it full of marijuana, but we caught it. That was pretty smart, right, decking out a vehicle to look like a Border Patrol vehicle, and then using it to smuggle drugs in? But they are pretty stupid at the same time, because they are smuggling the drugs through at about 2 a.m. in the morning with their lights off, so we caught them.

This is the kind of thing that goes on and on, on that border. And here is what it ends up. We have a Park Service that is also under siege. We have a situation where 40 percent of our border on the southern border and 10 percent of the northern border are national parks. They were being inundated. They are being trashed. The drug traffickers are coming through. Sometimes there are caravans of people walking through; a guy with an M–16 on the front end, a whole bunch of people carrying 60 pounds of drugs in backpacks on their backs, and a guy with an M–16 on the back. Meantime, here is mom and dad in a Winnebago down in the Coronado or the Cactus Pipes National Park, and they are camped out, and all of a sudden they look out their camper window and see a whole bunch of people coming through with guns and drugs.

This is happening, and people are getting killed in these parks. The parks are being destroyed by these drug traffickers who could not care less about the land. They leave trash, they set the place on fire. When we were down there in the Coronado, a fire had been started by an illegal alien who had started the fire at night to keep warm, and then walked away from it. By the time I got back to Denver, 35,000 acres had been burned to the ground. This is what is happening on our southern border, yet we do not have much of an intention to do anything about it. And on the northern border, of course, this is what is happening to us.

And let me say this. This is a face I wanted all of my colleagues to remember. I want all of America to remember this face, Mr. Speaker, because this is the face of a gentleman by the name of Kris Eggle, who at the young age of 28, last August, was killed by drug traffickers.

A drug bust went down near the border. We got about 400 pounds of drugs that we confiscated. That drug load was not actually completed, because the guys that were responsible for it lost the load. We got it. The cartel sent somebody to take care of them. They killed four of them in Mexico, who were escaping across the border, and they ran into Kris Eggle, who was doing his job as a park ranger. He confronted them and they killed him.

I visited the spot where he died. I visited it with his father, who had been there four times to commemorate his son's death and to relive that experience. It is a difficult thing to do for anybody, but he did it because he does not want this death to go in vain, and I do not either.

These borders are porous. We refuse to protect them and we send people like Kris Eggle down there and we do it at their peril. This is a shame, Mr. Speaker; a shame that we do not defend these borders and defend the people we send into harm's way there. It is a war zone also.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. MCINNIS (at the request of Mr. DELAY) for today on account of surgery.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. SCHIFF) to revise and extend their remarks and include extraneous material:)

Mr. DEFAZIO, for 5 minutes, today.

Mr. SKELTON, for 5 minutes, today.

Ms. NORTON, for 5 minutes, today.

Mr. FILNER, for 5 minutes, today.

Mr. MEEK of Florida, for 5 minutes, today.

Mr. SCHIFF, for 5 minutes, today.

Mr. CROWLEY, for 5 minutes, today.

Mr. CONYERS, for 5 minutes, today.

Mr. DAVIS of Illinois, for 5 minutes, today.

(The following Members (at the request of Ms. GINNY BROWN-WAITE of Florida) to revise and extend their remarks and include extraneous material:)

Mr. HENSARLING, for 5 minutes, today.

Mr. NORWOOD, for 5 minutes, today.

Mr. SMITH of Michigan, for 5 minutes, today.

Mr. PETERSON of Pennsylvania, for 5 minutes, today.

(The following Members (at their own request) to revise and extend their remarks and include extraneous material:)

Mr. ABERCROMBIE, for 5 minutes, today.

Ms. JACKSON-LEE of Texas, for 5 minutes, today.

Ms. WATERS, for 5 minutes, today.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 704. An act to amend title 10, United States Code, to increase the amount of the death gratuity payable with respect to deceased members of the Armed Forces; to the Committee on Armed Services.

S. 711. An act to amend title 37, United States Code, to alleviate delay in the payment of the Selected Reserve reenlistment bonus to members of Selected Reserve who are mobilized; to the Committee on Armed Services.

S. 712. An act to amend title 10, United States Code, to provide Survivor Benefit Plan annuities for surviving spouses of Reserves not eligible for retirement who die from a cause incurred or aggravated while on inactive-duty training; to the Committee on Armed Services.

S. 718. An act to provide a monthly allotment of free telephone calling time to members of the United States armed forces stationed outside the United States who are directly supporting military operations in Iraq or Afghanistan; to the Committee on Armed Services.

ADJOURNMENT

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

The motion was agreed to; accordingly (at 10 o'clock and 22 minutes p.m.), the House adjourned until tomorrow, Thursday, April 3, 2003, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

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

1638. A letter from the Under Secretary, Comptroller, Department of Defense, transmitting certification that the current Future Years Defense Program fully funds the support costs associated with the CC-130J/KC-130J multiyear program, pursuant to 10 U.S.C. 2306b(i)(1)(A); to the Committee on Armed Services.

1639. 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. 112b(a); to the Committee on International Relations.

1640. A communication from the President of the United States, transmitting the Third Annual Report on the Inter-American Convention Against Corruption; to the Committee on International Relations.

1641. A letter from the Comptroller General, General Accounting Office, transmitting the Month in Review: January 2003 Reports, Testimony, Correspondence, and Other Publications, pursuant to 31 U.S.C. 719(h); to the Committee on Government Reform.

1642. A letter from the Chairman, Federal Maritime Commission, transmitting a copy of the annual report in compliance with the Government in the Sunshine Act during the calendar year 2002, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Reform.

1643. A letter from the Chairman, Defense Nuclear Facilities Safety Board, transmitting the Board's Performance Report for FY 2002; to the Committee on Government Reform.

1644. A letter from the Secretary, Department of Homeland Security, transmitting a plan for ensuring the elimination, to the maximum extent practicable, of unwarranted disparities in the pay and benefits of employees being transferred to the Department of Homeland Security, pursuant to Public Law 107—296; to the Committee on Government Reform.

1645. A letter from the Secretary, Department of Transportation, transmitting the Secretary's Management Report on Management Decisions and Final Actions on Office of Inspector General Audit Recommendations for the period ending September 30, 2002; to the Committee on Government Reform.

1646. A letter from the Chair, Federal Election Commission, transmitting a copy of the annual report in compliance with the Government in the Sunshine Act during the calendar year 2002, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Reform.

1647. A letter from the Vice President for Legal Affairs, General Counsel and Corporate Secretary, Legal Services Corporation, transmitting a copy of the annual report in compliance with the Government in the Sunshine Act during the calendar year 2002, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Reform.

1648. A letter from the Chairman, Occupational Safety And Health Review Commission, transmitting the FY 2002 Annual Program Performance Report, required by the Government Performance and Results Act; to the Committee on Government Reform.

1649. A letter from the Board Members, Railroad Retirement Board, transmitting a copy of the annual report in compliance with the Government in the Sunshine Act during the Calendar Year 2002, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Reform.

1650. A letter from the Chairman, Securities and Exchange Commission, transmitting a copy of the annual report in compliance with the Government in the Sunshine Act during the calendar year 2002, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Reform.

1651. A letter from the Chairman, Securities and Exchange Commission, transmitting the Commission's Government Performance and Results Act Annual Performance Report for FY 2002 and the Annual Performance Plan for FY 2004; to the Committee on Government Reform.

1652. A letter from the Acting Director, Office of Sustainable Fisheries, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule — Fisheries of the Exclusive Economic Zone Off Alaska; Pollock in Statistical Area 630 of the Gulf of Alaska [Docket No. 021122286-02; I.D. 030703B] received March 31, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

1653. A letter from the Senior Staff Attorney, United States Court of Appeals, transmitting an opinion of the court; to the Committee on the Judiciary.

1654. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule — Drawbridge Operation Regulations; Palm Beach County Bridges, Atlantic Intracoastal Waterway, Palm Beach County, FL [CGD07-03-031] received March 24, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

1655. A letter from the Secretary, Department of Transportation, transmitting notification regarding the Coast Guard's report on the Feasibility of Accelerating the Integrated Deepwater System; to the Committee on Transportation and Infrastructure.

1656. A letter from the Executive Vice President, Communications and Government Relations, Tennessee Valley Authority, transmitting a copy of the Authority's statistical summary for Fiscal Year 2002, pursuant to 16 U.S.C. 831h(a); to the Committee on Transportation and Infrastructure.

1657. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule — Tax-Exempt Bond Look Through (Rev. Proc. 2003-32, 2003-16 I.R.B.) received April 2, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

1658. A letter from the Under Secretaries of Defense, Department of Defense, transmitting the Department's report entitled, ''Plan for Improving the Personnel Management Policies and Procedures Applicable to the

Department of Defense Civilian Acquisition Workforce''; jointly to the Committees on Armed Services and Government Reform.

1659. A letter from the Vice Chairman, Federal Election Commission, transmitting the Commission's FY 2004 budget request, pursuant to 2 U.S.C. 437d(d)(1); jointly to the Committees on House Administration and Appropriations.

1660. A letter from the General Counsel, Department of Defense, transmitting the Department's legislative initiatives as a part of the National Defense Authorization Act for Fiscal Year 2004; jointly to the Committees on Armed Services, Science, Small Business, Government Reform, Education and the Workforce, International Relations, 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. YOUNG of Florida: Committee on Appropriations. H.R. 1559. A bill making emergency wartime supplemental appropriations for the fiscal year ending September 30, 2003, and for other purposes (Rept. 108–55). Referred to the Committee of the Whole House on the State of the Union.

Mr. OXLEY: Committee on Financial Services. H.R. 1280. A bill to reauthorize the Defense Production Act of 1950, and for other purposes (Rept. 108–56). Referred to the Committee of the Whole House on the State of the Union.

Mrs. MYRICK: Committee on Rules. House Resolution 172. Resolution providing for consideration of the bill (H.R. 1559) making emergency wartime supplemental appropriations for the fiscal year ending September 30, 2003, and for other purposes (Rept. 108–57). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

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

By Mr. ENGLISH (for himself, Mr. OBERSTAR, Mr. NEY, Mr. HOYER, Ms. DUNN, Ms. HART, Mr. LIPINSKI, Mr. DEFAZIO, Mr. MENENDEZ, and Mr. WEINER):

H.R. 1553. A bill to provide for additional temporary extended unemployment compensation for certain displaced workers; to the Committee on Ways and Means.

By Mr. FILNER:

H.R. 1554. A bill to amend title 38, United States Code, to make certain improvements to the National Service Life Insurance and United States Government Life Insurance programs, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. DOGGETT (for himself, Mr. ALLEN, Ms. BALDWIN, Mr. BECERRA, Mr. CROWLEY, Mr. DEFAZIO, Ms. DELAURO, Mr. FROST, Mr. JEFFERSON, Mrs. JONES of Ohio, Mr. KLECZKA, Mr. LEVIN, Mr. LEWIS of Georgia, Mr. MCDERMOTT, Mr. MCGOVERN, Mr. MCNULTY, Mr. MARKEY, Mr. MATSUI, Mr. GEORGE MILLER of California, Mr. NEAL of Massachusetts, Ms. LORETTA SANCHEZ of California, Mr. SANDERS, Mr. SHERMAN, Ms. SLAUGHTER, Ms. SOLIS, Mr. STARK, Mr. TIERNEY, and Mr. WAXMAN):

H.R. 1555. A bill to amend the Internal Revenue Code of 1986 to curb tax abuses by disallowing tax benefits claimed to arise from transactions without substantial economic substance, and for other purposes; to the Committee on Ways and Means.

By Mr. DOGGETT (for himself, Mr. ALLEN, Ms. BALDWIN, Ms. BERKLEY, Ms. BORDALLO, Mr. BROWN of Ohio, Ms. CARSON of Indiana, Ms. DELAURO, Mr. EMANUEL, Mr. FILNER, Mr. GRIJALVA, Mrs. JONES of Ohio, Ms. LEE, Mr. LEWIS of Georgia, Mrs. MALONEY, Mr. MATSUI, Mr. MCDERMOTT, Ms. NORTON, Mr. OWENS, Mr. SANDERS, Ms. SLAUGHTER, Ms. SOLIS, Mr. STARK, Mr. TIERNEY, Mr. WAXMAN, and Ms. WOOLSEY):

H.R. 1556. A bill to amend the Internal Revenue Code of 1986 to require greater transparency of corporate tax accounting measures, to facilitate analysis of financial statements, to permit inspection of true corporate tax liability and understand the tax strategies undertaken by corporations, to discourage abusive tax sheltering activities, and to restore investor confidence in publicly traded corporations; to the Committee on Ways and Means.

By Mr. DOGGETT (for himself, Mr. BROWN of Ohio, Ms. DELAURO, Mr. GONZALEZ, Ms. EDDIE BERNICE JOHNSON of Texas, Mrs. JONES of Ohio, Mr. LEWIS of Georgia, Mrs. MALONEY, Mr. MATSUI, Mr. MCDERMOTT, Mr. NEAL of Massachusetts, Mr. POMEROY, Mr. RANGEL, Mr. SANDERS, Mr. SANDLIN, Ms. SCHAKOWSKY, Mr. SHERMAN, Ms. SLAUGHTER, and Mr. STARK):

H.R. 1557. A bill to amend the Internal Revenue Code of 1986 to allow the Secretary of the Treasury to disclose taxpayer identity information through mass communications to notify persons entitled to tax refunds; to the Committee on Ways and Means.

By Mr. DOGGETT (for himself, Ms. DELAURO, Mr. LEWIS of Georgia, Mr. NEAL of Massachusetts, Mr. SANDERS, Mr. SANDLIN, and Mr. STARK):

H.R. 1558. A bill to amend the Internal Revenue Code of 1986 to allow a married couple conducting an unincorporated trade or business to elect out of partnership status; to the Committee on Ways and Means.

By Mr. YOUNG of Florida:

H.R. 1559. A bill making emergency wartime supplemental appropriations for the fiscal year ending September 30, 2003, and for other purposes.

By Mr. DUNCAN (for himself and Mr. YOUNG of Alaska):

H.R. 1560. A bill to amend the Federal Water Pollution Control Act to authorize appropriations for State water pollution control revolving funds, and for other purposes; to the Committee on Transportation and Infrastructure.

By Mr. SMITH of Texas (for himself and Mr. BERMAN) (both by request):

H.R. 1561. A bill to amend title 35, United States Code, with respect to patent fees, and for other purposes; to the Committee on the Judiciary.

By Mr. BEAUPREZ (for himself, Mr. SMITH of New Jersey, Mr. EVANS, Mr. SIMMONS, and Mr. RODRIGUEZ):

H.R. 1562. A bill to amend title 38, United States Code, to enhance the authority of the Department of Veterans Affairs to recover costs of medical care furnished to veterans and other persons by the Department from third parties that provide health insurance coverage to such veterans and other persons; to the Committee on Veterans' Affairs.

By Mr. ACKERMAN (for himself, Mr. ROHRABACHER, Ms. LEE, Mr. KILDEE, Ms. LOFGREN, Mr. SCHIFF, Mr. MCNULTY, Mr. LEWIS of California, Mr. WU, Mr. ISRAEL, Ms. BERKLEY, and Mr. BARTLETT of Maryland):

H.R. 1563. A bill to require engine coolant and antifreeze to contain a bittering agent so as to render it unpalatable; to the Committee on Energy and Commerce.

By Mr. ALLEN (for himself and Mr. MICHAUD):

H.R. 1564. A bill to provide for the full funding of the Individuals with Disabilities Education Act and the No Child Left Behind Act of 2001, and for other purposes; to the Committee on Appropriations, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Ms. BALDWIN (for herself, Ms. LEE, Mr. FROST, Mr. SANDERS, Mrs. JONES of Ohio, Mr. MCDERMOTT, and Mr. CONYERS):

H.R. 1565. A bill to establish a National Center for Military Deployment Health Research in the Department of Health and Human Services to provide an independent means for the conduct and coordination of research into issues relating to the deployment of members of the Armed Forces overseas, and for other purposes; to the Committee on Energy and Commerce, and in addition to the Committees on Veterans' Affairs, the Budget, and Armed Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. COBLE:

H.R. 1566. A bill to replace the existing Federal price support and quota programs for flue-cured and burley tobacco with a licensing program designed to assist the actual producers of flue-cured and burley tobacco, and for other purposes; to the Committee on Agriculture.

By Mr. DEAL of Georgia:

H.R. 1567. A bill to amend the Immigration and Nationality Act to deny citizenship at birth to children born in the United States of parents who are not citizens or permanent resident aliens; to the Committee on the Judiciary.

By Mr. DOOLEY of California (for himself, Mrs. TAUSCHER, Mr. KIND, Mr. DAVIS of Florida, Mr. SMITH of Washington, Mr. STENHOLM, Mr. EMANUEL, Mr. COOPER, Mr. HILL, Mr. FORD, Mr. PETERSON of Minnesota, Mr. CARDOZA, Mr. CASE, Mr. CRAMER, Mr. MOORE, Ms. HARMAN, Mr. MILLER of North Carolina, Mr. DAVIS of Alabama, Mrs. MCCARTHY of New York, Mr. ISRAEL, Mr. WU, Mr. MARSHALL, Mr. LUCAS of Kentucky, Mr. MATHESON, and Mr. LARSEN of Washington):

H.R. 1568. A bill to amend part B of title XVIII of the Social Security Act to provide for a prescription drug benefit with a high deductible at no additional premium and access to discount prices on drugs and to provide for the operation of such benefit without a deductible for certain low-income Medicare beneficiaries; to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. GARRETT of New Jersey:

H.R. 1569. A bill to designate the facility of the United States Postal Service located on Kinderkamack Road in Emerson, New Jersey, as the ''Gary Albero Post Office Building''; to the Committee on Government Reform.

By Mr. JOHN:

H.R. 1570. A bill to accelerate natural gas exploration, development, and production from oil and gas wells drilled to deep depths on existing lease tracts on the Outer Continental Shelf, and for other purposes; to the Committee on Resources.

By Mrs. MALONEY:

H.R. 1571. A bill to amend title 13, United States Code, to provide that the term of office of the Director of the Census shall be 5 years; to provide that the Director of the Census report directly to the Secretary of Commerce, and for other purposes; to the Committee on Government Reform.

By Mr. MILLER of Florida:

H.R. 1572. A bill to designate the historic Federal District Court Building located at 100 North Palafox Street in Pensacola, Florida, as the ''Winston E. Arnow Federal Building''; to the Committee on Transportation and Infrastructure.

By Mr. PASCRELL (for himself, Mr. COSTELLO, Ms. NORTON, Mr. MCGOVERN, Mr. DOYLE, Mr. HOLDEN, Mr. WAXMAN, Ms. WOOLSEY, Ms. WATSON, Mr. FALEOMAVAEGA, Mr. HINCHEY, Mr. THOMPSON of Mississippi, Ms. LEE, Mr. OLVER, Ms. SLAUGHTER, Mr. LIPINSKI, Ms. BORDALLO, Mr. CASE, Ms. SCHAKOWSKY, and Mr. CAPUANO):

H.R. 1573. A bill to amend the Truth in Lending Act to require credit card issuers to mail monthly statements at least 30 days before the due date of the next payment, and for other purposes; to the Committee on Financial Services.

By Mr. PAUL:

H.R. 1574. A bill to amend the Farm Security and Rural Investment Act of 2002 to require, as a condition on the receipt of direct payments or counter-cyclical payments under such Act for rice produced by tenants and sharecroppers in Texas, that the producers on the farm agree to retain the rice cropland in production for the next crop year; to the Committee on Agriculture.

By Mr. PAUL:

H.R. 1575. A bill to amend the Internal Revenue Code of 1986 to provide assistance with elementary and secondary educational costs to parents of children with disabilities; to the Committee on Ways and Means.

By Mr. STARK (for himself and Mr. HOLT):

H.R. 1576. A bill to amend the Individuals with Disabilities Education Act to establish a method to provide outcome-based funding increases to States, and for other purposes; to the Committee on Education and the Workforce.

By Mr. TANCREDO (for himself and Mr. HOEKSTRA):

H.R. 1577. A bill to designate the visitors' center in Organ Pipe National Monument in Arizona as the ''Kris Eggle Memorial Visitors' Center'', and for other purposes; to the Committee on Resources.

By Mr. UDALL of Colorado:

H.R. 1578. A bill to promote and coordinate global change research, and for other purposes; to the Committee on Science, and in addition to the Committees on the Budget, and International Relations, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. HONDA (for himself, Mr. RADANOVICH, Mr. ABERCROMBIE, Ms. EDDIE BERNICE JOHNSON of Texas, Ms. LEE, Ms. WOOLSEY, Ms. NORTON, Ms. LOFGREN, Mr. FILNER, Ms. CARSON of Indiana, Mr. MCDERMOTT, Mr. WU, Mr. TOWNS, Ms. CORRINE BROWN of Florida, Mr. GEORGE MILLER of California, Ms. ROYBAL-ALLARD, Mr. GONZALEZ, Mr. CASE, Mr. KIND, Mr. CONYERS, Mr. MCGOVERN, Ms. WATSON, Mr. BACA, Mrs. NAPOLITANO, Mr. MATSUI, Mr. SCOTT of Virginia, Mr. SANDERS, Ms. BERKLEY, Mr. FRANK of Massachusetts, Mr. NEY, Mr. GRIJALVA, Ms. JACKSON-LEE of Texas, Mr. WYNN, Mr. LARSON of Connecticut, Ms. SOLIS, Ms. MILLENDER-MCDONALD, Mr. RANGEL, and Ms. BORDALLO):

H.J. Res. 45. A joint resolution posthumously proclaiming soldiers of Asian descent who fought in the Civil War to be honorary citizens of the United States; to the Committee on the Judiciary.

By Ms. LOFGREN:

H. Con. Res. 135. Concurrent resolution expressing the sense of Congress that secondary schools should begin classes no earlier than 8:30 in the morning; to the Committee on Education and the Workforce.

By Mr. BRADLEY of New Hampshire (for himself and Mr. ALLEN):

H. Res. 170. A resolution recognizing the 40th anniversary of the sinking of the U.S.S. Thresher; to the Committee on Armed Services.

By Mr. OBERSTAR (for himself, Mr. SABO, Mr. RAMSTAD, Mr. PETERSON of Minnesota, Mr. GUTKNECHT, Ms. MCCOLLUM, Mr. KENNEDY of Minnesota, and Mr. KLINE):

H. Res. 171. A resolution commending the University of Minnesota Duluth Bulldogs for winning the NCAA 2003 National Collegiate Women's Ice Hockey Championship; to the Committee on Education and the Workforce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 3 of rule XII,

Mr. ISAKSON introduced a bill (H.R. 1579) to authorize the vessel Stad Amsterdam to carry certain persons who are not directly and substantially connected with the operation, navigation, ownership, or business of the vessel; which was referred to the Committee on Transportation and Infrastructure.

ADDITIONAL SPONSORS

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

H.R. 20: Mr. GERLACH, Mr. PRICE of North Carolina, Mr. MILLER of North Carolina, Mr. MEEK of Florida, Mr. THOMPSON of California, and Mr. ENGEL.

H.R. 25: Mr. FRANKS of Arizona, Mr. BONILLA, and Mr. LEWIS of California.

H.R. 49: Mr. GALLEGLY, Mr. DEMINT, and Mr. HUNTER.

H.R. 58: Mr. BOSWELL, Mr. HOEFFEL, Mrs. JO ANN DAVIS of Virginia, Ms. KAPTUR, Mr. FATTAH, and Mr. HAYES.

H.R. 100: Mr. BILIRAKIS, Ms. CORRINE BROWN of Florida, Mr. RODRIGUEZ, Ms. HOOLEY of Oregon, Mr. STRICKLAND, Ms. BERKLEY, Mr. HOLDEN, Mr. GEORGE MILLER of California, Mr. MURPHY, Mr. RENZI, Mr. UDALL of New Mexico, Mr. ABERCROMBIE, and Mr. RYAN of Ohio.

H.R. 135: Mrs. NAPOLITANO and Mr. DOOLITTLE.

H.R. 218: Mr. ABERCROMBIE, Mr. KENNEDY of Rhode Island, Mr. CRENSHAW, Mr. ISRAEL, Mr. HERGER, Mr. GOSS, Mr. ROGERS of Michigan, and Mr. CLAY.

H.R. 303: Mr. MARSHALL, Mr. PASCRELL, Mr. WALDEN of Oregon, Mr. UDALL of Colorado, Mr. FORD, Ms. WATERS, and Mr. GUTIERREZ.

H.R. 306: Mr. TAYLOR of Mississippi.

H.R. 348: Mr. RYAN of Ohio.

H.R. 428: Mrs. MUSGRAVE and Mr. LEACH.

H.R. 445: Ms. LORETTA SANCHEZ of California.

H.R. 463: Ms. GINNY BROWN-WAITE of Florida and Mr. EHLERS.

H.R. 489: Mr. BURGESS.

H.R. 533: Mr. STUPAK.

H.R. 543: Mr. HASTINGS of Washington, Mr. SENSENBRENNER, and Mr. TERRY.

H.R. 716: Mr. ISRAEL, Mr. DUNCAN, Mr. PASTOR, Mrs. CAPITO, Mr. FROST, Ms. NORTON, and Mr. MARKEY.

H.R. 717: Mr. ETHERIDGE.

H.R. 752: Mr. ISRAEL.

H.R. 775: Ms. HART.

H.R. 779: Mr. FILNER and Ms. SCHAKOWSKY.

H.R. 826: Ms. ESHOO.

H.R. 832: Ms. CARSON of Indiana and Mr. LAMPSON.

H.R. 850: Mr. BISHOP of Georgia.

H.R. 857: Mr. FATTAH.

H.R. 870: Mr. HERGER.

H.R. 876: Mr. GOODE, Mr. ROSS, Ms. GINNY BROWN-WAITE of Florida, Mr. HERGER, and Mr. PASCRELL.

H.R. 879: Ms. CORRINE BROWN of Florida, Mr. BISHOP of Georgia, and Ms. GINNY BROWN-WAITE of Florida.

H.R. 887: Mr. BILIRAKIS.

H.R. 898: Mr. TURNER of Texas, Mr. DICKS, Mr. THOMPSON of California, Mr. DOOLEY of California, Mr. ABERCROMBIE, Mr. ORTIZ, Mr. PASTOR, Mr. FROST, and Mr. BAIRD.

H.R. 937: Mr. LUCAS of Kentucky.

H.R. 941: Mr. ENGEL.

H.R. 973: Mr. KIRK.

H.R. 983: Mr. MCDERMOTT and Mr. MEEKS of New York.

H.R. 990: Mr. CARSON of Oklahoma, Mr. LUCAS of Kentucky, Mr. PLATTS, Mr. TURNER of Texas, Mr. WILSON of South Carolina, Ms. GINNY BROWN-WAITE of Florida, Mr. SCHROCK, Mr. GINGREY, Mrs. MILLER of Michigan, Mr. JANKLOW, Mr. CHOCOLA, Mr. BARRETT of South Carolina, Mr. BAKER, and Mr. NETHERCUTT.

H.R. 1008: Mr. GRAVES.

H.R. 1040: Mr. FARR, Mrs. CHRISTENSEN, Mr. DAVIS of Illinois, Mr. HINCHEY, Ms. JACKSON-LEE of Texas, Mrs. JONES of Ohio, Ms. KILPATRICK, Mr. OWENS, Mr. PAYNE, Mr. SANDERS, Ms. SCHAKOWSKY, Mr. TOWNS, Ms. WOOLSEY, Mr. CLAY, Mr. BALLANCE, Mr. LEWIS of Georgia, Ms. WATSON, Mr. JEFFERSON, Mr. MEEKS of New York, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. HASTINGS of Florida, Mr. RANGEL, Mr. SCOTT of Georgia, Mr. THOMPSON of Mississippi, and Ms. CARSON of Indiana.

H.R. 1083: Mr. GORDON, Mr. GRIJALVA, Mr. WYNN, and Ms. KAPTUR.

H.R. 1102: Mr. STUPAK, Mr. DOOLEY of California, and Mr. GEPHARDT.

H.R. 1103: Ms. ESHOO.

H.R. 1115: Mr. SHAYS.

H.R. 1119: Mr. BOOZMAN.

H.R. 1148: Mr. BLUMENAUER, Mr. HONDA, and Mr. LATOURETTE.

H.R. 1157: Mr. PASCRELL.

H.R. 1179: Mr. PAUL and Mr. WICKER.

H.R. 1181: Mr. NORWOOD.

H.R. 1182: Mr. SHAW.

H.R. 1229: Mr. SMITH of New Jersey, Mr. FEENEY, Mr. TANCREDO, Mr. ADERHOLT, Ms. GINNY BROWN-WAITE of Florida, Mr. WILSON of South Carolina, Mr. BARRETT of South Carolina, and Mr. PAUL.

H.R. 1231: Mr. EVANS, Mr. FARR, Mr. BOOZMAN, Ms. BERKLEY, Mr. BONNER, Ms. LORETTA SANCHEZ of California, Ms. ESHOO, Mr. GIBBONS, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. JEFFERSON, Mr. JACKSON of Illinois, Mr. BARTLETT of Maryland, and Mr. LINCOLN DIAZ-BALART of Florida.

H.R. 1252: Mr. FRANKS of Arizona.

H.R. 1321: Mr. HINCHEY and Mr. FALEOMAVAEGA.

H.R. 1355: Mr. GEORGE MILLER of California, Mrs. JONES of Ohio, Ms. BORDALLO, and Ms. SCHAKOWSKY.

H.R. 1409: Mr. HAYWORTH.

H.R. 1422: Mr. GORDON.

H.R. 1426: Mr. HONDA, Ms. LEE, Mr. CARSON of Oklahoma, Ms. NORTON, and Mr. KENNEDY of Rhode Island.

H.R. 1429: Mr. MILLER of North Carolina, Mr. MCGOVERN, Mr. ENGEL, and Mrs. JONES of Ohio.

H.R. 1442: Mr. PORTER, Mr. FROST, Mr. FRANK of Massachusetts, Mr. PETERSON of Pennsylvania, Ms. PELOSI, Mrs. CHRISTENSEN, Mr. BEAUPREZ, and Mr. WOLF.

H.R. 1470: Ms. NORTON.

H.R. 1472: Mr. DOYLE.

H.R. 1477: Mr. GRIJALVA, Mr. HONDA, and Mr. NADLER.

H.R. 1479: Mr. HUNTER.

H.R. 1511: Mr. GINGREY, Mr. ROGERS of Michigan, Mr. FOLEY, Mr. BLUNT, Ms. HARRIS, Mr. FRANKS of Arizona, Mrs. MUSGRAVE, Ms. ROS-LEHTINEN, Mr. KIRK, Mr. BEAUPREZ, Mr. GERLACH, Ms. DUNN, Mr. RENZI, Mr. FLAKE, Mr. WELLER, Mr. BOOZMAN, Mr. SAM JOHNSON of Texas, Mr. HAYWORTH, Mr. SHAW, Mr. HAYES, Mr. SHAYS, and Mr. WILSON of South Carolina.

H.J. Res. 37: Mr. BASS.

H. Con. Res. 103: Mr. OTTER.

H. Con. Res. 121: Mrs. JONES of Ohio and Mr. FROST.

H. Con. Res. 122: Mr. HOEFFEL, Mr. SKELTON, and Mr. ALLEN.

H. Res. 56: Mr. ETHERIDGE, Mr. KUCINICH, and Mr. WAXMAN.

H. Res. 60: Mr. PAYNE, Mr. COSTELLO, Ms. BERKLEY, Mr. EVANS, Mr. RYAN of Ohio, and Mr. JONES of North Carolina.

H. Res. 127: Mr. COMBEST.

H. Res. 149: Mr. CARDIN.

H. Res. 154: Mr. BALLENGER, Ms. BERKLEY, Mr. BURTON of Indiana, Mr. CASTLE, Mr. DOOLEY of California, Mr. ENGLISH, Mr. FORBES, Mr. GOODE, Mr. HOUGHTON, Mr. KING of New York, Mr. MANZULLO, Mr. MCCOTTER, Mr. MCNULTY, Mr. MILLER of Florida, Mr. NEY, Mr. OXLEY, Mr. PENCE, Mr. PITTS, Mr. SAXTON, Mr. SCHROCK, Mr. SHERMAN, Mr. STENHOLM, Mr. WELLER, Mr. WILSON of South Carolina, Mr. WOLF, Mr. WYNN, Mr. SMITH of Michigan, and Mr. SCHIFF.

H. Res. 165: Ms. BERKLEY.

DELETONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Uncer clause 7 of rule XII, sponsors were deleted from public bills and resolutions as follows:

H.R. 660: Mrs. CHRISTENSEN.

H.R. 857: Mr. SMITH of Washington.

H.R. 1014: Mrs. CHRISTENSEN.

H. Res. 59: Ms. LORETTA SANCHEZ of California.

AMENDMENTS

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

H.R. 1559

OFFERED BY: MR. MCGOVERN

AMENDMENT NO. 1: In chapter 3 of title I, in the item relating to ''DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES, DEFENSE'', after the aggregate dollar amount, insert the following: ''(reduced by $34,000,000)''.

In chapter 4 of title I, in the item relating to ''ANDEAN COUNTERDRUG INITIATIVE'', after the aggregate dollar amount, insert the following: ''(reduced by $27,000,000)''.

In chapter 5 of title I, in the item relating to ''OFFICE FOR DOMESTIC PREPAREDNESS'', after the first and second dollar amounts, insert the following: ''(increased by $61,000,000)''.

H.R. 1559

OFFERED BY: MR. MCGOVERN

AMENDMENT NO. 2: In chapter 3 of title I, in the item relating to ''DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES, DEFENSE'', after the aggregate dollar amount, insert the following: ''(reduced by $34,000,000)''.

In chapter 4 of title I, in the item relating to ''ANDEAN COUNTERDRUG INITIATIVE'', after the aggregate dollar amount, insert the following: ''(reduced by $27,000,000)''.

In chapter 5 of title I, in the item relating to ''OFFICE FOR DOMESTIC PREPAREDNESS'', after the first and second dollar amounts, insert the following: ''(increased by $34,000,000)''.

H.R. 1559

OFFERED BY: MS. MILLENDER-MCDONALD

AMENDMENT NO. 3: Page ___, after line ___, insert the following:

SEC. ___. (a) DEFINITIONS.—In this section, the following definitions apply:

(1) FRONTLINE TRANSIT EMPLOYEE.—The term ''frontline transit employee'' means an employee of a mass transportation agency who is a bus driver, transit operator, transit maintenance employee, or community representative or is otherwise employed in a position with direct interaction with the public.

(2) ELIGIBLE TRANSPORTATION AGENCY.—The term ''eligible transportation agency'' means a designated recipient as defined in section 5307(a) of title 49, United States Code, and any other transportation agency designated by the Secretary.

(3) SECRETARY.—The term ''Secretary'' means the Secretary of Homeland Security.

(b) PUBLIC TRANSPORTATION SYSTEMS VULNERABILITY ASSESSMENTS.—

(1) ASSESSMENT.—The Secretary, in consultation with the heads of other appropriate Federal departments and agencies, shall—

(A) conduct a review of all government assessments conducted after September 11, 2001, of terrorist-related threats to all forms of public transportation, including public gathering areas related to public transportation; and

(B) as necessary, conduct additional assessments of vulnerabilities associated with any public transportation system.

(2) ADEQUACY OF TRAINING.—In conducting the review and assessments under paragraph (1), the Secretary shall determine the percentage of frontline transit employees who have received training in emergency preparedness and response activities.

(3) REPORTS.—

(A) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Secretary shall transmit to the President and Congress a report on the results of the review and assessments conducted under this paragraph (1), including the Secretary's finding under paragraph (2), and the Secretary's recommendations for legislative and administrative actions.

(B) UPDATES.—The Secretary shall update the report, including the Secretary's finding under paragraph (2), annually for 2 years and transmit the updated reports to the President and Congress.

(c) GRANTS FOR EMERGENCY PREPAREDNESS AND RESPONSE TRAINING OF FRONTLINE TRANSIT EMPLOYEES.—

(1) IN GENERAL.—The Secretary may make grants to eligible transportation agencies for—

(A) the training of frontline transit employees in emergency preparedness and response activities; and

(B) the acquisition of equipment and technologies, approved by the Secretary, to assist in carrying out such training and activities.

(2) TRAINING ACTIVITIES.—Training activities under paragraph (1)(A) may include the teaching of best practice methods, planning, testing, drills, and the development of agency and regional emergency preparedness and response programs.

(3) APPLICATIONS.—To be eligible for a grant under this subsection, an eligible transportation agency shall submit to the Secretary an application at the time and containing the information that the Secretary requires by regulation.

(4) TERMS AND CONDITIONS.—A grant to an eligible transportation agency in a fiscal year under this subsection shall be subject to the following terms and conditions:

(A) EMERGENCY MANAGEMENT COMMITTEE.—The agency shall certify that the agency will establish a committee on emergency preparedness and response training consisting of at least one frontline transit employee representative and at least one management employee representative. The committee shall be composed of an equal number of frontline transit employee representatives and management employee representatives. Committee positions shall not be vacant for any period in the fiscal year of more than 30 days.

(B) REPORT.—The agency shall agree to submit to the Secretary before the last day of the fiscal year a report on the use of the grant, including a statement of the number of frontline transit employees receiving training under the grant.

(5) ALLOCATION OF GRANT AMOUNTS.—The Secretary shall allocate amounts made available for grants under this subsection in a fiscal year among eligible transportation agencies based on the needs of the agencies for emergency preparedness and response training and equipment. Not less than 10 percent of such amounts shall be allocated to eligible transportation agencies in non-urban areas.

(6) FEDERAL SHARE.—The Federal share of the cost of activities funded using amounts from a grant under this subsection may not exceed 90 percent.

(7) REGULATIONS.—Not later than 6 months after the date of enactment of this Act, the Secretary shall issue final regulations to carry out this subsection.

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $8,000,000 per fiscal year for each of fiscal years 2004, 2005, and 2006. Such amounts shall remain available until expended.

H.R. 1559

OFFERED BY: MS. MILLENDER-MCDONALD

AMENDMENT NO. 4: Page ___, after line ___, insert the following:

SEC. ___. (a) FRONTLINE TRANSIT EMPLOYEE DEFINED.—In this section, the term ''frontline transit employee'' means an employee of a mass transportation agency who is a bus driver, transit operator, transit maintenance employee, or community representative or is otherwise employed in a position with direct interaction with the public.

(b) PUBLIC TRANSPORTATION SYSTEMS VULNERABILITY ASSESSMENTS.—

(1) ASSESSMENT.—The Secretary of Homeland Security, in consultation with the heads of other appropriate Federal departments and agencies, shall—

(A) conduct a review of all government assessments conducted after September 11, 2001, of terrorist-related threats to all forms of public transportation, including public gathering areas related to public transportation; and

(B) as necessary, conduct additional assessments of vulnerabilities associated with any public transportation system.

(2) ADEQUACY OF TRAINING.—In conducting the review and assessments under paragraph (1), the Secretary shall determine the percentage of frontline transit employees who have received training in emergency preparedness and response activities.

(3) REPORTS.—

(A) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Secretary shall transmit to the President and Congress a report on the results of the review and assessments conducted under this paragraph (1), including the Secretary's finding under paragraph (2), and the Secretary's recommendations for legislative and administrative actions.

(B) UPDATES.—The Secretary shall update the report, including the Secretary's finding under paragraph (2), annually for 2 years and transmit the updated reports to the President and Congress.

H.R. 1559

OFFERED BY: MR. EMANUEL

AMENDMENT NO. 5: At the end of the bill (before the short title), insert the following:

TITLE ___

FINANCIAL ASSISTANCE

SEC. ___. (a) PAYMENTS TO STATE AND LOCAL GOVERNMENTS.—The Secretary of the Treasury shall, in accordance with the provisions in this title, make payments to States and local governments to coordinate budget related actions by such governments with Federal Government efforts to stimulate economic recovery.

(b) APPROPRIATION.—There is appropriated to the Secretary of the Treasury $1,700,000,000 for fiscal year 2003 for payments under this title.

ALLOCATION

SEC. ___. The Secretary of the Treasury shall establish a formula, within 30 days after the date of the enactment of this Act, for determining the allocation of payments under this title. The formula shall give priority weight to the following factors:

(1) The unemployment rate in relation to the national average unemployment rate.

(2) The duration of the unemployment rate above such average.

(3) Median income.

(4) Population.

USE OF FUNDS BY STATE AND LOCAL GOVERNMENTS

SEC. ___. (a) IN GENERAL.—Funds received under this title may be used only for priority expenditures. For purposes of this title, the term ''priority expenditures'' means only—

(1) ordinary and necessary maintenance and operating expenses for—

(A) primary, secondary, or higher education including school building renovation;

(B) public safety;

(C) public health, including hospitals and public health laboratories;

(D) social services for the poor or aged;

(E) roads, transportation and water infrastructure; and

(F) housing; and

(2) ordinary and necessary capital expenditures authorized by law.

(b) CERTIFICATIONS BY STATE AND LOCAL GOVERNMENTS.—The Secretary of the Treasury may accept a certification by the chief executive officer of a State or local government that the State or local government has used the funds received by it under this title only for priority expenditures, unless the Secretary determines that such certification is not sufficiently reliable to enable the Secretary to carry out this title. The Secretary shall prescribe by rule the time and manner in which the certification must be filed.

EMERGENCY DESINGATION

SEC. ___. The entire amount provided by this title is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985.

H.R. 1559

OFFERED BY: MR. EMANUEL

AMENDMENT NO. 6: At the end of the bill (before the short title), insert the following:

TITLE ___

EXECUTIVE OFFICE OF THE PRESIDENT

UNANTICIPATED NEEDS

EMERGENCY RESPONSE FUND

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses to detect, prepare for, prevent, protect against, or respond to a potential terrorist attack, $8,000,000,000, to remain available until December 31, 2003: *Provided*, That such funds may be transferred to any authorized Federal Government activity for such purposes: *Provided further*, That the Director of the Office of Management and Budget shall notify the Committees on Appropriations at least 15 days prior to transfer of any amount of such funds.

H.R. 1559

OFFERED BY: MS. WATERS

AMENDMENT NO. 7: At the end of the bill (before the short title), insert the following:

REQUIREMENT THAT UNITED STATES URGE THE INTER-AMERICAN DEVELOPMENT BANK TO RESUME LENDING TO HAITI

SEC. ___. The Secretary of the Treasury shall direct the United States Executive Director at the Inter-American Development Bank to use the voice, vote, and influence of the United States to urge the Inter-American Development Bank to immediately resume lending to Haiti, and disburse all loans to Haiti that have been approved by the Inter-American Development Bank.

H.R. 1559

OFFERED BY: MS. WATERS

AMENDMENT NO: 8: At the end of the bill (before the short title), insert the following:

SEC.___. (a) LIMITING CONFLICTS OF INTEREST.—If an officer described in subsection (b) was, at any time during the covered period, a member of the board of directors of a company or a senior management official of a company, such officer may not—

(1) be present at, or participate in any way in, any negotiation of a contract for the procurement of goods or services by the Federal Government with such company or any exercise of authority in connection with an existing contract with such company (other than to delegate authority to another officer); and

(2) otherwise directly or indirectly communicate with such company, or any officer or employee of such company, during the period any such negotiation is in progress or the exercise of authority is being considered.

(b) DESIGNATED OFFICERS.—The following officers are described in this subsection for purposes of subsection (a): the President, the Vice President, the Secretary of State, the Secretary of Defense, the Attorney General, the Secretary of Homeland Security, the Secretary of Commerce, the Assistant to the President for National Security Affairs, the Senior Advisor to the President, the Director of Central Intelligence, the Director of the Federal Bureau of Investigation, the Deputy Secretary of Defense, and the Administrator of the United States Agency for International Development.

(c) COVERED PERIOD.—For purposes of subsection (a), the term ''covered period'' means the 4-year period preceding the beginning of a negotiation of a contract or the exercise of authority in connection with an existing contract.

H.R. 1559

OFFERED BY: MS. WATERS

AMENDMENT NO. 9: At the end of title ___, insert the following new item:

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

COMMUNITY PLANNING AND DEVELOPMENT

COMMUNITY DEVELOPMENT FUND

For an additional amount for the ''Community Development Fund'' for assistance to States and units of general local government for carrying out a variety of development and renewal projects, $5,000,000,000, to remain available until expended: *Provided*, That such funds may be used only for urban and rural development and renewal projects that are designed to provide resources to urban and rural communities, to create jobs and economic opportunities, and to facilitate community growth, including projects for housing rehabilitation and construction, construction and development of health clinics, water projects, and transportation systems, acquisition and demolition of dilapidated buildings, and urban reconstruction and environmental cleanup: *Provided further*, That in administering such funds, the Secretary of Housing and Urban Development may waive, or specify alternative requirements for, any provision of any statute or regulation that the Secretary administers in connection with the obligation by the Secretary or the use by the recipient of such funds (except for requirements related to fair housing, nondiscrimination, labor standards, and the environment), upon a finding that such waiver is required to facilitate the use of such funds: *Provided further*, That the Secretary may request the head of any appropriate agency to administer the use of the funds for any project, in lieu of or in conjunction with the Secretary, if the Secretary determines that such agency has more appropriate experience and expertise with respect to such project: *Provided further*, That such funds shall not adversely affect the amount of any formula assistance received by any State or unit general local government or any categorical application for other Federal assistance: *Provided further*, That the Secretary shall publish in the Federal Register any waiver of any statute or regulation that the Secretary administers pursuant to title I of the Housing and Community Development Act of 1974, as amended, no later than 5 days before the effective date of such waiver: *Provided further*, That the Secretary shall notify the Committees on Appropriations on the proposed allocation of any funds and any related waivers pursuant to this section no later than 5 days before such allocation: *Provided further*, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

H.R. 1559

OFFERED BY: MR. RODRIGUEZ

AMENDMENT NO. 10: At the end of the bill, before the short title, insert the following:

SEC. ___. The amounts otherwise provided by this Act are revised by reducing the amount made available in chapter 4 of title I for ''Iraq Relief and Reconstruction Fund'' by, and appropriating under the heading ''DEPARTMENT OF VETERANS AFFAIRS'' an additional amount for ''Veterans Health Administration—Medical Care'' of, $90,000,000, of which, in the case of the amount appropriated for ''Veterans Health Administration—Medical Care'', $70,000,000 is for additional health care preparedness, as authorized by law, and $20,000,000 is for implementation of section 7325 of title 38, United States Code (relating to the establishment of medical emergency preparedness centers in the Department of Veterans Affairs).

H.R. 1559

OFFERED BY: MR. NETHERCUTT

AMENDMENT NO. 11: At the end of the bill (before the short title), insert the following:

SEC. ____. None of the funds made available in this Act for reconstruction efforts in Iraq may be used to procure goods or services from any corporation or other business entity organized under the laws of France, Germany, the Russian Federation, the People's Republic of China, or Syria.