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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. COLLINS).

DESIGNATION OF THE SPEAKER PRO TEMPORE

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

WASHINGTON, DC,
May 14, 2003.

I hereby appoint the Honorable MAC COLLINS to act as Speaker pro tempore on this day.

J. DENNIS HASTERT,
Speaker of the House of Representatives.

PRAYER

The Reverend Dr. George S. Dillard III, Pastor, Peachtree City Christian Church, Peachtree City, GA, offered the following prayer:

Almighty God, Creator of all that is, who holds all things together by the power of Your Son, Jesus, and have offered to us, through Him, liberty and freedom, through His mercy and grace. With great humility now we bow, seeking wisdom and courage, compassion, justice, and truth to guide this Nation and its leadership today. We acknowledge Your sovereignty, and we give thanks for the blessings that we enjoy.

For those serving this House today, we ask for strength and courage to see the truth and to live by it. Give them wisdom and give us wisdom to acknowledge our error and our sin. Help us, Father, to open our ears that we might hear Your call to revival in our land. Send us leaders who will seek Your truth, those who accept that a lie is a lie and not spin; that it is immorality and not an alternative lifestyle; that it is murder, not a procedure; that it is stealing and not creative accounting; that rebellion is rebellion no matter what name we give it.

Father forgive us, watch over us, give us wisdom above all. Bless the men and women of this House. We honor You, praise You, give thanks to You through Jesus Christ our Lord. 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 Texas (Mr. BURGESS) come forward and lead the House in the Pledge of Allegiance.

Mr. BURGESS 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.

WELCOMING THE REVEREND DR. GEORGE DILLARD

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

Mr. KINGSTON. Mr. Speaker, the pastor today, the Reverend George Dillard, is no stranger to the House of Representatives. We have had the pleasure of having him open our sessions many times before. He is always very direct with his prayer because he is very comfortable with his Maker.

I first met him many years ago when he actually was living in what was my district and now is the district of the gentleman from the 12th district (Mr. BURNS), in Rincon, Georgia. He preached there for about 8½ years, and then I guess as I was his representative, he gave up on me and moved on to the district of the gentleman from Georgia (Mr. COLLINS) where he really found a frustrating ministry.

He lives in Peachtree City, Georgia. It is a very wonderful place. I guess having preached a little bit to the gentleman from Georgia (Mr. BURNS) and to me and to the gentleman from Georgia (Mr. COLLINS), he figured he could take on the whole House. He has done a great job with that.

George's wife Renee and he have three kids: Tiffany, 12; Alexis, 9; and a new addition, George Stewart Dillard IV, who is now 3 months old.

George grew up in Atlanta. He played basketball for Atlantic Christian College. He attended Emanuel School of Religion in Johnson City, Tennessee, and got a master's and a doctorate degree from Evangelical Theological Seminary. He has been preaching full time since 1980.

I ask my colleagues to join me in welcoming the Reverend George Dillard.

TIME TO DEAL WITH NORTH KOREA

(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, the dictatorship Government of North Korea is a menace to world peace. It continues to produce nuclear material, violating its agreements. They want to use these weapons to blackmail us for more assistance. And in reports this week, it looks like this rogue regime is using the international drug trade to fund its terrible activities. We cannot negotiate with a regime like this.

In 1985, North Korea signed the Nuclear Nonproliferation Treaty. Eighteen months later it stalled in implementing the treaty, demanding that we remove nuclear weapons from South Korea. As we negotiated, they made nuclear weapons. In 1991, we withdrew our weapons from South Korea. In 1996, President Clinton tried to bargain

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again, giving North Korea more assistance to stop making nuclear weapons.

This time we should not be intimidated into making concessions to a rogue regime because they want to extract more assistance. Kim Jong Il uses whatever money he can get to terrorize his people and threaten the security of the entire region. China, Japan, Russia, and South Korea all should make an effort to contain this rogue dictator and help put an end to his blackmail games.

TEXAS PATRIOTS

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

Mr. FROST. Mr. Speaker, I rise this morning to honor 51 Texas patriots, members of the Texas Legislature currently in Ardmore, Oklahoma, who are standing tall to defend Texas against the thirst of additional power of the gentleman from Texas (Mr. DELAY), the House majority leader.

Congressional district lines are normally drawn only every 10 years, and the current 32 Texas congressional districts were put in place just 2 years ago and approved by the U.S. Supreme Court.

The gentleman from Texas (Mr. DELAY) was not happy with those lines. He now wants to force the Texas Legislature to draw new lines to remove Democrats from office. Until now, redistricting in the middle of a decade has not been done anywhere in the country in the last 50 years.

I want to salute the following heroes from the Dallas/Fort Worth area who are standing up to the gentleman from Texas (Mr. DELAY): Roberto Alonzo of Dallas, Yvonne Davis of Dallas, Dr. Jesse Jones of Dallas, Terri Hodge of Dallas, Steve Wolens of Dallas, and Lon Burnam of Fort Worth. I want to call on Governor Perry to stop using the Department of Public Service to harass the families of these brave legislators.

Leading Texas newspapers across the State are siding with the 51 patriot legislators, and when the annals of Texas history are recorded, these courageous legislators will be long remembered.

SUPPORT THE UNBORN VICTIMS OF VIOLENCE ACT

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

Mr. SMITH of New Jersey. Mr. Speaker, last year I met a courageous woman named Tracy Marciniak who had been beaten by her husband when she was 9 months pregnant. She survived, but her baby Zachariah died from the beating. Her attacker was convicted of the assault on Tracy, and he did minimal time. No charges were brought against him for the murder of Zachariah.

Tracy wrote: ''Congress should approve the Unborn Victims of Violence Act. Opponents of the bill have put forth a counterproposal known as the Lofgren amendment. I have read it,'' she goes on to say, ''and it is offensive to me, because it says that there is only one victim in such a crime; the woman who is pregnant.

''Please hear me on this: On the night of February 8, 1992, there were two victims. I was nearly killed, but I survived. Little Zachariah died.''

Mr. Speaker, in a recent Fox News-Opinion Dynamics poll, 84 percent said that homicide charges are appropriate in the deaths of Laci Peterson and her unborn son Connor in the much-publicized Peterson murder case in California; only 7 percent said that a single homicide charge would be appropriate.

Mr. Speaker, Congress must pass the Unborn Victims of Violence Act, also known as Laci and Connor's Law.

TEXAS STATE LEGISLATORS—HEROES IN THE TEXAS TRADITION

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

Mr. GREEN of Texas. Mr. Speaker, earlier this week, 53 Texas Democratic legislators exhibited real courage when they refused to participate in an unprecedented redistricting power grab. This is a Texas kind of courage like General Sam Houston, who marshaled his resources to win the Battle of San Jacinto. What Joe Moreno, Rick Noriega, Jessica Farrar, Kevin Bailey, and the rest of these heroes did was stand up to this charade.

In a statement delivered from Oklahoma, these Texas heroes said, ''We did not choose our path, TOM DELAY did. We are ready to stand on the House Floor and work day and night to deal with the real issues facing Texas families. At a time when we are told we do not have time to deal with school finance, and when we must still resolve issues like the State budget crisis and insurance reform, the fact that an outrageous partisan power grab sits at the top of the House calendar is unconscionable.''

But not all Texans consider them heroes. Yesterday the Associated Press reported that the gentleman from Texas (Mr. DELAY) was investigating whether or not the FBI and U.S. Marshals could be used to track down and arrest these Texas legislators.

We should not use Federal resources committed to the war on terrorism and protecting our homeland. Not since Richard Nixon have we seen such a Federal power grab.

SUPPORT FOR THE UNBORN VICTIMS OF VIOLENCE ACT

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

Mr. WELDON of Florida. Mr. Speaker, I rise in strong support of legislation introduced by the gentlewoman from Pennsylvania (Ms. HART): H.R. 1997, the Unborn Victims of Violence Act.

The parents and family of Laci Peterson have asked that the name of this bill be changed to Laci and Connor's Law. I think for most Americans, this is, shall we say, a no-brainer. People are committing acts of violence against pregnant women, and, unfortunately, in some jurisdictions there is no way to prosecute in a situation where there has been the death of the unborn baby. We are talking about babies that are wanted by their mothers.

Indeed, we had a case of a military servicemember who specifically was trying to kill the baby inside his pregnant wife and succeeded in doing that. He did so on Federal property, and we had to prosecute in State court in that situation.

I think this law is very, very badly needed. It is the right thing to do. I encourage all of my colleagues on both sides of the aisle to support it.

PRAISE FOR TEXAS LEGISLATORS

(Ms. EDDIE BERNICE JOHNSON of Texas asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, I stand this morning to praise the 51 members of the Texas House of Representatives and, most especially, those from Dallas County. Representative Roberto Alonzo, Representative Yvonne Davis, Representative Terri Hodge, Representative Jesse Jones, Representative Steve Wolens, and our neighbor, Representative Lon Burnam from Tarrant County. I cannot forget my original classmate from the class of 1972 in the Texas House, Representative Senfronia Thompson, and Representative Pete Laney. They stand for courage, commitment, integrity, and principle.

They will not be forgotten, because we know that they are the ones who stand by children, their education, and health care. They care about working families and all of our senior citizens.

Again, we thank them and we praise them for looking out for regular Texans.

PRESIDENT BUSH RALLIES FOR INDIANA

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

Mr. PENCE. Mr. Speaker, on Monday I had the profound honor of being the first Hoosier to welcome President George W. Bush to the great State of Indiana on his very first visit there.

As the President trod the sawdust of the Indiana State Fair Grounds, he was greeted with ovation after ovation from a State full of conservative,

profamily Hoosiers that appreciate his leadership at home and abroad.

But we were especially grateful that the President addressed his message to the issue of jobs. Ever since the last year of the Clinton administration, the economy of the State of Indiana has been in steep decline, with manufacturing jobs exiting the State, exiting the country. President Bush came and said he was in Indiana to talk about jobs. He extolled the leadership of this Chamber last week and called on all of Congress to pass his Jobs and Growth Act, and so do I this day.

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We were grateful to welcome President Bush to Indiana, but more grateful still for his focus, putting out-of-work Americans back to work.

TEXAS LEGISLATORS ARE HEROES

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

Mr. LAMPSON. Mr. Speaker, my Governor, Rick Perry, called some Texas legislative members children, and Speaker Tom Craddick called them Chicken D's. Well, I am calling them heroes. Joe Deshotel, Allen Ritter, Dan Ellis, and Craig Eiland are heroes to the citizens throughout Texas because of their willingness to stand up against the heavy-handed tactics of personal politics.

The Governor and Speaker sent Texas troopers to a hospital in Galveston where Craig Eiland's prematurely born children are being treated. And yesterday TOM DELAY said he was looking to get the FBI involved to arrest Texas Democrats because they refused to put his unconstitutional, gerrymandered restricting plan above an issue like school finance reform.

When a man like Craig Eiland has to go to another State rather than being there for his children, we have gone too far. The sad thing is, Mr. DELAY, you do not need to use the State troopers or the FBI to get those brave Democrats back in Austin. All you need to do is start paying attention to the needs of Texans instead of your own personal political agenda. Mr. DELAY, do not mess with Texas.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. COLLINS). The Chair needs to remind Members to address the Chair and not others.

HONORING THE SACRIFICE OF LT. COLONEL MICHAEL VIERS

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

Mr. WILSON of South Carolina. Mr. Speaker, I rise today to thank Lt. Colonel Michael Viers for his selfless sacrifice in helping to save the life of a little girl in the Second Congressional District of South Carolina. Ten-year-old Shawna Crawford, an uninsured immigrant child living with her parents in Hardeeville, South Carolina, faced certain death just a few months ago as her kidneys began to fail and her family had no money to pay for the needed operation. Her plight was championed by community leaders Fred Nimmer and David Allgood, along with GSA official Mary Joy Jameson.

JoAnn Coefield of the Second Congressional District's Midlands office was able to find the funds through Federal assistance, but Shawna still needed a donor kidney. Fortunately, Colonel Viers, a Marine stationed at the Marine Recruit Depot at Parris Island, South Carolina, stepped forward.

Michael Viers is a true hero. And just as his fellow troops were overseas risking their lives for freedom, he has risked his life to provide a future for Shawna Crawford. I ask my colleagues to join me in thanking Colonel Viers.

In conclusion, God bless our troops.

TEXAS REDISTRICTING POWER GRAB

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

Mr. RODRIGUEZ. Mr. Speaker, there is a light of hope in Texas. There are 51 heroes who have stood up. For so many Texas legislators to agree and walk out demonstrates the depth of their commitment, the strength of their purpose, and the nobility of their cause.

This is not just about a map. It is about democracy and participating and the rights of minorities to have a voice in the process. It is about education. It is about health. It is about priorities that confront Texas. Rather than just waste time on divisive redistricting schemes and pushing on from the Washington level, they have decided to do the right thing and make sure that the priorities get straightened out.

I take pride to recognize Representative Gabi Canales, Representative Timoteo Garza, Representative Ryan Guillen, Representative Mike Villarreal, Representative Carlos Uresti, Representative Ruth McClendon, Representative Roberto Puente, heroes of Texas.

PROTECTING UNBORN VICTIMS

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

Mr. BURGESS. Mr. Speaker, I rise today in strong support of the Unborn Victims of Violence Act, also known as Lacy and Connor's Law. We have all seen the news stories about Lacy Peterson and her unborn son. As a physician who has delivered over 3,000 babies, I am an advocated of this legislation. Enacting this law would help to protect many who are unable to defend themselves in any way, the unborn sons and daughters of mothers who are victims of trauma.

This bill establishes legal consequences if an unborn child is killed or injured as a result of an act of violence against the mother. Further, it allows the prosecutors to charge the perpetrators with a second offense for the assault on the baby. And unfortunately, in my clinical practice I have seen cases of injury to the unborn child where no prosecution was deemed possible because of the absence of such protection. Federal law recognizes only one victim, the mother, when a pregnant woman is attacked and an unborn child is injured or killed. But 26 States have enacted laws to recognize unborn victims of at least some violent crime during some or all of the period of prenatal development.

This bill would extend protection to unborn children where none currently exists. I ask my colleagues to join me in recognizing the need to pass this important legislation in support of those who cannot help themselves, the unborn victims of violence.

SUPPORT TEXAS DEMOCRATS

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

Mr. SANDLIN. Mr. Speaker, today we pause and say thank God that we have at least some members, men and women of the Texas House, men of honor, that work hard, that play by the rules, that stand for what is right. This week over 50 courageous Democrats told the Governor, the Texas Speaker, and the majority leader of this body, enough is enough.

I particularly want to recognize my east Texas representatives, my friends, Barry Telford, Mark Homer, Chuck Hopson, Dan Ellis, and Jim McReynolds. Men of honor. Men of respect. Men of conviction.

Texas Speaker Tom Craddick is unhappy because the Democrats broke his quorum. While Craddick has had time to whine and moan and complain and make up childish names for the Democrats, he has not had time to tell you, Mr. Speaker, one important fact: Mr. Craddick made history in 1971 as a leader of the Dirty 30, 30 Texas legislators who disappeared in protest of a heavy-handed speaker. This is hypocrisy at its worst. Now Craddick has the DPS and the Texas Rangers after the Democrats. The Governor is using the AMBER Alert System to try to find the legislators. The majority leader of the House is trying to get the FBI involved. This is absolutely shameless.

Thanks to Barry, Mark, Chuck, Dan and Jim. The people of Texas are depending on you.

PROTECTING UNBORN CHILDREN

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

Mr. GARRETT of New Jersey. Mr. Speaker, I rise today in support of the Unborn Victims of Violence Act, a piece of legislation that is now rightfully receiving overwhelming support and one that I am proud to now be an original cosponsor of.

It is the responsibility of every public elected official to try to do all that we can to protect those who cannot protect themselves. And that is exactly what this piece of legislation does. It does that by punishing those who would intentionally try to harm or in some cases kill an unborn child.

This piece of legislation has the further benefit of actually trying to encourage the efforts to discourage crimes against women, the mothers. It does that by punishing those who would inflict the crimes against women and their unborn children.

So I would encourage people today from both sides of the aisle to do what all public elected officials should do: protect those who cannot protect themselves.

PRACTICE WHAT YOU PREACH

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

Mr. DOGGETT. Mr. Speaker, George Bush made his first address to the Nation as President-elect from the chamber of the Texas House of Representatives. Today that same House is in lockdown. He was introduced by Democrat Speaker Pete Laney. Today, Mr. Laney is at work with 50 courageous colleagues in Ardmore, Oklahoma, while some Republicans outrageously call them ''fugitives'' and ''criminals.''

Throughout his campaign, Mr. Bush professed to be a ''uniter, not a divider.'' If that quickly-abandoned moniker is ever to achieve any meaning, perhaps home in Texas is the best place for him to practice what he preached. Mr. President, tell Karl Rove to stop messing with Texas. Mr. President, tell TOM DELAY to withdraw his redistricting plan that slices and dices communities across our State.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Remarks in debate must address the Chair, not the President of the United States. The Chair reminds the gentleman from Texas (Mr. DOGGETT) that he is to address his remarks to the Chair, not to the President of the United States.

Mr. DOGGETT. A distinguished predecessor as President of the United States, Dwight David Eisenhower, pledged, ''I shall go to Korea.''

To achieve peace, why don't you simply pledge, ''I shall go to Austin.''

UNBORN VICTIMS OF VIOLENCE ACT

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

Mrs. BLACKBURN. Mr. Speaker, today I rise in support of the Unborn Victims of Violence Act. For too long Federal law has failed to recognize what is obvious to so many Americans, that when an unborn child is injured or killed during the commission of a crime of violence, there are two human victims, not just one.

Already 26 States have enacted criminal penalties. Now Congress must lead a national effort to bring justice to criminals who would harm pregnant women and their children. To those who would perform these heinous acts, we should say we, as Americans, will no longer tolerate your callous disregard for human life and for the families that you devastate.

Mr. Speaker, this bill requires the Federal law recognize an unborn child as a victim if he or she is harmed during a Federal crime by letting the assailant be charged with a second offense on behalf of the second victim, the unborn child, the exact charge depending on degree of harm done to the child.

We should all take a moment and reflect on the profound loss and sorrow suffered by a family and their community when a new life is extinguished by an act of violence and let that thought guide this debate.

HONORING TEXAS HOUSE DEMOCRATS

(Ms. JACKSON-LEE of Texas asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, let there be no mistake, this action by 51 sheroes and heroes is by no means dealing with the political aspect of redistricting. These individuals are dealing with the constitutional principles of freedom and human dignity.

The Houston Chronicle today said the ability of the Democrats to thwart DELAY is good for all Texans. I am going to add something else: it is good for America. Because you do not know the kind of oppressive leadership that the majority leader is bringing to the State. He says he will not relent. He indicates that at a breakfast the President of the United States said when he said redistricting is ongoing, the President said, well, I would like to see that happen. Fair enough. But this is a divisive, implosive act by the majority leader. This is Washington telling Texas what to do. And do you know why? Because TOM DELAY says he is not going to compromise because Republicans are in control in Austin and Washington.

Well, let me thank Garnet Coleman, Jessica Farrar, Joe Moreno, Senfronia Thompson, Kevin Bailey, and Rick Noriega. The Governor of Texas said they should resign. Mr. Governor, you need to consider your own words. Maybe some believe you should do the same.

HONORING SAVANNA, GEORGIA, PORTS

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

Mr. BURNS. Mr. Speaker, I rise today to recognize the contribution to the economy that the port of Savannah provides to the port city in Savanna, Georgia, in the 12th district.

Last year, the port city served more than 50 steamship lines serving more than 150 countries around the world. Exports of kale and clay, wood pulp and machinery helped send Georgia products abroad, and the port is responsible for more than 80,000 Georgia jobs, paying more than $585 million in State and local taxes. These jobs provide a total of $1.8 billion of personal income to the citizens of Savanna and the surrounding areas of Georgia.

The economic impact from my district and the State of Georgia is enormous, and we must make sure that the port remains open, efficient, and secure. I support the efforts of the Governor and the Georgia Port Authority to maintain and improve this vital commercial center. I look forward to working with all branches of government to secure the necessary resources to protect this asset and expand its influence in the community.

HONORING THE TEXAS 53

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

Mr. HINOJOSA. Mr. Speaker, I come to the House floor today to salute heroes in my State, the Texas 53. Yes, these 53 State House representatives have taken a courageous stand to preserve justice and democracy in Texas. As those State representatives said in a written statement, they are taking a courageous stand for fair play for all Texans. We refuse to participate in an inherently unfair process that slams the door of opportunity in the face of Texas voters.

The proposed redistricting plan blatantly violates the Voting Rights Act and the U.S. Constitution. In south Texas, border cities are cut up into as many as three different congressional districts and grouped into residents of downtown Austin over 350 miles away.

□ 1030

Democratic representatives have no voice in the development of this redistricting plan, nor did citizens throughout the State of Texas, in violation of State law.

Again, Mr. Speaker, I commend these 53 representatives for their courageous

stand, especially those heroes from south Texas: Kino Flores, Jim Solis, Rene Oliveira, Aaron Pena, Miguel Wise, Ryan Guillen and Juan Escobar. We support them.

ARMED FORCES DAY

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

Mr. SAM JOHNSON of Texas. This weekend is Armed Forces Day, and are not our men and women in uniform doing a great job.

I hear all this talk about the Texas Legislature. We have got a lot of deserters down there, the guys that are afraid to stand and fight like our armed services do.

Fox TV said, and I thought it was pretty good, and I paraphrase, they said, Are you not a Texas legislator? The guy answered yes. He said, Well, what are you doing in Ardmore, Oklahoma? The legislature meets in Austin, Texas.

It is a shame that we cannot have formal debate in our capital in Texas. Thank God we did not have those Democrats at the Alamo. God bless them.

TEXANS STANDING UP FOR PRINCIPLE

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

Mr. GONZALEZ. Mr. Speaker, I had some prepared remarks, but in response to my colleague's remarks about these 53 individuals not being at the Alamo, I would say this. They are exhibiting the same type of courage and bravery that the defenders of the Alamo exhibited on that eventful day. They are standing up for principle. They are saying our voices will be heard.

We are duly elected representatives of equal status with every member of the majority party in that Texas Legislature, and what the gentleman from Texas (Mr. DELAY) has attempted to do is export a corrupt and unfair system that in which we engage in this House floor to the Texas floor, and we have 53 brave and courageous Democrats that are saying, no, we will not allow the gentleman to export that kind of divisive political game into our House of Representatives.

So I applaud and I commend these individuals, and it is time that someone would say something. After all, the gentleman from Texas (Mr. DELAY) has indicated that Democrats are irrelevant. Each one of us in this Chamber represents the same number of people. Since when is anyone irrelevant in the Texas House of Representatives or the United States Congress?

CELEBRATING FUNNY CIDE'S RUN

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

Mr. STEARNS. Mr. Speaker, I rise to applaud the accomplishments of a man from my hometown in Marion County, Florida, the Sixth Congressional District, because Tony Everard has been training horses in Marion County for over 35 years.

He purchased a remarkable horse, a gelding, in 2001 in Saratoga, New York, and he trained it, but on May 3, this horse became champion at the pinnacle of horse racing, the Kentucky Derby.

His horse, Funny Cide, beat the odds with a stunning victory over favored Empire Maker and Peace Rules before more than 140,000 people at Churchill Downs, and none could be cheering louder than Tony and Beth, who named the champion gelding.

Funny Cide became the fourth Derby winner since 1997 to emerge from the Marion County breeding and training industry. I am proud of the long-standing heritage of horse training in my district. Tony and his wife Beth deserve many accolades for their work with Funny Cide and many champions to come.

PENSION REFORM LEGISLATION

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

Ms. LORETTA SANCHEZ of California. Mr. Speaker, today the House will debate H.R. 1000, the Pension Security Act, and the bill has an appropriate number because it will make employees 1,000 times worse off than they are today.

We need real pension reform that protects the pensions of all the workers and gives more protections to employees with 401(k) accounts. Real pension reform must include independent investment advice for 401(k) investors, the ability to diversify company-matched stocks within a year, and a voice for employees on pension boards.

Real pension reform must also include language that would require companies that are converting to cash balance plans to ensure that older workers receive the same amount of benefits they would have received under their existing defined benefit plan.

As the President has said, what is good for the captain is good for the crew. The bill as it is currently written allows executives to sell off their stock while the ship is sinking, while the workers see their retirement savings disappear.

I urge my colleagues to vote against the pension insecurity act.

PRINCIPLE ABOVE PARTISANSHIP

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

Mr. TURNER of Texas. Mr. Speaker, as a former member of the Texas Senate and the Texas House, I know the value that the 53 Texas Democrats who are in Ardmore, Oklahoma, today place on the proud tradition of placing principle above partisanship. When the Republican leader of the Texas House agreed to the political handiwork of the majority leader of the U.S. House, he abandoned a tradition that has served Texas well.

When Texas House Republicans drew a redistricting map without public hearings, behind closed doors, a map handed to them by Washington, they trampled on a tradition in Texas, and they trampled on bipartisanship, which has always been the hallmark of the Texas Legislature.

In Texas, the name Texan has always meant more than Democrat or Republican. The Texas Democrats from my area, Jim McReynolds, Chuck Hopson, Dan Ellis and Joe Deshotel, were denied the right to protect the interests of rural east Texas. They were shut out of the process, and they joined in breaking a quorum, a regular feature of American politics, practiced by none other than Abraham Lincoln as a member of the Illinois Legislature in 1840 when he had to do so when he was under the heavy hand of the majority.

All Texans who believe in fair play owe a debt of gratitude to our Texas legislators who have said to Washington today, Do not mess with Texas.

IS FREEDOM OF EXPRESSION UNPATRIOTIC?

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

Mr. BELL. Mr. Speaker, I find it appalling that the majority leader of this body can in one breath suggest that our Texas heroes, the 53 men and women of conviction currently in Ardmore, Oklahoma, are unpatriotic and in the next breath suggest the Federal authorities be brought in to force them to pass someone's own political agenda, because what the gentleman from Texas (Mr. DELAY) suggested yesterday is unpatriotic is actually an impressive example of the very fabric that holds this Nation together. It is everything our fathers and grandfathers have fought and died for in two great wars.

Mr. Speaker, is freedom of expression unpatriotic? Is the freedom to take a stand against recklessness unpatriotic? Mr. Speaker, when Rosa Parks refused to sit in the back of the bus, was that unpatriotic? The willingness to take a stand for what is right is what defines America.

I would like to applaud my Democratic colleagues in the Texas House from Houston for having the courage to stand up to the gentleman from Texas' (Mr. DELAY) political agenda: Garnett Coleman, Rick Noriega, Jessica Farrar, Scott Hochberg, Joe Deshotel, Kevin Bailey, Harold Dutton, Joe Moreno and Senfronia Thompson. They are heroes, and the people of Texas are with them.

COURAGE OF CONVICTION

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

Mr. EDWARDS. Mr. Speaker, because of the courage of conviction of 53 Texas legislators who broke a Texas House quorum on Monday morning, 20 million Texas citizens will have the right to have their voices heard in shaping the future of their hometown communities, to have their voices heard in our democracy.

I salute these 53 profiles in courage. They have unselfishly stood up for Texas citizens and open government in our State, members like David Farabee, Patrick Rose; from my district in Waco, John Mabry and Jim Dunnam; Joe Pickett and Pete Gallego.

Mr. Speaker, while most Americans were honoring their mothers on Sunday, Mother's Day, the gentleman from Texas (Mr. DELAY) and Tom Craddick in Austin were plotting and planning a secret map that would have destroyed, literally devastated, historic communities of interest all across Texas. This slick plan was to pass out of the Texas House at 10 a.m. on Monday morning after Mother's Day.

This Mother's Day massacre plan was only stopped because of the courage of these 53 legislators who said secret government in shaping the future of our State for the next decade was wrong. These Members were right. I salute these soldiers of democracy.

REMEMBER THE ALAMO

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

Ms. DELAURO. Mr. Speaker, I yield to the gentleman from Texas (Mr. DOGGETT).

Mr. DOGGETT. Mr. Speaker, I thank the gentlewoman for yielding to me.

To those who say that these Texas State representatives essentially ''took their marbles and went home,'' remember that this game was fixed by the gentleman from Texas (Mr. DELAY) before these folks ever had a chance to play.

To our colleague who dared mention the heroes of the Alamo, (Mr. JOHNSON of Texas) it takes far more courage to put your political life on the line than to follow like sheep. And how ironic, it was William Barrett Travis who drew that line in the sand at the Alamo, and it is the county named for him that is being sliced and split apart like never before in the history of our great State.

Desertion, yes. The people of Texas were deserted when TOM's buddies refused to have redistricting hearings around the State and listen to the people and when my neighbors in Travis County were locked out of those hearings and then ignored. That is the real desertion that these brave Texans—Dawnna Dukes, Eddie Rodriguez, Elliott Naishtat, and their colleagues are fighting in Ardmore, Oklahoma, this morning.

H.R. 919, HOMETOWN HEROES SURVIVORS BENEFITS ACT

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

Mr. ETHERIDGE. Mr. Speaker, as we pause to remember this week our law enforcement officers who have made the ultimate sacrifice, I rise to pay tribute to our Nation's finest. These are our hometown heroes, and all they ask is that we provide them with quality equipment and for someone to care for their families should tragedy strike.

Too often the families of public safety officers killed by heart attacks or strokes while performing their duties are denied the public safety officers benefit that they so richly deserve.

I have introduced, H.R. 919, the Hometown Heroes Survivors Benefits Act, to right this wrong. This bipartisan piece of legislation will provide this benefit to the families of public safety officers who are killed by a heart attack or stroke in the line of duty. H.R. 919 has 163 cosponsors, and it is endorsed by a number of organizations.

Mr. Speaker, as we observe National Law Enforcement Memorial Week, I urge all my colleagues to join me in honoring our law enforcement officers and all of our hometown heroes by supporting H.R. 919.

UNEMPLOYMENT COMPENSATION BENEFITS

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

Mr. DAVIS of Illinois. Mr. Speaker, come May 31, unemployment compensation benefits are going to run out or expire for over 1 million workers in America who have lost their jobs. Last week this House passed a whopping tax break for the wealthiest 5 percent in our country, but nothing for the unemployed.

If we really want to stimulate the economy, let us put some money in the pockets of laid-off workers. Let us put some milk in the baby's mouth and some bread on the table. Let us extend benefits for the unemployed.

CONGRATULATING THE 53 TEXAS STATE LEGISLATORS

(Ms. DEGETTE asked and was given permission to address the House for 1 minute.)

Ms. DEGETTE. Mr. Speaker, as a Member of Congress from a State where last week the legislature, controlled by the Republican Party, suspended every rule in the legislature, suspended the Colorado Constitution and without any public hearing whatsoever completely changed the congressional boundaries in Colorado, I think there are no more courageous people in this country right now than the 53 Texas State legislators who went to Ardmore, Oklahoma, and if there is anybody in this body who thinks that it is a fair process that they are contemplating in Texas, they should just look at what happened in Colorado last year.

After the last census in Colorado, the legislature was unable to come up with congressional lines, so the court drew the lines. The election was held. The election was fair, and there were seven representatives elected in Colorado. Now, with no warning in the last 3 days of the congressional session, the Colorado Legislature completely changed the lines. There were no public hearings. There was an hour of testimony taken. All of the rules were suspended, including the rule in the State senate for recorded votes so people would know how their senators voted.

If anybody thinks the Texas Legislature led by the gentleman from Texas (Mr. DELAY) was thinking fairly, they are wrong.

□ 1045

TEXAS LEGISLATURE

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

Mr. CULBERSON. Mr. Speaker, I had the privilege of serving 14 years in the Texas House; and the Texas prisons were under the control of the Federal courts, the public school system there is under the control of the State courts, the mental health system is under the control of the courts. We have advocated in Texas control over too many functions of government to the courts. As a Member of the legislature, I fought tenaciously to regain control over those institutions.

This redistricting discussion is one that the legislature is constitutionally obligated to do. The legislature has held hearings, as they are supposed to do. Anyone with an idea on how to change boundaries can submit those suggestions to the legislature. For the Texas State legislators to have shut down the entire legislative process really shows utter desperation. Frankly, they have resorted to the political equivalent of suicide bombing and blowing up the entire legislative process rather than debating, as they should, on the floor.

I got out and voted in the 14 years I was there regularly, fighting an income tax the Democrats created. I was beat and defeated on that vote. Republicans were defeated on many, many votes throughout the years. We never walked out. We never left. They have a duty to do their job. They ought to be back in Austin taking care of the people's business.

TEXAS LEGISLATURE

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

Mr. GREEN of Texas. Mr. Speaker, will the gentleman yield?

Mr. KILDEE. I yield to the gentleman from Texas.

Mr. GREEN of Texas. Mr. Speaker, it is a pleasure for me to follow my neighbor and colleague from Texas. I also served in the State House and the State Senate. To compare what is being done by those heroes in Oklahoma now to suicide bombers is outrageous. That is just overboard.

This is why we have the problems we have in Texas right now. They do not recognize the comity that has been traditional in the Texas legislature. We used to never fight over anything in a partisan manner except redistricting and election bills. Now we are going to have election and redistricting bills coming every 2 years because of our colleague, the gentleman from Texas, (Mr. DELAY).

This is unprecedented. In 50 years, no State has ever opened redistricting just for partisan purposes until now in Texas and Colorado. The Texas Attorney General, who is a Republican, issued an opinion within the last month that said, no, the legislature does not have to reopen the redistricting process. So we are having to bring it here to the floor of the House simply because my colleague from Houston, Fort Bend County, brought it to the legislature to eliminate 10 Members from Texas.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

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

Record votes on postponed questions will be taken up later today.

AMENDING THE RICHARD B. RUSSELL NATIONAL SCHOOL LUNCH ACT

Mr. BOEHNER. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 870) to amend the Richard B. Russell National School Lunch Act to extend the availability of funds to carry out the fruit and vegetable pilot program.

The Clerk read as follows:

S. 870

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

SECTION 1. FRUIT AND VEGETABLE PILOT PROGRAM.

Section 18(g)(4) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769(g)(4)) is amended by inserting before the period at the end the following: ‘‘, to remain available until the close of the school year beginning July 2003’’.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Ohio (Mr. BOEHNER) and the gentleman from Michigan (Mr. KILDEE) each will control 20 minutes.

The Chair recognizes the gentleman from Ohio (Mr. BOEHNER).

GENERAL LEAVE

Mr. BOEHNER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on S. 870.

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

There was no objection.

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

Mr. Speaker, I rise today in strong support of S. 870, a bill to extend the period of time for which participating schools may provide free, fresh and dried fruits and fresh vegetables to children in schools. This pilot program, which was authorized as part of the Farm Security and Rural Investment Act of 2002, provides fruits and vegetables to children in an effort to increase their consumption of these healthful foods.

I am proud that Ohio was selected to be one of the four States participating in this pilot program and that two of these schools are in Ohio’s 8th district, which I represent, Nevin Coppock Elementary School in Tipp City, Ohio, and Stebbins High School in Riverside, Ohio.

On April 10, the other body passed S. 870, which allows additional time for the current funds to be expended. It does not authorize new money to be spent on the pilot. S. 870 enjoyed broad bipartisan support in the other body and is supported in the House on both sides of the aisle.

Mr. Speaker, a recent evaluation of the fruit and vegetable pilot program by the United States Department of Agriculture says that this pilot was popular amongst parents, teachers, and students, and successfully increased children’s interest in making fruits and vegetables a regular part of their diet. Now, this is an encouraging finding at a time when rates of overweight and obesity amongst children are at an all-time high and that these rates are continuing to rise steadily without any sign of a reverse in this troubling trend.

Growing scientific evidence demonstrates a strong link between nutrients found in fruits and vegetables and the reduced risk of several chronic diseases, including cancer, heart disease, type 2 diabetes, and others. According to the Office of the Surgeon General, diet-related diseases cost this country approximately $117 billion each year, and several other estimates are even larger.

Nutrition experts strongly encourage Americans to consume a variety of fruits and vegetables on a daily basis, yet data from the national nutrition and the Centers for Disease Control and Prevention show that only one in four Americans, about 24 percent, eat five or more fruits and vegetables a day, and children tend to eat less fruits and vegetables than adults. This evidence makes clear the importance of our efforts to encourage children to develop an interest in fruits and vegetables at a young age.

Today, I am pleased with the strong level of bipartisan support received by this pilot program and urge my colleagues to support S. 870 to extend this pilot into the next year.

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

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

Mr. Speaker, I rise in support of S. 870. This legislation allows us to extend the current fruit and vegetable pilot program enacted under the farm bill for an additional year. Because of the short time frame after enactment of the farm bill, many of the schools were not able to begin their participation in the program as quickly as we had hoped. As a result, many schools will have funds remaining at the end of the school year.

The issue of fruit and vegetable consumption by our children is critically important. Studies continually show that increased consumption of fruits and vegetables at a young age leads to healthier diets in adulthood. Coupled with the alarming rates of childhood obesity, we should be doing all we can to expand fruit and vegetable consumption among our children. Educating our children now about the importance of eating fruits and vegetables will lead to a healthier Nation in the future.

Mr. Speaker, this legislation marks an important step as we begin our discussion to reauthorize our Federal child nutrition programs. As part of reauthorization, it is my hope that we can expand the benefits of this pilot to all our Nation’s children. I urge all Members to support this legislation.

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

Mr. BOEHNER. Mr. Speaker, I am pleased to yield such time as he may consume to the gentleman from Nebraska (Mr. OSBORNE).

Mr. OSBORNE. Mr. Speaker, in the world of athletics, each year our young people get bigger, they get stronger, and they get faster. Unfortunately, many of our young people just get bigger. They consume diets that are very high in fat. Sometimes a serving of fruit equals a serving of Fruit Loops and a serving of vegetables equates to French fries or potato chips.

As has been mentioned previously, 60 percent of Americans currently are overweight, 20 percent are obese, and among our young people the percentages are just about the same. An alarming trend has been that we are starting to see atherosclerosis in elementary school children. These are

fatty deposits in the coronary arteries which lead directly to heart disease. This was unheard of 20 or 30 years ago. Type 2 diabetes is exploding among our young people. And of course this again is related to being overweight. Many children do not exercise. They watch TV and play video games.

Senate 870 authorizes the extension of a valuable school pilot program. The fruit and vegetable pilot program provides fresh fruit and fresh vegetables to a limited number of schools during the current school year. A recent Department of Agriculture study found that normal-weight children consumed significantly more fruits than overweight children. Studies have shown a positive relationship between consuming a balanced healthful diet of protein, fruits and vegetables and children's performance in the classroom and on the playing fields.

I thank my colleagues from the Committee on Education and the Workforce for bringing this small, yet important, piece of legislation to the floor and urge my colleagues to vote to extend this valuable pilot study.

Mr. KILDEE. Mr. Speaker, I yield such time as he may consume to the gentleman from Illinois (Mr. DAVIS).

Mr. DAVIS of Illinois. Mr. Speaker, I want to thank the gentleman for yielding me this time, and I also am pleased to join with the chairman, the gentleman from Ohio (Mr. BOEHNER), and the gentleman from Michigan (Mr. KILDEE) in support of this important legislation. I commend them for bringing it to the floor.

I have always been told that we are what we eat. And I believe while it might appear that this legislation does not and will not go a great distance, I believe that children, like all of us, learn what they live. If they learn the importance of fruits and vegetables as part of a balanced diet, then I think they will end up making use of that. I think they will end up saying to themselves that they like it. They will end up saying that it makes sense.

We know that in the long run it is going to reduce illness. It will keep people away from the doctor's office, out of the hospital. It will cut down on our health care costs, which are rising all of the time at runaway speeds.

So I think this is a tremendous measure that will pay serious dividends. I am pleased that the Committee on Education and the Workforce has brought it to the floor, and I urge all Members to support it.

Mr. FARR. Mr. Speaker, I rise in support of S. 870, a bill to amend the Richard B. Russell National School Lunch Act to extend the availability of funds to carry out the fruit and vegetable pilot program.

We hear a great deal about the importance of teaching our children good nutrition as well as about the epidemic of obesity and poor eating habits among American children. This morning's USA Today even had several articles about nutrition and obesity throughout the paper, this is a very important issue and one that is near and dear to my heart and that of my district. However, for all the press, talk and concern, we do far too little about it. THe first year of the Fruit and Vegetable Pilot Program is nearing its end, but remaining funds need to be used to extend the program until the end of the 2003–2004 school year so we can get the necessary information as we begin to debate child nutrition reauthorization later this year.

The 2002 Farm Bill authorized funds for a pilot project to test the feasibility of offering free fruits and vegetables to students during the school day. One hundred six schools implemented the project this school year in Indiana, Iowa, Ohio, Michigan and the Zuni Tribal Organization in New Mexico. The program sought to determine the best practices for increasing both fresh and dried fruit and fresh vegetable consumption in elementary and secondary schools. Schools reported tremendous successes and the final USDA report on the project concluded that 80 percent of students in participating schools were very interested in the program, and 100 of the schools participating believe that it is feasible to continue the pilot if funding is made available. I feel it is incumbent upon Congress to continue this pilot. Consumption of fruits and vegetables increased, while anecdotal evidence showed a decline in soda sales from vending machines in schools. Making existing funding available for pilot schools to use this upcoming school year will extend the success of the project.

Again, Mr. Speaker, I urge your support for this legislation today, and ask you again to support additional consumption opportunities as we debate child nutrition reauthorization in the upcoming Session. We must do more to encourage their purchase in our schools and to promote their consumption on an individual level.

Mr. BACA. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

Mr. Speaker, I ask my colleagues to please support S. 870, a bill by Senator HARKIN that will continue funding the Fruit and Vegetable Pilot Program until the end of 2003–2004 school year.

This is a great pilot that the Agriculture Committee strongly supported, and I fully intend on fighting to extend this project in the Children's Nutrition Reauthorization.

The pilot provides fresh and dried fruits and fresh vegetables to children in 107 schools. Of the 105 schools that have reported back results, 100 are asking USDA to keep the program.

This program is popular with schools and nutrition advocates, in light of the growing problem of childhood obesity. But, more important, the program is popular with the kids! Eighty percent of the students were very interested. Parents are excited about the program since 71 percent of the students are now more interested in eating vegetables and fruits.

Mr. Speaker, this is a successful program for which we need to extend funding until the end of the next academic year. It would be a pity to take these nutritious and healthy foods away from the children halfway through the school year.

I urge my colleagues to please support S. 870.

Mr. CASTLE. Mr. Speaker, I rise in support of S. 870 which authorizes the extension of a valuable school pilot program included in the 2002 Farm Bill, the U.S. Department of Agriculture's Fruit and Vegetable pilot program.

This program has provided an extraordinary opportunity to distribute free fruits and vegetables to students throughout the school day in an effort to increase their consumption of these healthful foods. Because this pilot did not begin until nearly midway through the school year, participating schools have requested that the Congress allow them additional time to complete the pilot program.

I have been pleased with the popularity of this pilot program and the evidence of its success. The USDA recently released a report on the pilot program. Within their evaluation they found that it was popular among most students, parents, State representatives, teachers, principals, pilot managers and food service staff. The USDA's evaluation also found that students consumed over 90 percent of servings offered thus far.

No one can dispute the importance of a healthy diet, especially for growing children. Yet, for a number of reasons, many children don't eat enough fruits and vegetables as recommended by the Dietary Guidelines for Americans and the Food Guide Pyramid. This pilot also is critically important to help encourage healthy dietary habits among the growing number of children in this country who are overweight or obese. USDA found that nearly 93 percent of participating schools have provided some nutrition education and promotion activities along with the program.

Identifying ways to encourage children to consume a wide variety of healthful foods will be a major focus of the upcoming reauthorization of the National School Lunch Program and other key child nutrition programs. During the reauthorization process, we will look to this pilot program for some answers regarding how we might help increase the consumption of fruits and vegetables in school by making accessible the types of fruits and vegetables that children most enjoy.

Because research has shown that children develop dietary habits early in life, the increased availability of fruits and vegetables in school can make a lasting impression on the life-long consumption patterns of these youths. For that reason, I urge my colleagues to vote to extend this pilot study.

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

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

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Ohio (Mr. BOEHNER) that the House suspend the rules and pass the Senate bill, S. 870.

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

A motion to reconsider was laid on the table.

KRIS EGGLE MEMORIAL VISITORS' CENTER IN ORGAN PIPE NATIONAL MONUMENT IN ARIZONA

Mr. RADANOVICH. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1577) to designate the visitors' center in Organ Pipe National Monument in Arizona as the ''Kris Eggle Memorial Visitors' Center'', and for other purposes, as amended.

The Clerk read as follows:

H.R. 1577

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

SECTION 1. REDESIGNATION.

(a) FINDING.—Congress finds that in August 2002, Kris Eggle, a 28-year-old park ranger in Organ Pipe Cactus National Monument, was murdered in the line of duty along the border between the United States and Mexico.

(b) DEDICATION.—Congress dedicates the visitor center in Organ Pipe Cactus National Monument to Kris Eggle and to promoting awareness of the risks taken each day by all public land management law enforcement officers.

(c) REDESIGNATION.—The visitor center in Organ Pipe Cactus National Monument in Arizona is hereby designated as the ''Kris Eggle Visitor Center''.

(d) REFERENCE.—Any reference to the visitor center in Organ Pipe Cactus National Monument in Arizona, in any law, regulation, map, document, record, or other paper of the United States shall be considered to be a reference to the ''Kris Eggle Visitor Center''.

(e) SIGNAGE.—The Secretary of the Interior shall post interpretive signs at the visitor center and at the trailhead of the Baker Mine-Milton Mine Loop that—

(1) describe the important role of public law enforcement officers in protecting park visitors;

(2) refer to the tragic loss of Kris Eggle in underscoring the importance of these officers;

(3) refer to the dedication of the trail and the visitor center by Congress; and

(4) include a copy of this Act and an image of Kris Eggle.

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this Act.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California (Mr. RADANOVICH) and the gentlewoman from the Virgin Islands (Mrs. CHRISTENSEN) each will control 20 minutes.

The Chair recognizes the gentleman from California (Mr. RADANOVICH).

□ 1100

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

H.R. 1577, introduced by the gentleman from Colorado (Mr. TANCREDO) and amended by the Committee on Resources, would designate the visitors' center at the Organ Pipe Cactus National Monument as the Kris Eggle Visitor Center. Kris Eggle was a 28-year-old park ranger at the monument who was brutally murdered last year in the line of duty by members of a Mexican drug gang along the Arizona-Mexico border. Kris had served the visitors of Organ Pipe Cactus National Monument since the year 2000, and before that he was a park ranger at Sleeping Bear Dunes National Lakeshore in his native Michigan.

Mr. Speaker, I yield such time as he may consume to the gentleman from Colorado (Mr. TANCREDO), the author of this important legislation.

Mr. TANCREDO. Mr. Speaker, I rise today to urge passage of H.R. 1577, a bill that would name the visitors' center in Organ Pipe Cactus National Monument in Arizona for Kris Eggle, a park ranger who lost his life in the line of duty. I want to thank the gentleman from Michigan (Mr. HOEKSTRA), who has worked tirelessly with me on this legislation, and also Senator MCCAIN, who is carrying the bill in the other body. I would also like to thank Chairman RADANOVICH and Chairman POMBO for their work on the bill and allowing it to be brought to the floor for consideration today.

Mr. Speaker, Kris Eggle was a brilliant young park ranger in one of the most beautiful units of the National Park System when he was killed last summer by a drug smuggler who had crossed into the United States after committing two murders in Mexico. Last August, Kris and three U.S. Border Patrol officers responded after Mexican police reported that two armed fugitives had fled across the border into the U.S. A Border Patrol helicopter directed Eggle and the other officers to where the suspects had abandoned their vehicle. Kris pursued them on foot, apprehending one of the suspects before he was killed. Kris was 28 years old.

I have personally visited Organ Pipe Cactus National Monument on numerous occasions. I also had the opportunity is one way to put it, I guess, the duty, and I certainly accepted that, to go down to Arizona and go to Kris' funeral and speak briefly at his funeral. It was a very moving event, a very emotional event as one can imagine with all of his colleagues and friends there in attendance. The area is certainly one of the most beautiful units in the National Park System. It is, unfortunately, also one of the most dangerous. According to the Fraternal Order of Police, it is a magnet for illegal aliens and drug smugglers. Some 200,000 illegal border-crossers and 700,000 pounds of drugs were intercepted at the park last year, a fact that rangers like Kris who at this very moment are patrolling the vast and remote expanses of Organ Pipe know all too well.

Kris, like many BLM, Park Service and Forest Service law enforcement officers, was on the frontlines of a battlefield we pay far too little attention to. He gave his life in service to this country. We should all be proud of his heroism. We should not forget.

By passing this bill today, I hope we can both memorialize Kris' personal sacrifice to this Nation and remind the American people of the perils faced and sacrifices made by those who work each day to patrol the parks, refuges and forests, particularly those located along our increasingly dangerously porous international borders.

Mr. RADANOVICH. Mr. Speaker, I yield 4 minutes to the gentleman from Michigan (Mr. HOEKSTRA).

Mr. HOEKSTRA. Mr. Speaker, I thank the gentleman for yielding me this time, and I thank Chairman POMBO and Chairman RADANOVICH for their support in moving this bill, moving it expeditiously, and that we have today the honor of passing this piece of legislation through the House.

This week Kris Eggle will not only be memorialized here on the floor of the House, he will also be memorialized at the memorial for slain police officers, officers who died in the line of duty. His family is in town this week, and his friends from all over the country are here to recognize an outstanding young man whose life was cut short.

H.R. 1577 is a bill to honor National Park Service Ranger Kris Eggle, who was murdered on duty last August in Organ Pipe National Monument, a National Park Service unit deep in the American Southwest. It is absolutely a beautiful and a gorgeous part of the American Southwest. I had the opportunity to visit there earlier this year with Kris' dad, Bob Eggle. This bill designates the visitors' center in Organ Pipe as the Kris Eggle Visitors' Center, dedicated to the legacy and memory of Kris.

Who was Kris Eggle? Let me give a little bit of background about Kris. Kris was a 28-year-old National Park Service ranger. He was assigned to the Organ Pipe Cactus National Monument at the time of his death. My colleague has given us a little bit of the details about that, but if we go back, Kris was one of the best of the best. He graduated as valedictorian of Cadillac High School in 1991. He was an accomplished cross-country runner at Cadillac High School. He went on to be a top cross-country runner at the University of Michigan where he graduated with honors in 1995.

After graduation, he chose government service as the field where he was going to commit his life. He joined the National Park Service. He served at the Sleeping Bear Dunes National Lakeshore where he served as a ranger on both the North and South Manitou Islands. He had been stationed in Arizona since 2000. That is a little bit about the background.

The area where Kris served is a magnet for illegal aliens and Mexican smugglers. Some 200,000 illegal border-crossers and 700,000 pounds of drugs were intercepted at the park last year. Nonetheless, Kris embraced his job. He was always cheerful, a model citizen, a quintessential American boy turned ranger. He baked chocolate chip cookies for his fellow rangers and entertained them with songs while on duty.

Bob Eggle said Kris was where he wanted to be and he did what he wanted to do. He grew up on the family farm. He was an Eagle Scout, a devout Baptist and fleet-footed. His speed and his dedication may have been what cost him his life. He and three U.S. Border Patrol officers responded after Mexican police reported that two armed fugitives had fled across the border into the U.S. A Border Patrol helicopter gave chase and directed Kris and the other officers to where three suspects had ditched their vehicle. The

American officers pursued the fugitives on foot. One of the Mexican nationals was caught. The other ambushed Kris. Kris was shot, and he passed away.

Kris, like all of his other fellow employees, took an oath to swear his allegiance to this country. Kris did his job. He did it magnificently. Today we honor his memory by dedicating the visitors' center in Organ Pipe National Monument, but more importantly the responsibility of this Congress is also to deal with the causes of Kris' death. We have a border that looks more like Swiss cheese, allows illegals to cross the border indiscriminately, and allows drugs to flow across the border. This Congress needs to move forward and respond and to recognize that this is a Nation of laws, and that we will respond and enforce the laws and enforce our borders.

Again I thank my colleague for the time and moving this bill forward.

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

(Mrs. CHRISTENSEN asked and was given permission to revise and extend her remarks.)

Mrs. CHRISTENSEN. Mr. Speaker, H.R. 1577, as amended, honors the life and work of a national park ranger killed in the line of duty by renaming the visitors' center at Organ Pipe Cactus National Monument in Arizona as the Kris Eggle Visitors' Center. This wonderful young man whom we just heard about from my colleagues was murdered while on patrol in the national monument in August 2002. His untimely and senseless death reminds us all of the dangers faced daily by Federal employees who protect park resources and visitors.

Unfortunately, Kris Eggle's death was not the only one of a National Park Service employee last year. This afternoon the National Park Service will host a ceremony honoring three national park rangers, including Kris, and one U.S. Park Police officer who died last year in the line of duty in service to the National Park Service and to the Nation.

Mr. Speaker, we enthusiastically support the adoption of H.R. 1577, as amended, by the House today.

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

Mr. RADANOVICH. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan (Mr. CAMP).

Mr. CAMP. Mr. Speaker, I thank the gentleman for yielding me this time. I, too, rise in support of H.R. 1577, the Kris Eggle Memorial Center Designation Act. This bill honors National Park Service Ranger Kris Eggle, who was murdered on August 9, 2002, by an illegal alien and suspected drug smuggler while on duty in Organ Pipe Cactus National Monument in Arizona.

H.R. 1577 designates the visitors' center in Organ Pipe National Monument in Arizona as the Kris Eggle Memorial Visitors' Center. Kris, a native of Cadillac, Michigan, was just 28 years old at the time of his death. He died doing a job he loved, and his commitment to safeguarding America's natural treasures commands our deepest appreciation. I support this legislation that will pay tribute to his life and ideals.

The legislation directs the Secretary of the Interior to post signs at the center and on the trail that describe the important role of public law enforcement officers in protecting park visitors. The signs will also refer to the tragic loss of Kris Eggle, the dedication of the trail and visitors' center by Congress, and will include a copy of this act and Kris' picture. I believe this legislation will succeed in reminding people of the sacrifices made by those who work each day to protect America.

Let me just talk for a moment about Kristopher William Eggle, the man. As I learned more about him, I became even more impressed with his life and, yes, angry at his loss. He was an individual of amazing accomplishments for his young age, Eagle Scout, National Honor Society student, valedictorian of Cadillac High School. An athlete in high school, he went on to run track at the University of Michigan. But I think more importantly his leadership skills and the quality of person that he was makes this even more tragic as we think about it.

I would like to express my deepest and heartfelt sympathy to the friends and family of Kris Eggle for their loss. I would also like to thank the gentleman from Colorado (Mr. TANCREDO) and the gentleman from Michigan (Mr. HOEKSTRA) for bringing this legislation to the floor and urge my colleagues to support this measure. As the chairman of Subcommittee on Infrastructure and Border Security, I look forward to working with my colleagues to make sure that this never happens again.

Mr. RADANOVICH. Mr. Speaker, I yield 4 minutes to the gentleman from Indiana (Mr. SOUDER).

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

Mr. SOUDER. Mr. Speaker, first I, too, want to thank the gentleman from Colorado (Mr. TANCREDO), the gentleman from Michigan (Mr. HOEKSTRA), the gentleman from Arizona (Mr. SHADEGG) and others who have been down on the border. We held a hearing there in the Subcommittee on Criminal Justice, Drug Policy and Human Resources just weeks ago, particularly going down to Organ Pipe, one of our more beautiful national monuments where the cactus, unlike the saguaro, come up, and hence the name, the Organ Pipe. They have saguaro cactus there as well. But unfortunately right now because of all the illegal immigrants and all the drug smuggling moving through that park, one of the most beautiful hiking trails in the country is sealed off because it is too dangerous for people to hike there.

When you walk through the park, you see milk containers all over the place. If they are clear, it means they were water of people walking into the deserts by the hundreds. You can see them across the line because we basically have little protection on that border. If they are black, it is clear they had narcotics and were moving narcotics through.

The area where this brave ranger was killed is just east of the main crossing point. It was in a wash. As he and seven other agents from Customs and Border Patrol and others were trying to capture this illegal immigrant and drug smuggler, the immigrant, the smuggler, hid in some bushes. The ranger, as he was being guided by a helicopter above him, could not see where the shots came from. They hit him, went through his vest and another protective device, through one side and the other side of his body.

When he committed to work for the National Park Service, he thought he was going to be working with people who were trying to cut down trees or flowers, or who were basically having inner kind of conflicts in the parks. But we have watched our parks and monuments change into places, particularly around our borders or in our national forests and our parks where they are growing marijuana or producing methamphetamine, into far more dangerous places, endangering not only our rangers, but the people that are there.

When you walk through this visitors' center at the Organ Pipe and when you walk through the park headquarters there, you see this young ranger's picture there. You see many pictures of him. You hear from every staff person at that park. They miss Kris. They miss the loss there. All of a sudden it has taken their profession, probably the highest-rated profession in the United States, and any poll shows that park rangers and the people who are serving our public parks are supposed to be a happy place, not a sad place. The parents, when the gentleman from Michigan (Mr. HOEKSTRA) brought them in and I met them, they said, ''We don't want our son's loss to be in vain.''

By naming this visitors' center, it is a reminder to Members of Congress and the American people that unless we can make our borders more secure, and I also serve on the subcommittee of the gentleman from Michigan (Mr. CAMP) as well as chairing the narcotics committee, we are not going to be secure in this country. We do not know who is going to come across, unless we can do a better job of restricting the narcotics coming in that are also killing people all over our country. Kris was out there trying to protect people in Fort Wayne, Indiana, all over America, by going after this drug dealer.

□ 1115

But unless we can make those borders more secure, unless we are more aggressive, we are putting people in our national parks at risk, we are putting our national forests at risk, everybody else along the borders.

One last comment. As we start to address the problems of Organ Pipe, we have pushed it over to the Tohono O'odham Indian Reservation next door. The Shadow Wolves, who were just highlighted in ''Smithsonian Magazine'' a couple months ago as well as ''People Magazine,'' are now threatened with disbandment, that what we saw when we did our hearing, we saw four busts while we were doing the hearing of 1,500 pounds more than they seized all of last year in this Indian reservation, and we need to understand that while we are naming this monument after Kris and saying we are going to remember him and the people who sacrificed like him, that we also have to think of the adjacent areas and do not just push it through the next community as we address this. We have to get control, responsible control, of our borders, or we will not be secure in the United States, and hopefully this resolution today will help remind us of that.

Mr. RADANOVICH. Mr. Speaker, I yield 2 minutes to the gentleman from Arizona (Mr. SHADEGG).

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

Mr. SHADEGG. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in strong support of this legislation today to rename the Visitors Center at Organ Pipe Cactus National Monument in honor of Kris Eggle. And I want to thank its sponsor for his efforts for bringing this measure forward.

As has been mentioned here on the floor, Kris Eggle was an extraordinary, truly extraordinary young man. I regret that I never got to know him personally; but as the gentleman from Michigan (Mr. CAMP) mentioned, he was a standout by any measure. He was an Eagle Scout, and I know that makes me proud. My son is an Eagle Scout. He was a valedictorian of his class. But if we run into Kris Eggle's family or his friends or the people of service that I have had a chance to meet, we can see that this was an extraordinary young man.

I will tell the Members the story of his death is one that is extraordinary. He was on the border as a park ranger doing his job when a radio call came in. There was no obligation for Kris Eggle to jump into the fray and respond to that radio call. This was a call that should have been responded to by DEA agents or Customs agents because it involved drug smuggling by a drug ring, and yet Kris Eggle did not stay in that border station and do nothing. He left the station and he raced out into the desert with his colleagues. And as the gentleman from Indiana (Mr. SOUDER) just pointed out, he was directed by a helicopter to where the shots had been fired and to where the suspect he was looking for was.

Just a few months ago I visited that scene. I was there with Kris's father, Bob; and we were taken to the very spot where the murder occurred, and we saw where the gunman stood hiding under a tree and ambushed Kris, firing at him at literally point-blank range and killing him.

It is indeed a fitting honor that we should name this visitors center after him, but there is more to it than that. I met with Kris's parents this morning, Bob and Bonnie Eggle; and while they are thrilled that this bill is passing, they are very much devoted to substance. They care about what happens on the merits. Bob Eggle has spent countless hundreds of hours on that border trying to do what he can to rebuild the fence and to try to aid the people that are caring about it. But just this morning, Bonnie Eggle said to me, Congressman, can we get more Members of Congress to go visit the border to see what is going on there so that more might not die?

I urge my colleagues to support this legislation; but I also urge them to honor Kris Eggle's memory, this extraordinary young man, by helping us strengthen that border; and I join the gentleman from Indiana (Mr. SOUDER) in his comments regarding the Shadow Wolves. The Shadow Wolves are an extraordinary unit which we cannot allow to be disbanded, nor can we allow to be taken off of that border.

Mr. RADANOVICH. Mr. Speaker, I have no further speakers, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. BASS). The question is on the motion offered by the gentleman from California (Mr. RADANOVICH) that the House suspend the rules and pass the bill, H.R. 1577, as amended.

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

The title was amended so as to read: ''A bill to designate the visitor center in Organ Pipe Cactus National Monument in Arizona as the ''Kris Eggle Visitor Center'', and for other purposes.''.

A motion to reconsider was laid on the table.

GRANTING EASEMENT TO THE LEWIS AND CLARK INTERPRETIVE CENTER

Mr. RADANOVICH. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 255) to authorize the Secretary of the Interior to grant an easement to facilitate access to the Lewis and Clark Interpretive Center in Nebraska City, Nebraska, as amended.

The Clerk read as follows:

H.R. 255

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

SECTION 1. AUTHORITY TO GRANT EASEMENT.

(a) IN GENERAL.—The Secretary of the Interior is authorized to grant an easement to Otoe County, Nebraska, for the purpose of constructing and maintaining an access road between the Lewis and Clark Interpretive Center in Nebraska City, Nebraska, and each of the following roads:

(1) Nebraska State Highway 2.

(2) Otoe County Road 67.

(b) LOCATION OF ROAD.—The access road referred to in subsection (a) shall not be located, in whole or in part, on private property.

(c) USE OF FEDERAL FUNDS.—No funds from the Department of the Interior may be used for design, construction, maintenance, or operation of the access road referred to in subsection (a).

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California (Mr. RADANOVICH) and the gentlewoman from the Virgin Islands (Mrs. CHRISTENSEN) each will control 20 minutes.

The Chair recognizes the gentleman from California (Mr. RADANOVICH).

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

Mr. Speaker, H.R. 255, as introduced by the gentleman from Nebraska (Mr. BEREUTER) and amended by the Committee on Resources, would authorize the Secretary of the Interior to grant an easement to Otoe County, Nebraska, to facilitate the construction of a road to access the Lewis and Clark Interpretive Center in Nebraska City, Nebraska. The committee amendment simply states that the road will not be located on private property and that no funds from the Department of the Interior will be used for the construction and operation of the access road.

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

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

(Mrs. CHRISTENSEN asked and was given permission to revise and extend her remarks.)

Mrs. CHRISTENSEN. Mr. Speaker, H.R. 255, introduced by the gentleman from Nebraska (Mr. BEREUTER), is a fairly simple and straightforward piece of legislation. The Lewis and Clark Interpretive Center is being developed in Nebraska City, Nebraska; and the local county would like an access road to link the center to the main roads in the area.

H.R. 255 simply authorizes the Secretary of the Interior to grant such an easement provided that the road is only located on public lands and that road is developed and maintained at no expense to the Federal Government. Mr. Speaker, we have no objection to the consideration of H.R. 255 and support its adoption today.

Mr. RADANOVICH. Mr. Speaker, I yield 2 minutes to the gentleman from Nebraska (Mr. BEREUTER).

(Mr. BEREUTER asked and was given permission to revise and extend his remarks, and include extraneous material.)

Mr. BEREUTER. Mr. Speaker, I rise in strong support of H.R. 255. This legislation is noncontroversial. It is one introduced by this Member.

I very much appreciate the support and assistance of the gentleman from

California (Chairman POMBO) and the ranking member, the gentleman from West Virginia (Mr. RAHALL), as well as the gentleman from California (Mr. RADANOVICH) and the gentlewoman from the Virgin Islands, (Mrs. CHRISTENSEN), for moving this legislation.

Mr. Speaker, what this facilitates is the granting of an easement by the National Park Service to Otoe County, Nebraska, so that a road may be constructed to the Missouri River Basin Lewis and Clark Interpretive Trails and Visitors Center, expected to open in July of next year in time for the bicentennial of the Lewis and Clark expedition. The Otoe County government will construct and maintain the road, but it is essential that we have a road for visitors to visit the visitors center.

I introduced this legislation originally in the 107th Congress. It was not acted upon. Time is running short; and, therefore, I very much appreciate the fact that the majority leader, the gentleman from Texas (Mr. DELAY), and his staff facilitated the presentation of the bill for the consideration of the House today.

This visitors center will focus primarily on the flora and fauna discovered by Lewis and Clark, well documented for the Nation as they paved the way for the settlement of the great American West.

Mr. Speaker, this Member rises in strong support of H.R. 255. This is a non-controversial, but very necessary bill. It would simply grant an easement to Otoe County in Nebraska allowing it to build an access road to the Missouri River Basin Lewis & Clark Interpretive Trails & Visitors Center which is now under construction at a site adjacent to Nebraska City, Nebraska.

This Member originally introduced this legislation during the 107th Congress when it became clear that the National Park Service could not grant this easement without congressional action. Otoe County has agreed to construct and maintain the access road.

This Member would like to begin by thanking the distinguished gentleman from California (Mr. POMBO), the Chairman of the Resources Committee, and the distinguished gentleman from West Virginia (Mr. RAHALL), the Ranking Member of the Committee, for their assistance in expediting this legislation.

When completed, the access road facilitated by H.R. 255 will lead visitors from the State Highway Route 2 Expressway to an outstanding Lewis and Clark interpretive center. The center is scheduled to be completed in early 2004 with the grand opening set on July 30, 2004, which coincides with the Lewis and Clark signature event in Nebraska at historic Fort Atkinson, the site of the famous ''Council Bluff'' in Nebraska where Lewis and Clark had their first council with Native American leaders.

The Nebraska City Lewis and Clark Interpretive Center will find an important role by focusing on the flora and fauna encountered and documented by the expedition. Across the country, the bicentennial commemoration is expected to draw millions of Americans and foreign visitors to sites along the Lewis and Clark trail over the next several years. This new center will certainly be one of the must-see stops.

Much like the Expedition itself, this project has had to overcome numerous challenges and obstacles. Its success is due to the remarkable foresight, persistence and dedication of many individuals. This Member has had a longstanding interest in the Lewis and Clark Expedition. Starting from a first reading of Lewis and Clark's journals, many years ago, this Member has always been thrilled with the story of this extraordinary and courageous journey which was so important in the settlement of our region and the westward expansion of our Nation and people.

This Member's legislative efforts related to the Lewis and Clark Expedition began more than two decades ago with the authorship of an amendment to the National Trails System Act in 1980 to include provisions for a series of interpretive markets along the Lewis and Clark Trail in Nebraska and for the authorization of an interpretive center in each of the states through which the Lewis and Clark Trail passes. It has taken Nebraska about 22 years to reach the point of constructing a center, but the results will be worth the effort.

In 1987, Congress specifically authorized construction of a Lewis and Clark National Historic Trail Interpretive Center in Nebraska to explain the significance of the Lewis and Clark Expedition. The same year, at this Member's request, Congress appropriated $25,000 for historical markers at Lewis and Clark campsites in Nebraska and $30,000 for initial planning of a trail interpretation center, both under the 1980 authorization this Member authored.

The National Park Service plan issued in 1991 recommended that the center be located in Nebraska City. The same year, the Park Service acquired a 65-acre tract of land for the center. This tract, along with adjacent land that was later donated, provides a panoramic view of the Missouri River, much as Lewis and Clark would have viewed it. In fact, two stops on the river at Nebraska City in 1804 are recorded in their journals.

The story of the incredible Lewis and Clark expedition has appeal for Americans of all ages and backgrounds and presents an opportunity for a unifying experience. In the coming months and years, the public will undoubtedly increase its demands for more information about Lewis and Clark and their bold and courageous adventures.

When Thomas Jefferson took office in 1801, the United States had only about five and a half million people all concentrated in the eastern third of the continent, primarily along the coast. As a result of the Louisiana Purchase in 1803, the size of the country nearly doubled and the stage was set for a period of unparalleled development and progress.

But first, the new acquisition had to be explored. President Jefferson chose Meriwether Lewis and William Clark to ''explore the Missouri River & such principal streams of it, as, by its course and communication with the waters of the Pacific Ocean, whether the Columbia, Oregon, Colorado, or any other river may offer the most direct and practicable water communication across this continent for the purposes of commerce.''

Lewis and Clark departed St. Louis on May 14, 1804, and returned to St. Louis 28 months later on September 23, 1806. That difficult but exciting journey covered 8,000 miles through the area which now constitutes the states of Illinois, Missouri, Kansas, Nebraska, Iowa, North Dakota, South Dakota, Montana, Idaho, Washington, and Oregon.

Along the way, Lewis and Clark and the Corps of Discovery encountered formidable challenges that easily could have thwarted their mission. However, they continued to keep their focus firmly on the ultimate goal. During their journey to the Pacific Ocean and back, the Lewis and Clark expedition documented numerous scientific and geographic discoveries and helped pave the way for the United States to become a great world power.

This Member believes that passage of H.R. 255, will play a small, but vital role in permitting ready access to the new visitors center and thus increase the attention to the bicentennial activities. As someone with a longstanding interest in the Expedition and a co-chair of the Lewis and Clark Bicentennial Congressional Caucus, this Member is pleased to have H.R. 255 considered on the Floor and urges his colleagues to support it.

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

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

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. RADANOVICH) that the House suspend the rules and pass the bill, H.R. 255, as amended.

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

A motion to reconsider was laid on the table.

CARTER G. WOODSON HOME NATIONAL HISTORIC SITE ESTABLISHMENT ACT OF 2003

Mr. RADANOVICH. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1012) to establish the Carter G. Woodson Home National Historic Site in the District of Columbia, and for other purposes.

The Clerk read as follows:

H.R. 1012

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Carter G. Woodson Home National Historic Site Establishment Act of 2003''.

SEC. 2. FINDINGS AND PURPOSE.

(a) FINDINGS.—The Congress finds that:

(1) Dr. Carter G. Woodson, considered the father of African-American history, founded in 1915 The Association for the Study of Negro Life and History, renamed as The Association for the Study of African-American Life and History.

(2) Through the Association, Dr. Woodson, the son of slaves who earned a Ph.D. degree from Harvard University, dedicated his life to educating the American public about the extensive and positive contributions of African Americans to the Nation's history and culture.

(3) Under Dr. Woodson's leadership, Negro History Week was designated in 1926. That designation has since evolved into Black History Month in February of each year.

(4) The headquarters and operations of the Association was Dr. Woodson's home at 1538 Ninth Street, Northwest, Washington, D.C., where he lived from 1915 to 1950.

(5) The Carter G. Woodson Home was designated as a National Historic Landmark in 1976 for its national significance in African-American cultural heritage.

(6) A National Park Service study of the Carter G. Woodson Home dated June 2002, found that the Carter G. Woodson Home is suitable for designation as a unit of the National Park System, and is feasible for designation so long as property adjacent to the home is available for National Park Service administrative, curatorial, access, and visitor interpretative needs.

(7) Establishment of the Carter G. Woodson Home National Historic Site would foster opportunities for developing and promoting interpretation of African-American cultural heritage throughout the Shaw area of Washington, D.C.

(b) PURPOSE.—The purpose of this Act is to preserve, protect, and interpret for the benefit, education, and inspiration of present and future generations, the home of the preeminent historian and educator Dr. Carter G. Woodson, founder of the organization known today as The Association for the Study of African-American Life and History.

SEC. 3. DEFINITIONS.

In this Act:

(1) The term ''Secretary'' means the Secretary of the Interior.

(2) The term ''historic site'' means the Carter G. Woodson Home National Historic Site.

(3) The term ''map'' means the map entitled ''Carter G. Woodson Home National Historic Site'', numbered 876/82338 and dated February 10, 2003.

SEC. 4. CARTER G. WOODSON HOME NATIONAL HISTORIC SITE.

(a) ESTABLISHMENT.—After the Secretary has acquired, or agreed to a long-term lease for, the majority of the property described in subsection (b), the Secretary shall establish as a unit of the National Park System the Carter G. Woodson Home National Historic Site.

(b) BOUNDARY.—The historic site shall consist of the property located at 1538 Ninth Street, Northwest, in the District of Columbia and three adjoining houses north of that address, as depicted on the map, if acquired or leased by the Secretary.

(c) AVAILABILITY OF MAP.—The map shall be available for public inspection in the appropriate offices of the National Park Service, Department of the Interior.

(d) ACQUISITION.—The Secretary may acquire lands or interests in lands, and improvements thereon, within the boundary of the historic site from willing owners by donation, purchase with donated or appropriated funds, or exchange.

(e) ADMINISTRATION.—

(1) IN GENERAL.—The Secretary shall administer the historic site in accordance with this Act and with laws generally applicable to units of the National Park System, including the Act of August 25, 1916 (commonly known as the National Park Service Organic Act; 16 U.S.C. 1 et seq.), and the Act of August 21, 1935 (commonly known as the Historic Sites, Buildings, and Antiquities Act; 16 U.S.C. 461 et seq.).

(2) REHABILITATION AGREEMENT.—In order to achieve cost efficiencies in the restoration of property, the Secretary may enter into an agreement with the Shiloh Community Development Corporation for the purpose of rehabilitating the Carter G. Woodson Home and other property within the boundary of the historic site. The agreement may contain such terms and conditions as the Secretary deems appropriate.

(3) OPERATION AGREEMENT.—In order to reestablish the historical connection between the home of Dr. Woodson and the association he founded and to facilitate interpretation of Dr. Woodson's achievements, the Secretary may enter into an agreement with The Association for the Study of African-American Life and History that allows the association to use a portion of the historic site for its own administrative purposes. The agreement may contain such terms and conditions as the Secretary deems appropriate.

(4) COOPERATIVE AGREEMENTS.—The Secretary may enter into cooperative agreements with public and private entities for the purpose of fostering interpretation of African-American heritage in the Shaw area of Washington, D.C.

(5) GENERAL MANAGEMENT PLAN.—The Secretary shall prepare a general management plan for the historic site within three years after funds are made available for that purpose.

SEC. 5. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as are necessary to carry out this Act.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California (Mr. RADANOVICH) and the gentlewoman from the Virgin Islands (Mrs. CHRISTENSEN) each will control 20 minutes.

The Chair recognizes the gentleman from California (Mr. RADANOVICH).

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

Mr. Speaker, H.R. 1012, introduced by the gentlewoman from the District of Columbia (Ms. NORTON), would authorize the Secretary of the Interior to acquire the Carter G. Woodson Home in Washington, D.C., and once acquired, would establish the Carter G. Woodson Home National Historic Site in the District of Columbia. This new historic site would foster opportunities for developing and promoting interpretation of African American cultural heritage throughout Washington, D.C.

Mr. Speaker, Dr. Carter Woodson, son of former slaves, earned a Ph.D. degree from Harvard University in 1912, becoming only the second black American to receive a doctorate from Harvard after the great W.E.B. DuBois. After receiving the degree, Dr. Woodson founded the Association for the Study of Negro Life and History in his home. Dr. Woodson is seen by many as a person of national significance because of his early and determined work regarding African American history.

Mr. Speaker, H.R. 1012 also authorizes the Secretary of the Interior to enter into an agreement with the Shiloh Community Development Corporation for the purpose of rehabilitating the Woodson home and other property within the historic site, as well as with the Association for the Study of African American Life and History, to allow the association to use a portion of the historic site for its own administrative purposes.

Mr. Speaker, a June, 2002 National Parks Service special resources study determined that the Woodson site is nationally significant, suitable and feasible for the designation as a unit of the national parks system. I urge my colleagues to support H.R. 1012.

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

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

Mr. Speaker, it is unfortunate that so few people know who Dr. Carter G. Woodson was, given his significant contributions to American historical scholarship. It is our hope that by adopting this bill, H.R. 1012, we might help educate the public regarding this great man's important contributions as well as preserving this historic property.

Dr. Woodson's impressive career included the founding of the Association for the Study of Negro Life and History, as well as publication of many seminal scholarly works, including ''The Negro in Our History,'' now in its 11th printing, and 35 years as editor of the ''Journal of Negro History.'' It is based on these and other accomplishments that Dr. Woodson has come to be recognized as the Father of Black History. Legislation signed into law during the 106th Congress authorized a study of Dr. Woodson's home here in the District to determine the suitability and feasibility of adding the property to the national parks system. That study was completed in June of last year and supported such inclusion. H.R. 1012 authorizes the addition of the home to our system of national parks under certain conditions.

We fully support the passage of this legislation. The gentleman from West Virginia (Mr. RAHALL), the ranking member of the full committee, also is very supportive of this legislation. We both would like to congratulate the gentlewoman from the District of Columbia (Ms. NORTON) for her effective and tireless efforts on behalf of this legislation.

We urge the adoption of H.R. 1012.

Mr. Speaker, I yield such time as she may consume to the gentlewoman from the District of Columbia (Ms. NORTON), the sponsor of this legislation.

Ms. NORTON. Mr. Speaker, I appreciate the work of the gentlewoman, and I appreciate her yielding me this time.

I also appreciate the efforts of the ranking member, the gentleman from California (Mr. RADANOVICH), and may I thank especially the chairman of the full committee, the gentleman from California (Mr. POMBO), as well as the gentleman from West Virginia (Mr. RAHALL), ranking member, who worked very closely with me to get this bill to the floor and keep it on track. I appreciate very much the efforts throughout this process from the very beginning in my first bill to this bill, H.R. 1012.

Mr. Speaker, this bill directs the National Parks Service to take ownership, restore, and manage the historic Shaw home of Carter G. Woodson, the Father of Black History, as he is called. The bill would authorize the NPS to preserve, protect, and interpret

for the benefit of education and inspiration of present and future generations the home where Woodson lived from 1915 to 1950. This legislation also authorizes NPS to rehabilitate adjacent properties on either side of the home to facilitate tourism. The Association for the Study of African American Life and History, which Woodson founded, also would be housed on this site as it was originally.

Congress passed my previous bill, H.R. 3201, the Carter G. Woodson Home National Historic Site Study Act, in 2000, to begin the process of making the property at 1538 9th Street Northwest a historic site within the jurisdiction of the National Park Service. An NPS study as mandated by the legislation is required before the NPS can take control of the property. The study determined that the Woodson home is suitable and feasible for designation as a unit of the parks system following the transfer of title from its current owner, the association. I am particularly pleased by the proposed rehabilitation of the entire block that has come about because of this legislation and independent of this legislation.

The NPS would work with the Shiloh Community Development Corporation established by Shiloh Baptist Church, which owns almost all the property on the block of the Woodson home. The Shiloh Corporation would convert the block of homes to senior independent living housing, maintaining the historic facade of the rural houses. So Congress is able to leverage much more out of this designation and take over of this property than might have been originally envisioned.

This legislation honors Dr. Carter G. Woodson, a distinguished black American and founder of the Association of Negro Life and History. The significance of his home was recognized in 1976 when it was designated as a nationally historic landmark. This bill will ensure that the Nation's pride and purpose in celebrating Black History Month is not marred by neglect of the home of the founder of the commemoration and the study of black history itself. Dr. Woodson was a distinguished American historian who established African American history as a discipline and spent a lifetime uncovering the contributions of African Americans to our Nation's history. He founded and performed his work through the Association for the Study of Negro Life and History, which has since been renamed the Association for the Study of African American Life in History. Among its enduring accomplishments, the association under Dr. Woodson's leadership instituted Negro History Week in 1926 to observe in February the birthdays of Abraham Lincoln and Frederick Douglass. Today, of course, Negro History Week, which was mostly celebrated in segregated schools like my own here in the District when I was a child and in Historically Black Colleges and Universities, has gained support and participation throughout the country among people of all backgrounds as Black History Month.

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Dr. Woodson, the son of former slaves, earned his Ph.D. from Harvard University in 1912, becoming only the second African American to receive a doctorate from Harvard after the great W.E.B. DuBois. Woodson's personal and educational achievements were extraordinary in themselves, especially for a man who had been denied access to public education in Canton, Virginia, where Woodson was born in 1875. As a result, Dr. Woodson did not begin his formal education until he was 20 years old, after he moved to Huntington, West Virginia, where he received his high school diploma 2 years later.

He then entered Berea College in Kentucky, where he received his bachelor's degree in 1897. Woodson continued his education at the University of Chicago, where he earned his A.B. and M.A. degrees, and then got his Ph.D. from Harvard University.

During much of Dr. Woodson's life, there was widespread ignorance and very little information concerning African American life and history. With his extensive studies, Woodson almost single-handedly established African American historiography. Dr. Woodson's research literally uncovered black history and helped to educate the American people about the contributions of African Americans to the Nation's history and culture.

Through painstaking scholarship and historical research, his work helped reduce the stereotypes captured in pervasively negative portrayals of black people that have marred our history as a Nation. To remedy these stereotypes, Dr. Woodson in 1915 founded the association. Through the association, Dr. Woodson dedicated his life to educating the American public about the contributions of black Americans to the Nation's history and culture. This work, in bringing history to bear where prejudice and racism had held sway, played an indispensable role in reducing prejudice and making the need for civil rights remedies clear.

Mr. Speaker, this extraordinary history includes starting his own press, because there were no publishers, even for his great historical works.

To assure publication, under Dr. Woodson's leadership, ASNLH in 1920 also founded the Associated Publishers, Inc. for the publication of research on African-American history. Dr. Woodson published his seminal work, The Negro in Our History (1922), and many others under Associated Publishers, and the publishing company provided an outlet for scholarly works by numerous other black scholars. ASNLH also circulated two periodicals: the Negro History Bulletin, designed for mass consumption, and the Journal of Negro History, which was primarily directed to the academic community.

Dr. Woodson directed ASNLH's operations out of his home at 1538 Ninth Street, NW., Washington, DC in the historic Shaw neighborhood. From there, he trained researchers and staff and managed the organization's budget and fundraising efforts, while at the same time pursuing his own extraordinary discoveries in African-American history. The three-story Victorian style house, built in 1890, served as the headquarters of ASALH into the early 70's, well after Dr. Woodson's death in 1950. In 1976, the house was designated as a National Historic Landmark. However, it has been unoccupied since the early 80's, and today, it stands boarded up and sorely in need of renovation. The walls inside the house are crumbling, there is termite infestation, water seeps through the roof during heavy rainstorms, and the house also constitutes a fire hazard jeopardizing adjacent buildings. This house that is a priceless American treasure must not be lost.

Mr. Speaker, I want to thank the chairman of the full committee and the chairman of the subcommittee, as well as ranking members of both, for their indispensable help in moving this bill forward.

Mrs. CHRISTENSEN. Mr. Speaker, I yield such time as he may consume to the gentleman from Illinois (Mr. DAVIS).

Mr. DAVIS of Illinois. Mr. Speaker, I rise in support of H.R. 1012, the Carter G. Woodson Home National Historic Site Establishment Act of 2003. I want to thank the gentlewoman from the District of Columbia (Ms. NORTON) for introducing this legislation, and I want to thank the committee for bringing it to the floor.

Mr. Speaker, Carter G. Woodson wrote once that his father told him when he was growing up and his father could not read and write that learning to accept insult, to compromise on principle, to mislead your fellow man or to betray your people was to lose your soul.

Dr. Carter G. Woodson has long been one of my favorite heroes. I first learned of him as a pre-teen, studying African American history at a small church in the little town where I grew up in Arkansas, to be a academician, teacher, lecturer, author and founder of what we now observe as African American History Month.

Mr. Speaker, I took a class in college titled Negro History. One of the books we used, which was required reading and a textbook, was ''The Negro in our History,'' written by Dr. Carter G. Woodson.

Dr. Woodson is one of the most often-quoted authors that I have ever encountered. My good friend and mentor, noted journalist and lecturer, Lou Palmer, used to end many of his speeches and lectures by quoting Dr. Carter G. Woodson. Lou would often say that Dr. Carter G. Woodson, writing in his book ''The Miseducation of the Negro,'' said that ''if you control a man's mind, you don't have to worry about how he will act. If you control a man's mind, you don't have to tell him to go to the back of the bus or to the back door. If you control a man's mind, he will find his place and stay in it.''

Lou used to admonish us to never go to the back door and to never let mass

media or any other entity control our minds and to never let anyone relegate us to the back door. He would say that Dr. Woodson always wanted us to go through the front door, and, if it was locked, then we should get an ax or a hatchet and cut it down or kick it in.

He would also suggest to us that Dr. Carter G. Woodson did not want us to be content once we had gotten into wherever it was we were trying to go; that it was our duty and responsibility to reach back and help someone else to enter.

So it was his writings and establishment of the Association for the Study of Negro Life and History out of which has grown first Negro History Week and now African American or Black History Month.

Just think, that Carter G. Woodson never went to high school until he was 20 years old, 20 years old, and then went on to get a doctorate degree from Harvard University, a master's degree from the University of Chicago, turning out books and articles all the time, and he too wanted to reach back and help others; and through the establishment of Black History Month now people all over the United States and all over the world know of some of the attributes and contributions that African Americans have made.

Mr. Speaker, this is a great opportunity for me to simply say thank you to my friend Lou Palmer for really exposing me to Dr. Carter G. Woodson, and for the Nation to say thank you, Dr. Carter G. Woodson, and for me to thank the gentlewoman from the District of Columbia (Ms. NORTON) for introducing this legislation.

Mr. RAHALL. Mr. Speaker, Carter G. Woodson's professional accomplishments are impressive. In 1915, while a professor at Howard University here in Washington, DC, Dr. Woodson launched the Association for the Study of Negro Life and History, an organization that would come to represent his life's work—the documentation and dissemination of the history of African Americans.

Through Dr. Woodson's work, and the work of his organization, Negro History Week was established in 1926 and expanded to Black History Month in 1976. Based on his lifelong scholarship and leadership, Dr. Woodson well deserved his title as the ''Father of Black History.''

In addition to these professional accomplishments, however, Dr. Woodson's personal life was one of amazing accomplishment as well. Born in Virginia in 1875, the child of slaves, Dr. Woodson was unable to attend school as a child. However, after teaching himself to read and write, Dr. Woodson and his brother moved to Huntington, WV, in my congressional district, when Dr. Woodson was seventeen. It had been his hope to attend Douglass High School in Huntington full time, but he was instead forced to earn his living in the coalfields, attending school for only a few months at a time.

At age 20, however, Carter Woodson was able to attend Douglass year round and earned his degree in just 2 years. After a teaching stint in Fayette County, WV, Dr. Woodson returned to serve as principal of Douglass High.

I would note that today, while Douglass High School is not longer an active school, it plays a significant role in the community. The building, located on Bruce Street and Tenth Avenue, was placed on the Register of Historic Places in 1985. It now serves as a museum, houses the Carter G. Woodson Memorial Foundation, as well as the Ebenezer Medical Outreach Center that serves the people of the Fairfield West Community.

After college in Kentucky, Carter Woodson went on to study at the University of Chicago, the Sobronne, and Harvard University, where he became only the second African American to receive a doctorate.

To go from being a student at Douglass High School, to serving as the school's principal in just a few years, is impressive enough. However, to overcome an early life of poverty and illiteracy to achieve the absolute pinnacle of academic achievement, by way of hard work in the coalfields of West Virginia, is a truly amazing and inspirational achievement.

I commend my friend, ELEANOR HOLMES NORTON on her legislation to add Dr. Woodson's home here in Washington to our National Park System. It is my hope that, through the establishment of this new site, people from around the country, and even from around the world, might come to know the legacy of Dr. Carter G. Woodson and to draw inspiration from his life and work.

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

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

The SPEAKER pro tempore (Mr. BASS). The question is on the motion offered by the gentleman from California (Mr. RADANOVICH) that the House suspend the rules and pass the bill, H.R. 1012.

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

A motion to reconsider was laid on the table.

AUTHORIZING REVISION OF TOM GREEN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT REPAYMENT CONTRACT

Mr. RADANOVICH. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 856) to authorize the Secretary of the Interior to revise a repayment contract with the Tom Green County Water Control and Improvement District No. 1, San Angelo project, Texas, and for other purposes.

The Clerk read as follows:

H.R. 856

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

SECTION 1. TOM GREEN COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1; REPAYMENT PERIOD EXTENDED.

The Secretary of the Interior may revise the repayment contract with the Tom Green County Water Control and Improvement District No. 1 numbered 14–06–500–369, by extending the period authorized for repayment of reimbursable constructions costs of the San Angelo project from 40 years to 50 years.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California (Mr. RADANOVICH) and the gentlewoman from the Virgin Islands (Mrs. CHRISTENSEN) each will control 20 minutes.

The Chair recognizes the gentleman from California (Mr. RADANOVICH).

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

Mr. Speaker, H.R. 856, offered by the gentleman from Texas (Mr. STENHOLM), authorizes the Secretary of the Interior to revise a repayment contract with the Tom Green County Water Control and Improvement District No. 1 in Texas.

Due to the ongoing drought in the area, the district has had very limited quantities of water to deliver to its constituents and limited revenues to repay its required repayment obligation. This bill will authorize the Secretary to extend the payment period to allow the annual payments to remain constant and allow for the repayment of the remaining obligation over a longer period of time.

Mr. Speaker, I urge adoption of this bill.

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

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

(Mrs. CHRISTENSEN asked and was given permission to revise and extend her remarks.)

Mrs. CHRISTENSEN. Mr. Speaker, I am also pleased to rise in support of H.R. 856, legislation introduced by the gentleman from Texas (Mr. STENHOLM), that would provide financial relief to the Tom Green Water District in Texas.

Persistent drought continues to devastate agriculture and create financial hardship for water districts in many areas of the western United States. Most water districts depend on water sales as their primary source of revenue. With water supplies at record lows, some districts cannot sell enough water to meet their financial obligations.

In the case of the Tom Green District, it is entirely appropriate that we extend the length of their contract term to allow additional time for the district to meet its payment obligations.

Mr. Speaker, I yield such time as he may consume to the gentleman from Texas (Mr. STENHOLM), the sponsor of this bill.

Mr. STENHOLM. Mr. Speaker, I rise in strong support of H.R. 856. I thank the chairman and the ranking member for their speedy bringing of this legislation to the floor. It is my hope that the Senate will also act and that we can get this bill to the President in order that it might have a timely effect on the farmers in Tom Green County that the chairman and the ranking member have already adequately explained.

We have had persistent drought, particularly in Tom Green County, for the

last 7 years; and it is very difficult to pay for water that you do not get. The farmers are not asking that the loan be forgiven. What they are asking is that the length of time to pay the money be extended until such time as the Good Lord sends the rain and that we might use the project for that which it was created originally.

So, without further ado, I thank, again, the chairman and ranking member for their bringing this bill up. I thank them for their support, and I urge support for this bill.

I rise in strong support of H.R. 856, legislation I introduced to extend a repayment period for the Tom Green County Water Control and Improvement District No. 1.

The Tom Green County Water Control & Improvement District No. 1 has an outstanding loan with the Department of Interior for the construction of an irrigation canal. The remaining balance is approximately $2.4 million. The farmers in the District have made diligent efforts to make timely payments on the contract. They have paid 38 percent (about $1.5 million) of the original debt owed to the Department of Interior despite the fact that they have yet to receive a fair return on their investment.

In West Texas, there is virtually nothing of a higher daily concern than the availability of water. In recent years, Texas has been devastated by drought. As a result, the farmers have received a full year's allocation of irrigation water only 50 percent of the time. Moreover, for the other 50 percent of the time, they received either less than the annual allocation or no irrigation water at all.

Payment on the debt has never been forgiven, even in years when the District received no water. Deferments have been granted seven times; however, those payments still have to be made. They are added to the remaining balance and the payments continue to get higher annually because the original contract end date does not change.

To make matters worse, the concrete lining placed in the canal in 1960 has started to deteriorate after forty-two years and repairs are necessary. These repairs are very expensive. Farmers simply cannot sustain paying the costs of the annual operation and maintenance costs due to the irrigation district, the Bureau of Reclamation annual payment, and extensive repair costs when little or no water is available.

The Bureau of Reclamation has stated that the increased payments, as a result of continued deferments due to the drought conditions, are making it increasingly difficult on the farmers' ability to repay the annual payments. The increased annual payments place additional financial burdens on the District and increasing these payments further will only lead to future difficulty that the Bureau of Reclamation cannot remedy. Only Congress can remedy the long-term problem, which is why I have introduced H.R. 856 to get this loan restructured.

This legislation would allow the Secretary of Interior to revise the repayment contract (No. 14–06–500–369) by extending the period authorized for repayment of reimbursable construction costs of the canal from 40 to 50 years.

These Tom Green County farmers have been doing their part to meet their responsibilities. When year-after-year the water was unavailable, their only recourse was to ask for an extension on the loan. I'm glad Tom Green County Commissioner Clayton Friend brought this to my attention and I'm very appreciative of the speedy Resources Committee action. I have high hopes that we will be able to get this bill to the President within the next few weeks.

On behalf of the farmers in my district, I urge members to support H.R. 856.

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

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

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. RADANOVICH) that the House suspend the rules and pass the bill, H.R. 856.

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

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. RADANOVICH. Mr. Speaker, I ask unanimous consent that all Members may be given 5 legislative days in which to revise and extend their remarks and include extraneous material on H.R. 1577, H.R. 1012, H.R. 856 and H.R. 255.

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

There was no objection.

MICROENTERPRISE FOR SELF-RELIANCE ACT OF 2000 AND FOREIGN ASSISTANCE ACT OF 1961 AMENDMENTS

Mr. SMITH of New Jersey. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 192) to amend the Microenterprise for Self-Reliance Act of 2000 and the Foreign Assistance Act of 1961 to increase assistance for the poorest people in developing countries under microenterprise assistance programs under those Acts, and for other purposes.

The Clerk read as follows:

H.R. 192

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

SECTION 1. AMENDMENTS TO THE MICROENTERPRISE FOR SELF-RELIANCE ACT OF 2000.

(a) PURPOSES.—Section 103 of the Microenterprise for Self-Reliance Act of 2000 (Public Law 106–309) is amended—

(1) in paragraph (3), by striking ''microentrepreneurs'' and inserting ''microenterprise households'';

(2) in paragraph (4), by striking ''and'' at the end;

(3) in paragraph (5)—

(A) by striking ''microfinance policy'' and inserting ''microenterprise policy'';

(B) by striking ''the poorest of the poor'' and inserting ''the very poor''; and

(C) by striking the period at the end and inserting ''; and''; and

(4) by adding at the end the following:

''(6) to ensure that in the implementation of this title at least 50 percent of all microenterprise assistance under this title, and the amendments made under this title, shall be targeted to the very poor.''.

(b) DEFINITIONS.—Section 104 of such Act is amended—

(1) in paragraph (2), by striking ''for microentrepreneurs'' and inserting ''to microentrepreneurs and their households''; and

(2) by adding at the end the following:

''(5) VERY POOR.—The term 'very poor' means individuals—

''(A) living in the bottom 50 percent below the poverty line established by the national government of the country in which those individuals live; or

''(B) living on the equivalent of less than $1 per day.''.

SEC. 2. AMENDMENTS TO THE MICRO- AND SMALL ENTERPRISE DEVELOPMENT CREDITS PROGRAM UNDER THE FOREIGN ASSISTANCE ACT OF 1961.

(a) FINDINGS AND POLICY.—Section 108(a)(2) of the Foreign Assistance Act of 1961 (22 U.S.C. 2151f(a)(2)) is amended by striking ''the development of the enterprises of the poor'' and inserting ''the access to financial services and the development of microenterprises''.

(b) PROGRAM.—Section 108(b) of such Act (22 U.S.C. 2151f(b)) is amended to read as follows:

''(b) PROGRAM.—To carry out the policy set forth in subsection (a), the President is authorized to provide assistance to increase the availability of financial services to microenterprise households lacking full access to credit, including through—

''(1) loans and guarantees to microfinance institutions for the purpose of expanding the availability of savings and credit to poor and low-income households;

''(2) training programs for microfinance institutions in order to enable them to better meet the financial services needs of their clients; and

''(3) training programs for clients in order to enable them to make better use of credit, increase their financial literacy, and to better manage their enterprises to improve their quality of life.''.

(c) ELIGIBILITY CRITERIA.—Section 108(c) of such Act (22 U.S.C. 2151f(c)) is amended—

(1) in the first sentence of the matter preceding paragraph (1)—

(A) by striking ''credit institutions'' and inserting ''microfinance institutions''; and

(B) by striking ''micro- and small enterprises'' and inserting ''microenterprise households''; and

(2) in paragraphs (1) and (2), by striking ''credit'' each place it appears and inserting ''financial services''.

(d) ADDITIONAL REQUIREMENT.—Section 108(d) of such Act (22 U.S.C. 2151f(d)) is amended by striking ''micro- and small enterprise programs'' and inserting ''programs for microenterprise households''.

(e) AVAILABILITY OF FUNDS.—Section 108(f)(1) of such Act (22 U.S.C. 2151f(f)(1)) is amended by striking ''for each of fiscal years 2001 and 2002'' and inserting ''for each of fiscal years 2001 through 2004''.

(f) CONFORMING AMENDMENT.—Section 108 of such Act (22 U.S.C. 2151f) is amended in the heading to read as follows:

''SEC. 108. MICROENTERPRISE DEVELOPMENT CREDITS.''.

SEC. 3. AMENDMENTS TO THE MICROENTERPRISE DEVELOPMENT GRANT ASSISTANCE PROGRAM UNDER THE FOREIGN ASSISTANCE ACT OF 1961.

(a) FINDINGS AND POLICY.—Section 131(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2152a(a)) is amended to read as follows:

''(a) FINDINGS AND POLICY.—Congress finds and declares that—

''(1) access to financial services and the development of microenterprise are vital factors in the stable growth of developing countries and in the development of free, open,

and equitable international economic systems;

''(2) it is therefore in the best interest of the United States to facilitate access to financial services and assist the development of microenterprise in developing countries;

''(3) access to financial services and the development of microenterprises can be supported by programs providing credit, savings, training, technical assistance, business development services, and other financial and non-financial services; and

''(4) given the relatively high percentage of populations living in rural areas of developing countries, and the combined high incidence of poverty in rural areas and growing income inequality between rural and urban markets, microenterprise programs should target both rural and urban poor.''.

(b) AUTHORIZATION.—Section 131(b) of such Act (22 U.S.C. 2152a(b)) is amended—

(1) in paragraph (3)(A)(i), by striking ''entrepreneurs'' and inserting ''clients''; and

(2) in paragraph (4)(D)—

(A) in clause (i), by striking ''very small loans'' and inserting ''financial services to poor entrepreneurs''; and

(B) in clause (ii), by striking ''microfinance'' and inserting ''microenterprise''.

(c) MONITORING SYSTEM.—Section 131(c) of such Act (22 U.S.C. 2152a(c)) is amended by striking paragraph (4) and inserting the following:

''(4) adopts the widespread use of proven and effective poverty assessment tools to successfully identify the very poor and ensure that they receive needed microenterprise loans, savings, and assistance.''.

(d) DEVELOPMENT AND APPLICATION OF POVERTY MEASUREMENT METHODS.—Section 131 of such Act (22 U.S.C. 2152a) is amended—

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

(2) by inserting after subsection (c) the following:

''(d) DEVELOPMENT AND CERTIFICATION OF POVERTY MEASUREMENT METHODS; APPLICATION OF METHODS.—

''(1) DEVELOPMENT AND CERTIFICATION.—(A) The Administrator of the United States Agency for International Development, in consultation with microenterprise institutions and other appropriate organizations, shall develop no fewer than two low-cost methods for partner institutions to use to assess the poverty levels of their current or prospective clients. The United States Agency for International Development shall develop poverty indicators that correlate with the circumstances of the very poor.

''(B) The Administrator shall field-test the methods developed under subparagraph (A). As part of the testing, institutions and programs may use the methods on a voluntary basis to demonstrate their ability to reach the very poor.

''(C) Not later than October 1, 2004, the Administrator shall, from among the low-cost poverty measurement methods developed under subparagraph (A), certify no fewer than two such methods as approved methods for measuring the poverty levels of current or prospective clients of microenterprise institutions for purposes of assistance under this section.

''(2) APPLICATION.—The Administrator shall require that, with reasonable exceptions, all organizations applying for microenterprise assistance under this Act use one of the certified methods, beginning no later than October 1, 2005, to determine and report the poverty levels of current or prospective clients.''.

(e) LEVEL OF ASSISTANCE.—Section 131(e) of such Act, as redesignated by subsection (d), is amended by inserting ''and $175,000,000 for fiscal year 2003 and $200,000,000 for fiscal year 2004'' after ''fiscal years 2001 and 2002''.

(f) DEFINITIONS.—Section 131(f) of such Act, as redesignated by subsection (d), is amended by adding at the end the following:

''(5) VERY POOR.—The term 'very poor' means those individuals—

''(A) living in the bottom 50 percent below the poverty line established by the national government of the country in which those individuals live; or

''(B) living on less than the equivalent of $1 per day.''.

SEC. 4. REPORT TO CONGRESS.

(a) IN GENERAL.—Not later than September 30, 2005, the Administrator of the United States Agency for International Development shall submit to Congress a report that documents the process of developing and applying poverty assessment procedures with its partners.

(b) REPORTS FOR FISCAL YEAR 2006 AND BEYOND.—Beginning with fiscal year 2006, the Administrator of the United States Agency for International Development shall annually submit to Congress on a timely basis a report that addresses the United States Agency for International Development's compliance with the Microenterprise for Self-Reliance Act of 2000 by documenting—

(1) the percentage of its resources that were allocated to the very poor (as defined in paragraph (5) of section 131(f) of the Foreign Assistance Act of 1961 (22 U.S.C. 2152a(f)(5))) based on the data collected from its partners using the certified methods; and

(2) the absolute number of the very poor reached.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New Jersey (Mr. SMITH) and the gentleman from California (Mr. LANTOS) each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey (Mr. SMITH).

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GENERAL LEAVE

Mr. SMITH of New Jersey. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on the bill currently under consideration.

The SPEAKER pro tempore (Mr. BASS). Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. SMITH of New Jersey. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in very strong support of H.R. 192, the Microenterprise for Self-Reliance Act. I introduced this bill at the beginning of the 108th Congress, along with 66 cosponsors. And this, frankly, Mr. Speaker, is the final product representing a culmination of months of hard work and discussions by Republicans and Democrats alike in both the House and the Senate, members of the microenterprise community, and USAID. We are trying, with this legislation, to build upon one of the most progressive and successful foreign aid programs that this country offers.

I would like to thank the gentleman from Texas (Mr. DELAY) and our leadership for scheduling this bill. We know that the House has been considering numerous important pieces of foreign affairs legislation in recent weeks and months, from the global AIDS bill to legislation relating to the war on terrorism, and I am grateful that this bill has been posted for today's consideration.

I would also like to thank the gentleman from Illinois (Chairman HYDE) who has very strong support for this bill, and seeing it through every step of the way. We moved it at the very first markup of our committee. I would also like to thank the gentleman from California (Mr. LANTOS), who has been a great friend and supporter of microenterprise initiatives, as well as many other very important foreign policy and human rights initiatives that are considered by this House. I also thank the gentleman from New York (Mr. HOUGHTON), the gentleman from New Jersey (Mr. PAYNE), and the gentlewoman from Florida (Ms. ROS-LEHTINEN) who is a cosponsor.

I would also like to thank my friend and colleague, Tim Roemer, former colleague, who worked very hard with us last year in developing this legislation. We had a very good broad coalition of Members trying to make this legislation a reality.

Mr. Speaker, H.R. 192 will expand our existing microenterprise program so that more people can share in the hope of microlending that has already proved so fruitful to so many. H.R. 192 puts a priority on microenterprise funding, which is currently authorized at $155 million, by authorizing $175 million in fiscal year 2003, and $200 million in fiscal year 2004.

H.R. 192 establishes a new framework to ensure that more funds go to the poorest of the poor through the development and implementation of easy-to-use and cost-effective poverty assessment programs and techniques. Identifying and targeting the poorest potential clients who would stand to benefit the most from microenterprise loans has proven to be more difficult than originally anticipated. I am hopeful that once developed, these poverty assessment techniques may prove more useful not only for microenterprise, but also in other areas of foreign aid as well.

Let me just say, Mr. Speaker, that this legislation builds upon and complements the principles that President Bush has outlined for a more effective foreign aid through the Millennium Challenge Account. Business owners assisted by microlending are not only able to increase their own incomes, but through their efforts, they create jobs and help economies to go, and person by person, job by job, they help to eliminate poverty.

It is important to note that over 2 million clients are currently benefiting from USAID-assisted programs that provide the necessary capital through these small loans, sometimes through $200, $300, maybe $400, but these loans are the lifeblood to these individuals to make it and to begin to develop their own businesses, build their own homes, and to care for themselves.

It is estimated that 97 percent of microenterprise loans are successfully repaid. I repeat that: 97 percent of the loans are repaid. That is astonishing. About 70 percent of those loans go to women who are very often the most vulnerable in these societies, sometimes subjected to abuse and the need of economic opportunities in the developing world. This is a women's empowerment bill, to ensure that more women get out of poverty so they are not prey for the traffickers and the others who would exploit them.

Finally, just let me say again, Mr. Speaker, a great deal of hard work went into this. This is a bipartisan piece of legislation, and I hope it will have the full support of the body.

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

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

I rise in strong support of H.R. 192. At the outset, I want to congratulate my good friend, the gentleman from New Jersey (Mr. SMITH), for the leadership he has shown on this most important piece of legislation. I also want to pay tribute to the gentleman from New Jersey (Mr. PAYNE), the gentleman from New York (Mr. HOUGHTON), and three of our former colleagues, Mr. Gilman, Mr. Gejdenson, and Tim Roemer, for their contributions in an earlier Congress to this important issue.

Mr. Speaker, microenterprise programs have proven to be effective in providing poor households with the financial tools needed to generate income, create savings, and develop businesses, however small, to alleviate poverty. Therefore, I am very pleased that our bill not only reauthorizes this program, but also increases the amount of funding for the programs.

In the 3 years since the original legislation was enacted, we have gained new insights on how these programs function. One such insight is that due to a lack of precise tools to measure poverty and the difficulty in identifying and reaching the very poorest households, there is growing concern that these programs are not focusing on the poorest and most needy individuals. Our legislation seeks to improve the targeting of assistance to the very poor by amending the definition and requiring USAID to develop more precise tools to measure poverty.

Finally, I want to reiterate my strong support for USAID and a variety of nonprofit organizations: Freedom For Hunger, Save the Children, Results, FINCA, and countless others which are working in poor communities across the globe to help the most needy families get the financial tools they need to provide for their families. I hope that by passing this bipartisan legislation, we will be giving them the resources they need to lift themselves from grinding poverty.

Mr. Speaker, I encourage all of my colleagues to support the legislation, and, again, I want to pay public tribute to my good friend, the gentleman from New Jersey (Mr. SMITH).

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

Mr. SMITH of New Jersey. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Illinois (Mr. KIRK), a former staff member of the committee and now a member of the Committee on International Relations, who has worked on these issues for a long time.

Mr. KIRK. Mr. Speaker, I want to thank the gentleman from New Jersey (Chairman SMITH), the gentleman from California (Mr. LANTOS), and the gentleman from Illinois (Chairman HYDE). As a staff member of the committee, I wrote an earlier version of this legislation, and it reflects a growing movement started by Dr. Muhammed Yunnus at the Grameen Bank in Bangladesh, which has now become the largest financial institution in terms of customers in that country, serving the poorest of the poor.

This movement has spread worldwide, founding institutions such as Banco Sol in Bolivia, also now the largest financial institution in that country. As a member of the Committee on Appropriations' Subcommittee on Foreign Operations, Export Financing and Related Programs, we will be working hard to make sure that the appropriation backs up the authorization to ensure that we fund this critical program.

I particularly applaud the chairman for identifying the poorest of the poor. I want to thank the groups behind this legislation such as Results, Sam Daley Harris; FINCA, with Lawrence Janovich; and Accion International, and others like Opportunity International that provide loans to the poorest of the poor overseas.

In recent years, micro has become macro, and this cause has been adopted by Her Majesty, Queen Rania of Jordan, as her key program to spread throughout the world, especially in the former Soviet Union. This movement has also spread to the United States. I want to particularly thank the Duman Foundation in Deerfield, Illinois, that is using the lessons of the Grameen Bank and microenterprise loans to work with the poorest of the poor in my home State, in North Chicago, Illinois.

So I want to commend the chairman, and I urge adoption of this legislation. I urge this House to back up the authorization with appropriations for this critical program.

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

Mr. SMITH of New Jersey. Mr. Speaker, we have no further requests for time. In conclusion, I would like to thank Walker Roberts on our staff, and the other unsung heroes of this legislation and other bills that come before this body. The staff who painstakingly work on the details. I thank Peter Smith, who worked very hard on this bill, and George Phillips on my personal staff who has been a real honcho, pushing this bill through to final passage.

Thank you to all of our staff and the staff of the gentleman from California (Mr. LANTOS) as well who have worked very hard. It has been a great product of cooperation, and the poorest of the poor will benefit when this is enacted in the law.

Mr. CASTLE. Mr. Speaker, I rise today in strong support of H.R. 192. This legislation is vital to the future of so many impoverished people throughout the world. Microenterprise programs have been remarkably successful in providing opportunity to those most in need both abroad and domestically.

Microenterprise programs provide poor people, who have the initiative to start or expand small business endeavors, access to small loans with low interests rates. These small loans have substantial value to the recipients and effectively foster self-sufficiency and fiscal responsibility. In fact, almost all loans are repaid. This is strong evidence of the effectiveness of these programs.

Microenterprise programs exemplify the qualities of good, sound policy by improving the lives of individuals while positively impacting a broad population and doing so with little waste. Unlike other forms of assistance, microenterprise gives the aid directly to the intended recipients in need. This direct approach eliminates government waste, spreads economic opportunity, and plants the seeds for growth of the small business sector in developing nations. The creation of a solid small business infrastructure in developing nations provides a stimulus for their economics.

Not only will the success of our microenterprise programs be continued under H.R. 192, they will also be strengthened by provisions for increased funding and improving poverty-measuring tools. This legislation calls for increasing the amount of funds authorized for microenterprise to $175 million in FY 2003 and $200 million in FY 2004. It also requires that the U.S. Agency for International Development develop, test, and certify two methods for measuring poverty levels of microenterprise assistance recipients. By targeting those most in need and increasing aid, we make a good program better.

Helping in the fight against global poverty also increase the security of the American people and our friends throughout the world. As President Bush states, ''Persistent poverty and oppression can lead to hopelessness and despair. And when governments fail to meet the most basic needs of their people, these failed states can become havens for terror.'' Microenterprise helps the impoverished and serves as one tool we can use to erode that hopelessness and that despair.

This bipartisan legislation will give new hope and opportunity to the poor around the world and provides the potential to improve our relations with many nations. Mr. Speaker, I want to thank the gentleman from New Jersey (Mr. SMITH) and the gentleman from California (Mr. LANTOS) for their work on putting this legislation together and their commitment to fighting global poverty. I urge all of my colleagues to support H.R. 192.

Mr. MORAN of Virginia. Mr. Speaker, I rise today to support this important bill which amends the Microenterprise for Self-Reliance Act of 2000 and the Foreign Assistance Act of 1961. This bill would increase assistance for

the poorest people in developing countries by authorizing $375 million in microenterprise loans.

Microenterprise loan assist people in overcoming poverty through participation in the private sector and are a successful means to combating the debilitating level of poverty in the developing world.

It has been estimated that the number of microenterprises range from one-third to one-half of the world's businesses.

However, there are major challenges for microenterpreuenurs who face several impediments to improving their productivity and standard of living such as a lack of skills and market access, legal barriers, and especially, an absence of capital.

This bill will open unlimited doors of opportunity for the world's poorest people. Many microenterprise loans are less than a $100. What may seem to Americans as a relatively small amount of money, can change the lives of families and communities.

Take for instance a woman in Ghana who tries to make a living selling donuts in her village, but is limited to how many she can make in a day with her own hands. With a small amount of money, this same woman is able to purchase equipment that can make more than one donut at a time and increase sales and profit. This in turn elevates the standard of living for herself and her family.

A relatively small amount of capital can help empower the world's poorest people and help them graduate from the lowest levels of poverty.

Microenterprise loans are an important part of our country's foreign assistance program. I commend this body for taking up this important measure.

Mr. Speaker, I am pleased to be a co-sponsor of this bill and I urge its passage.

Mr. SULLIVAN. Mr. Speaker, today I rise in support of H.R. 192 to amend the Microenterprise for Self-Reliance Act of 2000 and the Foreign Assistance Act of 1961 to increase assistance for the poorest people in developing countries.

Microenterprise programs give poor borrowers the capacity to improve the quality of their lives and the futures of their children. It helps very poor people start or expand self-employment ventures and pull themselves out of poverty.

If we are looking for ways to achieve the Millennium Development goal of cutting the severe poverty of over 1 billion people in half by 2015, there is no more direct way than expanding access to Microenterprise. These programs are reaching over 25 million very poor borrowers—with an average family of five—that's over 125 million people touched by Microenterprise. It can have a crucial role to play in families and communities by providing additional income and the money used to obtain better food, housing and education.

Microenterprise is a powerful anti-poverty tool, and it is most powerful in the hands of the poorest people. Mr. Speaker, I encourage passage of H.R. 192 and I yield back the balance of my time.

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

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey (Mr. SMITH) that the House suspend the rules and pass the bill, H.R. 192.

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

A motion to reconsider was laid on the table.

PENSION SECURITY ACT OF 2003

Mr. LINDER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 230 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 230

Resolved, That upon the adoption of this resolution it shall be in order to consider in the House the bill (H.R. 1000) to amend title I of the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1986 to provide additional protections to participants and beneficiaries in individual account plans from excessive investment in employer securities and to promote the provision of retirement investment advice to workers managing their retirement income assets. The bill shall be considered as read for amendment. The amendment recommended by the Committee on Education and the Workforce now printed in the bill shall be considered as adopted. All points of order against the bill, as amended, are waived. 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 and 20 minutes of debate on the bill, as amended, equally divided among and controlled by the chairmen and ranking minority members of the Committee on Education and the Workforce and 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 George Miller of California 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 one hour equally divided and controlled by the proponent and an opponent; and (3) one motion to recommit with or without instructions.

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

Mr. LINDER. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentlewoman from New York (Ms. SLAUGHTER), 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.

Mr. Speaker, H. Res. 230 is a modified, closed rule that provides for the consideration of H.R. 1000, the Pension Security Act of 2003. This rule provides for 1 hour and 20 minutes of general debate, with 40 minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Education and the Workforce, and 40 minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means. H.R. 230 provides that the amendment recommended by the Committee on Education and the Workforce now printed in the bill shall be considered as adopted. It waives all points of order against the bill, as amended.

The rule makes in order the amendment printed in the report of the Committee on Rules accompanying the resolution, if offered, by the gentleman from California (Mr. GEORGE MILLER) or his designee, which shall be considered as read and shall be separately debatable for 1 hour, equally divided and controlled by the proponent and an opponent. H.R. 230 waives all points of order against the amendment printed in the report and provides one motion to recommit, with or without instructions.

With respect to H.R. 1000, I want to again commend the gentleman from Ohio (Mr. BOEHNER), chairman of the full Committee on Education and the Workforce, for leadership that he is exhibiting to American workers who want and need enhanced retirement security here in the 21st century. To his credit, the gentleman from Ohio (Mr. BOEHNER) brought similar retirement security legislation to the House Floor in November of 2001. The House passed that bill, H.R. 2269, with a 230 to 144 vote. Unfortunately, that vote died in the Senate.

□ 1200

Again, in April of last year the gentleman from Ohio (Mr. BOEHNER) brought legislation to the floor that sought to implement a series of pension reforms sought by President Bush; and the House passed that bill, H.R. 3762, with a 255–163 vote. Again, the bill died in the Senate.

Well, as the saying goes, the third time is a charm, as the gentleman from Ohio (Mr. BOEHNER) has brought retirement security legislation to the House floor today which the House should promptly pass over to the Senate so that the Chamber's new leadership has a chance to move it through the body. If so, I fully expect that President Bush would sign such a bill into law.

Some of the key elements of H.R. 1000 include giving workers the flexibility and freedom to diversify the holdings within their 401(k) plans; providing workers with high-quality investment advice as they exert more and more control over their nest eggs; amending Federal law to ensure that employers have fiduciary responsibility for employees' savings during blackout periods when employees are barred from changing their 401(k) investments; requiring employers to provide quarterly benefit statements to workers about retirement accounts; and, finally, a series of reforms designed to simplify pension requirements for small businesses that want to offer their workers defined benefit plans.

All of these reforms will help enhance the retirement security of millions of American workers. I look forward to supporting this bill.

In conclusion, Mr. Speaker, H. Res. 230 is a modified closed rule that will

give the full House an opportunity to work its will on H.R. 1000 or the substitute put forward by the gentleman from California (Mr. GEORGE MILLER). I urge my colleagues to support the rule so we can move on to the underlying legislation.

Mr. Speaker, I yield such time as he may consume to the gentleman from Maryland (Mr. CARDIN), if he would like to make some comments on the bill.

Mr. CARDIN. Mr. Speaker, let me thank my friend for his generosity considering I am on the other side of the issue on this rule. I very much appreciate him yielding me time.

Mr. Speaker, I rise in opposition to this rule. The rule does deny any amendments. There are amendments that need to be considered by this body if we are going to protect workers.

It is interesting, Mr. Speaker, that this bill comes to us as the workers' protection legislation, yet it does not afford adequate protection to our workers. But what concerns me the most, Mr. Speaker, is over the last 2 years our economy has lost 2.7 million private sector jobs. This is twice the amount of job loss as compared to the last recession, and yet we provide only one half of the amount of extended unemployment benefits to dislocated workers and their families.

It is for that reason, Mr. Speaker, that at the end of our debate we will be asking the House to reject the previous question so that we can offer an amendment that will provide for the extension of Federal unemployment insurance benefits.

This is urgent. The current Federal unemployment insurance benefit program is scheduled to terminate at the end of this month. Even though we know that one million workers, one million workers have already exhausted their Federal unemployment insurance benefits, the legislation that we have filed would give them an additional 13 weeks.

Mr. Speaker, we know that in the next 6 months 2 million workers will exhaust their State unemployment insurance benefits. Now, the legislation that we have currently extended will only provide unemployment insurance benefits for those who are on the program. No new enrollees. Two million Americans will be affected during the next 6 months. We had $21 billion in the Federal unemployment insurance funds to pay for those benefits, so it is paid for.

The Committee on Rules allowed for provisions within the jurisdiction of the Committee on Ways and Means in the underlying legislation that we will be considering if this rule is approved, yet the legislation was not considered by the Committee on Ways and Means. So, therefore, Mr. Speaker, I think it is very appropriate that this body permit us to consider during the debate of this legislation, which is aimed at protecting workers, the extension of Federal unemployment insurance benefits. It is going to be one of the last opportunities that we will have to consider this before the Federal unemployment insurance benefit program has exhausted and those that are unemployed are going to be without.

So, Mr. Speaker, I would urge my colleagues to defeat the previous question and, if necessary, defeat the rule so that we have an opportunity to take up the extension of the Federal unemployment insurance benefits that affect millions of our workers.

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

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

(Ms. SLAUGHTER asked and was given permission to revise and extend her remarks.)

Ms. SLAUGHTER. Mr. Speaker, let me apologize for my misunderstanding of the time.

Mr. Speaker, our workforce is what made the United States the great Nation it is, but here we are debating yet another bill that erodes protections for our workers. Here we go again sending another message to our workforce that we just do not care that short-term gain for a few is more important to us than the economic well-being of the Nation.

Life for the American worker continues to be arduous and uncertain, Mr. Speaker. Unemployment has risen 6 percent. In my home State of New York, the unemployment rate is even higher at 6.3. Unemployment insurance benefits expire at the end of this month even though almost 9 million Americans are without work. Nothing on the legislative horizon confronts the needs of the millions of the jobless.

Mr. Speaker, this body and this administration have failed the American worker and continue to do so with this bill. Recently, this esteemed body had several opportunities to tackle the plight of the laidoff factory workers, the unemployed bookkeepers, and this Chamber squandered those chances. Today, the House has another opportunity to assist American workers by continuing the necessary reforms so painfully highlighted by the collapse of major corporations like Enron, WorldCom, Global Crossing. The employees of WorldCom lost $25 million. Enron employees lost $800 million. And the American workforce nervously looks to us to protect their pensions and their life savings. And unfortunately, H.R. 1000 does not go far enough to protect pensions. In fact, this legislation actually harms American workers with what it does and what it fails to do. We must show the people, whose faith and trust sent us here, that we did learn the painful lessons of the Enron, the WorldCom, and the Global Crossing crises.

H.R. 1000 would permit companies to convert traditional defined benefit pension plans into cash balance pension plans. This saves the corporations millions of dollars, but it cuts by half the pension benefits of retired workers, and employees have no control over the conversion.

Now, why is the control of your pension plan given to a company with the self-interest of saving millions of dollars? Even more egregious is that, as companies have been slashing benefits for their workers, they have been increasing compensation packages for their CEOs. Further, this bill handcuffs employees for 3 years after the contribution of company-matched stocks. Under current law, workers are protected from financial advisors with conflicts of interest. This bill strikes this protection from ERISA and allows financial advisors to recommend products from their own firms and even earn fees for pushing certain products. In fact, the Attorney General of the State of New York just settled with 10 of the most respected investment firms for $1.4 billion because these firms offered self-interested investment advice.

H.R. 1000 further fails the American workers in its omission of requirements that companies inform employees when someone dumps large amounts of the company stock. You recall that was a serious issue for the Enron employees. When former Enron CEO Ken Lay sold his Enron stock, he unloaded 1.8 million shares for $101.3 million, did not tell his employees, left them in the dark, and they lost their life savings. Indeed, throughout that period, the employees were urged to buy more and more Enron stock.

Last night the Committee on Rules passed a rule that does not allow this body through debate to delve into the complex issues of ERISA and securing retirement funds.

H. Res. 230 allows only 80 minutes of debate on the bill. This rule is just another example of the erosion of this institution as a deliberative body.

Mr. Speaker, the American workforce deserves our profound respect; and, Mr. Speaker, they have no one else to turn to but us. Over and over we have failed them. They deserve the pensions they were promised during their years of service. How heartbreaking it is for someone who has spent 30 years of their life with a single company, always being partially responsible for the profit of that company, to then lose a major part of that pension. And the almost-9 million unemployed deserve an extension on unemployment insurance to keep them afloat in a sea of economic uncertainty. I just had a letter in my office from a man who has been out of work now for 19 months with absolutely no outlook that he will find anything soon and asking me what in the world can he do. We try to answer that question often, Mr. Speaker; and it does this House no good that the answer we have is that we have refused to extend unemployment benefits.

I urge my colleagues to oppose the rule and oppose the underlying bill.

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

Mr. LINDER. Mr. Speaker, I yield such time as he may consume to the gentleman from Indiana (Mr. BUYER).

Mr. BUYER. Mr. Speaker, before I address this issue, I would say to the gentlewoman that just spoke, I want to give people a job. I do not want to give people an unemployment check. Get them a job. Vote for the President's economic plan. So you can have your constituent get into the details of the plan.

Right now I rise to talk about the rule for H.R. 1000, and, more importantly, on the opportunity Members of Congress have to make a change in law. The purpose of the Federal Government is to help those who cannot help themselves.

Earlier this year, a case was brought to my attention in Clermont, Indiana, that needs to be addressed. An employee of the town embezzled $70,000, an amount that may not seem like a lot of money to some of us here when our daily discussions revolve around billions of dollars and millions; but this is a significant sum to a very small town.

After the former employee was found guilty, the town obtained a civil judgment for restitution for $51,000. So far the employee has paid only $510 in restitution. The former employee has a private pension. No other form of compensation. That is it. Under ERISA, the restitution order attained by the town cannot be attached to the pension, so the town loses out on $50,000 and the guilty avoids complying with the judgment.

How can we allow the law to be manipulated like this? Clearly, there is a hole in the justice system that needs to be filled. The pension law is being used to avoid making victims whole. In this case, the victim is government. I had hoped to offer an amendment in the Committee on Rules to fill this hole. However, the amendment was not made in order. This amendment would permit States and local governments to obtain restitution from private pensions pursuant to court-ordered restitution for the embezzlement of State and local funds. Those communities, including Clermont, are true victims of embezzlement. This is a narrowly drafted amendment. And the very purpose of the restitution order is to make victims whole. So when you think about this, how is justice being served by allowing our present system to stay in place?

Look at an example of an individual that is sentenced to 10 years to prison. Maybe they have a $20,000 pension that goes into an account, so when they get out of prison after a two-for-one good time, after 5 years they have $100,000 sitting in an account. That is money which can make individuals whole, except under present law you cannot attach a garnishment to that civil order.

□ 1215

I think that is wrong.

I know that there was an effort to make this ''a clean bill,'' and nobody wanted to have amendments to the bill. I think our job is to choose the harder right over the easier wrong.

So what? If it is hard, do that which is hard, and make justice serve those of whom have been victimized. I am on the floor today greatly disappointed that we just wanted to get something done quickly rather than address a hole in the law.

I am not pleased at all that this amendment was denied, but what I am most hopeful is that the committee of jurisdiction actually examines this, because I am not going to let this one go. I think this one, in fact, we have to address, and I will stand down to the Committee on Rules at this point.

I wanted to bring this issue to the attention of the Members because my little town of Clermont, I am sure, is highly representative of other towns and communities, States and Federal and local governments of whom have been victimized by some form of embezzlement.

Ms. SLAUGHTER. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan (Mr. LEVIN).

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

Mr. LEVIN. Mr. Speaker, the previous speaker has made it clear, I hope, to the country why we are asking that the previous question be voted down so we can bring up the unemployment comp issue. He has said let us get jobs for workers, not provide unemployment comp checks. Look, the people who are unemployed are looking for work. They want a job. There is no job when they seek it, and what the Republicans and the House are essentially saying to those workers who are looking for work and cannot find a job, tough luck. We can do much better.

A recent survey indicated that the average unemployed worker has applied for 29 jobs without finding work, and the average unemployed worker over 45 has applied for 42 jobs without finding work. Almost 9 million people out of work. Over 1 million have exhausted their benefits, and by the end of this month, it will be 1.4 million. And now each month another couple hundred thousand are going to be exhausting their benefits, out in the cold because of the cold shoulder of this House majority. That is why we are asking that the previous question be voted down.

Ten years ago we did much better. We did not hear this talk, get a job, to people who are looking for work and cannot find it. So we will proudly ask, give us a chance. My colleagues have been on the Republican side derelict in their duty, and we are willing to stand up and say to the people who are unemployed, yes, keep looking for work. Unemployment comp benefits will help grow the economy because they will spend the money they receive on benefits, but we are also saying while they are looking for work, we are not going to turn a cold shoulder to the unemployed of the United States of America.

Ms. SLAUGHTER. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio (Mr. KUCINICH).

Mr. KUCINICH. Mr. Speaker, this is a bad rule and this is a bad bill.

Today the bulk of the Nation's pension plans have less than 100 participants, and a gap in ERISA enforcement and in ERISA law leaves these workers' retirement savings at grave risk. Yet H.R. 1000 does nothing to correct this problem, and the majority refused to even consider a common-sense amendment I offered to protect workers' pensions through the most basic of means, simply by ensuring that plan fiduciaries actually file their forms.

Eclipsed by the high-profile pension scandals at large corporations such as Enron, WorldCom and Global Crossing, thousands of other employees around the country have been no less harmed by gross fiduciary malfeasance at smaller, less notable companies.

In my own district a group of 19 employees saw their retirement funds vanish as their employer, Lakewood Manufacturing Company, repeatedly dismissed employee requests for the release of plan documents, and ultimately closed, having lost over $2 million in pension funds, the entire pension plan.

Later investigation revealed that over a period of 3 years, the plan's fiduciary, also the owner of the company, used funds from the employee pension plan to make dangerous and poorly diversified investments in companies for which he had a personal stake, such as the Psychic Discovery Network, now bankrupt. Even worse, the Department of Labor failed to investigate the plan even though the company did not file the most basic plan summary document, Form 5500, required by law, for 3 consecutive years. Though we may never see the case of Lakewood Manufacturing featured on the nightly news, its former employees face a financial future no different than that of Enron's employees.

For small pension plans, Form 5500 is the only avenue for the Department of Labor to monitor compliance with ERISA. Yet, as the Lakewood case highlights, and a GAO report has confirmed, ERISA enforcement is such that fiduciaries of small plans may simply fail to file a Form 5500 while mismanaging or stealing money from the plan, knowing they will likely slip through the cracks.

As a result, I proposed an amendment to fix this egregious enforcement gap in ERISA law. My amendment would have required plans to submit their forms within 3 months of the end of the plan year, not the 9.5 months as is allowed in the current law. It also insists that the first priority of the Department of Labor should be to identify those companies that have not filed their documents by the deadline and give them the power to freeze assets of the plan fiduciary until the documents are submitted or the plan is thoroughly investigated.

This bill does not fix that gap, this H.R. 1000, and, in fact, the majority even refused to consider this basic change in law. They did not want the opportunity to take a stand to protect workers whose retirement security is predicated on their boss' willingness to submit a form.

I am going to introduce an amendment today to try to amend the bill at the correct time, and I appreciate the support of the Members for that. This rule will not correct the problem.

Ms. SLAUGHTER. Mr. Speaker, I yield 3 minutes to the gentleman from Vermont (Mr. SANDERS).

Mr. SANDERS. Mr. Speaker, I thank my friend, the gentlewoman from New York (Ms. SLAUGHTER) for yielding me the time.

Mr. Speaker, I rise in strong opposition to this rule. Yesterday I requested that two amendments be allowed, neither one of which was accepted.

Mr. Speaker, I first became involved in the issue of pensions in the State of Vermont when hundreds of employees of IBM contacted my office because one day they learned that the promises that had been made to them in terms of their pension benefits was simply being pushed under the rug and being dismissed; that, in fact, the company had converted from a defined benefit pension plan to a so-called cash balance benefit plan; and that for many of the older workers, their benefits would have been reduced by up to 50 percent. People that had worked at the company for 20 or 30 years wake up one day and say, sorry, forget everything that we told you, because we are going to cut your pension benefits by up to 50 percent if you are an older worker.

It turned out it was not just IBM, but companies all over this country. In Vermont IBM workers fought back. We had a town meeting with some 7- or 800 workers coming out, spread all over the country, and IBM had to rescind that proposal. But the reality is that the Bush administration has now come up with an idea that would make it easier for companies to slash the pensions of their workers by moving to cash balance programs.

My amendment would do a very simple thing that some good companies have already done. Kodak has done it. Motorola has done it. To some degree IBM has done it. CSX, John Snow, Treasury Secretary's company has done it, and that says that if one is an older worker working for the company for at least 10 years, or they are 40 years of age, they will have the choice about which proposal they will take, and older workers, of course, will stay with the defined benefit pension plan.

The second amendment that I introduced was a very interesting one, and I said if the Republicans think that cash balance payments are such a good idea, and we all have our pensions, why should we not go to cash balance benefits? The answer is that cash balance benefits will substantially lower the pensions that Members of Congress have. Of course, the Members of Congress will not reduce their own pensions, but they are prepared to force millions of American workers to lower their benefits by going to cash balance benefit plans. So my proposal said that if the President's idea goes forward, on that very day, Members of Congress will move to cash balance benefit pension plans as well and see the same reduction in their benefits as do millions of American workers. Amazingly enough, they did not put that amendment on the floor.

Ms. SLAUGHTER. Mr. Speaker, I am pleased to yield 2 minutes to the gentlewoman from California (Ms. WOOLSEY).

(Ms. WOOLSEY asked and was given permission to revise and extend her remarks.)

Ms. WOOLSEY. Mr. Speaker, I oppose this rule for excluding the conversation and debate on unemployment insurance, and I support the Miller substitute because it levels the playing field between a corporation's top executives and the rest of the employees. This substitute actually supports what is good for the captain is good for the crew.

It truly protects employees against the kinds of total pension loss experienced by Enron employees by requiring companies to give their employees full and accurate information about their pension benefits and about any employer's stock in the pension plan.

It ensures employees are armed with good information and allows for timely discussions about investing the funds in the pension plan, and, Mr. Speaker, should the employee pension funds be misused, the Miller substitute gives employees a real opportunity to get their money back.

My constituents just north of the Golden Gate Bridge, across from San Francisco, tell me they are disgusted by the special protections given to executives while employees are suffering. Only the Miller substitute provides the pension protections employees truly need, and only a rule that allows discussion for unemployment insurance being extended protects the workers in this country who have lost their employment because of a terrible, terrible economy, a war economy, caused by huge tax breaks for the wealthiest in the country.

Mr. Speaker, I urge my colleagues to vote against this rule and vote for real reform by supporting the Miller substitute.

Mr. LINDER. Mr. Speaker, may I inquire as to how much time is left on each side?

The SPEAKER pro tempore (Mr. BASS). The gentleman from Georgia (Mr. LINDER) has 20 minutes remaining. The gentlewoman from New York (Ms. SLAUGHTER) has 15 minutes remaining.

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

Ms. SLAUGHTER. Mr. Speaker, I yield 4 minutes to the gentleman from California (Mr. GEORGE MILLER).

Mr. GEORGE MILLER of California. Mr. Speaker, I thank the gentlewoman from New York for yielding me this time.

Mr. Speaker, today we confront an issue that is absolutely fundamental to the interests of our constituents, to their well-being, and the question of whether or not they will have the assets to properly retire in the future, and that is because we address the issues of the security of the American pension system.

In the wake of the worst pension scandals in recent history, the response of the Republican congressional leadership is to see no evil, hear no evil and do no good.

Once again, in the shadow of the failures of Enron and Global Crossing, and with the new disclosures about Delta and American Airlines, the Republicans bring forward a pension bill that does nothing to help employees, but includes lucrative benefits for corporate interests. How tone-deaf can they be?

Pension scandals that move from page 3 of the business section to page 1 in every newspaper and magazine of popular nature of this country, but it is still the business as usual for Republicans in Congress. The only problem they see is that the investment companies are making even more money, while pensions and 401(k)s of employees dwindle with less and less.

The pension bill the Republicans want to steamroll through the House today fails to address the pension scandals that have outraged Americans and left so many Americans destitute. It is as though Enron and Global Crossing and these other pension scandals never happened. It is business as usual for business, and let the employees fend for themselves.

The heart of the Republican bill would change the law to allow investment firms for the first time to give biased and conflicted financial advice to employees, something that is currently prohibited under the law. Does this make sense when many of these same investment firms that would be giving the employees this advice just copped a plea to Eliot Spitzer, the New York attorney general, if firms like Credit Suisse, First Boston, Bear Stearns, JP Morgan, Chase, Goldman Sachs and many others just paid out over a billion and a half dollars in committing these kinds of abuses?

□ 1230

Now, I recognize that they do not think they copped a plea, because they said they did not admit any wrongdoing. But they paid $1.5 billion just in case they might have. That $1.5 billion is chump change alongside the hundreds and hundreds of billions of dollars that people lost in their pension plans during the stock market bubble and because of conflicted advice and bad advice.

Now, here we are 2 years after Enron, and we are coming back to simply allow the same thing to happen that

happened in those corporate scandals. It is no wonder that the American public, the small investor is reluctant to return to the stock market. It is no wonder they are reluctant to invest again in mutual funds, because they recognize the devastation that they received at the hands of what was essentially criminal activity. Today, the Republican bill makes that activity legal.

That is why the Attorney General, Eliot Spitzer, of New York said this about this legislation: ''This legislation opens the loophole that will sharply erode, rather than enhance, the safeguards for employees seeking independent and untainted advice about how to invest their retirement savings. Clearly, this bill puts the interests of Wall Street firms far ahead of the interests of millions of working Americans who simply want a fair shake in making sound decisions about their retirement investments.''

That is what the American public is entitled to. That is what the people are entitled to as they contemplate how to provide for their future retirement. That is not what this legislation does. That is not what the Republican legislation proposes. It now says that those firms can provide that conflicted advice to our constituents and to the workers, and that is what we should not allow in this legislation.

Ms. SLAUGHTER. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. ANDREWS).

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

Mr. ANDREWS. Mr. Speaker, I thank my friend for yielding me this time.

My colleagues, how does one get on the agenda of the United States House of Representatives? If you are in the financial industry and you are interested in changing the rules for giving pension advice, you can get on the agenda. If you are one of a plethora of special interests that is interested in changing the Internal Revenue Code, you can get on the agenda. But if you are one of the millions of people suffering unemployment in this country and you want this House to take up the question of whether your unemployment benefits ought to be extended, you cannot seem to get on the agenda.

Now, I know that there are people who believe that some of the people who are on unemployment are not trying hard to find a job, and I am sure there are some for whom that description is accurate; but I know this is true: for every three Americans looking for a job today, there is one job. One. And there are hundreds of thousands of people who at the end of this month are going to lose their ability to pay their bills because they are one of the two people who cannot get that one job out of every three people who is unemployed.

It is the business of this country, and it should be the business of this House, to debate whether or not an extension of unemployment benefits is justifiable for those people. I feel strongly that it is. I know there are Members who believe that it is not. I respect their views. The majority ought to respect our right to bring to this floor, before this House and before this country, the question as to whether those benefits ought to be extended.

In many households, Mr. Speaker, this is not some theoretical debate. It is a question of whether you will be able to pay your rent on the first of June, whether you will be able to pay your other bills on the first of June. Let us do the people's business. Let us put on the agenda of this House the question of whether to extend unemployment benefits.

Oppose the previous question.

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

Ms. SLAUGHTER. Mr. Speaker, I yield myself such time as I may consume to close.

Mr. Speaker, if the previous question is defeated, I will offer an amendment to the rule. My amendment will provide that immediately after the House passes the Pension Security Act it will take up H.R. 1652, the Unemployment Benefits Extension Act. This bill will extend Federal unemployment benefits by 26 weeks and would also give a 13-week extension to those whose benefits have been exhausted.

Mr. Speaker, with unemployment rates increasing daily, this is the third month in a row, now that we are in May, that this economy has lost jobs. Of the 8.8 million unemployed, 2 million out of work for 27 weeks or more, the average length of unemployment is nearly 20 weeks, the highest since 1984. These Americans need relief, and they need it immediately.

Current Federal unemployment benefits expire at the end of this month, just 2½ weeks away. On two separate occasions last week, the Republicans in this House voted to block an opportunity to extend these benefits. Let us not let unemployed Americans down a third time. Let us bring this greatly needed responsible legislation to the floor for a vote.

Now, let me make very clear that a ''no'' vote on the previous question will not stop consideration of the pension security act. A ''no'' vote will allow the House to vote on H.R. 1000 and on H.R. 1652, the Unemployment Benefits Extension Act as well. However, a ''yes'' vote on the previous question will prevent the House from passing the desperately needed extension of Federal employment benefits to our unemployed workers one more time.

Make no mistake, this vote is the only opportunity the House will have to vote on extending Federal unemployment benefits. I urge a ''no'' vote on the previous question and remind my colleagues that these unemployed workers have no one to turn to but us, and they sent us here to do our best for our communities.

Mr. Speaker, I ask unanimous consent that the text of the amendment and a description of the amendment be printed in the RECORD immediately before the vote on the previous question.

The SPEAKER pro tempore (Mr. SHIMKUS). Is there objection to the request of the gentlewoman from New York?

There was no objection.

The material previously referred to by Ms. SLAUGHTER is as follows:

PREVIOUS QUESTION FOR H. RES. 230—RULE ON H.R. 1000: THE PENSION SECURITY ACT OF 2003

At the end of the resolution add the following new section:

Sec. . Immediately after disposition of the bill H.R. 1000, it shall be in order without intervention of any point of order to consider in the House the bill (H.R. 1652) to provide extended unemployment benefits to displaced workers, and to make other improvements in the unemployment insurance system. The bill shall be considered as read for amendment. The previous question shall be considered as ordered on the bill to final passage without intervening motion except: 1) one hour of debate equally divided and controlled by the Chairman and ranking Minority Member of the Committee on the Ways and Means; and 2) one motion to recommit with or without instructions.

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

Mr. LINDER. Mr. Speaker, I urge my colleagues to vote ''yes'' on the previous question. 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.

Ms. SLAUGHTER. 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.

Pursuant to clause 8 of rule XX, the Chair will reduce to 5 minutes the minimum time for electronic voting, if ordered, on the question of adoption of the resolution.

The vote was taken by electronic device, and there were—yeas 218, nays 201, not voting 15, as follows:

[Roll No. 186]

YEAS—218

Aderholt	Boozman	Cole
Akin	Bradley (NH)	Collins
Bachus	Brady (TX)	Crane
Baker	Brown (SC)	Crenshaw
Ballenger	Brown-Waite, Ginny	Cubin
Barrett (SC)	Burgess	Culberson
Bartlett (MD)	Burns	Cunningham
Barton (TX)	Burr	Davis, Jo Ann
Bass	Burton (IN)	Davis, Tom
Beauprez	Buyer	Deal (GA)
Bereuter	Calvert	DeLay
Biggert	Camp	DeMint
Bilirakis	Cannon	Diaz-Balart, L.
Bishop (UT)	Cantor	Diaz-Balart, M.
Blackburn	Capito	Doolittle
Blunt	Carter	Dreier
Boehlert	Castle	Duncan
Boehner	Chabot	Dunn
Bonilla	Chocola	Ehlers
Bonner	Coble	Emerson
Bono		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
Hyde
Isakson
Issa
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
McInnis
McKeon
Mica
Miller (FL)
Miller (MI)
Moran (KS)
Murphy
Musgrave
Myrick
Nethercutt
Ney
Northup
Norwood
Nunes
Nussle
Osborne
Ose
Otter
Paul
Pearce
Pence
Pickering
Pitts
Platts
Pombo
Porter
Portman
Pryce (OH)
Putnam
Quinn
Ramstad
Regula
Rehberg
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Royce
Ryan (WI)
Ryun (KS)
Saxton
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simmons
Simpson
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Stearns
Sullivan
Sweeney
Tancredo
Tauzin
Taylor (NC)
Terry
Thomas
Thornberry
Tiahrt
Tiberi
Toomey
Turner (OH)
Upton
Vitter
Walden (OR)
Walsh
Wamp
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Young (AK)

NAYS—201

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)
Davis (TN)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Doggett
Dooley (CA)
Edwards
Emanuel
Engel
Eshoo
Etheridge
Evans
Farr
Filner
Ford
Frank (MA)
Frost
Gephardt
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 (MO)
McCarthy (NY)
McCollum
McDermott
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
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
Udall (CO)
Udall (NM)
Van Hollen
Velazquez
Visclosky
Waters
Watson
Watt
Waxman
Weiner
Wexler
Woolsey
Wu
Wynn

NOT VOTING—15

Combest
Cox
Doyle
Fattah
Istook
McGovern
Miller, Gary
Oxley
Peterson (PA)
Petri
Radanovich
Rothman
Schrock
Turner (TX)
Young (FL)

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. SHIMKUS) (during the vote). Members are advised that 2 minutes remain in this vote.

□ 1257

Mr. BERRY and Mr. DAVIS of Tennessee changed their vote from ''yea'' to ''nay.''

Mrs. WILSON of New Mexico changed her vote from ''nay'' to ''yea.''

So the previous question was ordered.

The result of the vote was announced as above recorded.

Stated for:

Mr. PETRI. Mr. Speaker, on rollcall No. 186, had I been present, I would have voted ''yea.''

Stated against:

Mr. MCGOVERN. Mr. Speaker, on rollcall No. 186, had I been present, I would have voted ''nay.''

The SPEAKER pro tempore. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. BOEHNER. Mr. Speaker, pursuant to House Resolution 230, I call up the bill (H.R. 1000) to amend title I of the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1986 to provide additional protections to participants and beneficiaries in individual account plans from excessive investment in employer securities and to promote the provision of retirement investment advice to workers managing their retirement income assets, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 230, the bill is considered read for amendment.

The text of H.R. 1000 is as follows:

H.R. 1000

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 ''Pension Security Act of 2003''.

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

Sec. 1. Short title and table of contents.

TITLE I—IMPROVEMENTS IN PENSION SECURITY

Sec. 101. Periodic pension benefits statements.
Sec. 102. Inapplicability of relief from fiduciary liability during blackout periods.
Sec. 103. Informational and educational support for pension plan fiduciaries.
Sec. 104. Diversification requirements for defined contribution plans that hold employer securities.
Sec. 105. Prohibited transaction exemption for the provision of investment advice.
Sec. 106. Study regarding impact on retirement savings of participants and beneficiaries by requiring consultants to advise plan fiduciaries of individual account plans.
Sec. 107. Treatment of qualified retirement planning services.
Sec. 108. Effective dates and related rules.

TITLE II—OTHER PROVISIONS RELATING TO PENSIONS

Sec. 201. Amendments to Retirement Protection Act of 1994.
Sec. 202. Reporting simplification.
Sec. 203. Improvement of employee plans compliance resolution system.
Sec. 204. Flexibility in nondiscrimination, coverage, and line of business rules.
Sec. 205. Extension to all governmental plans of moratorium on application of certain nondiscrimination rules applicable to State and local plans.
Sec. 206. Notice and consent period regarding distributions.
Sec. 207. Annual report dissemination.
Sec. 208. Technical corrections to Saver Act.
Sec. 209. Missing participants.
Sec. 210. Reduced PBGC premium for new plans of small employers.
Sec. 211. Reduction of additional PBGC premium for new and small plans.
Sec. 212. Authorization for PBGC to pay interest on premium overpayment refunds.
Sec. 213. Substantial owner benefits in terminated plans.
Sec. 214. Benefit suspension notice.
Sec. 215. Studies.
Sec. 216. Interest rate range for additional funding requirements.

TITLE III—GENERAL PROVISIONS

Sec. 301. Provisions relating to plan amendments.

TITLE I—IMPROVEMENTS IN PENSION SECURITY

SEC. 101. PERIODIC PENSION BENEFITS STATEMENTS.

(a) AMENDMENTS TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

(1) REQUIREMENTS.—

(A) IN GENERAL.—Section 105(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1025(a)) is amended to read as follows:

''(a)(1)(A) The administrator of an individual account plan shall furnish a pension benefit statement—

''(i) to each plan participant at least annually,

''(ii) to each plan beneficiary upon written request, and

''(iii) in the case of an applicable individual account plan, to each individual who is a plan participant or beneficiary and who has a right to direct investments, at least quarterly.

''(B) The administrator of a defined benefit plan shall furnish a pension benefit statement—

''(i) at least once every 3 years to each participant with a nonforfeitable accrued benefit who is employed by the employer maintaining the plan at the time the statement is furnished to participants, and

''(ii) to a plan participant or plan beneficiary of the plan upon written request.

''(2) A pension benefit statement under paragraph (1)—

''(A) shall indicate, on the basis of the latest available information—

''(i) the total benefits accrued, and

''(ii) the nonforfeitable pension benefits, if any, which have accrued, or the earliest date on which benefits will become nonforfeitable,

''(B) shall be written in a manner calculated to be understood by the average plan participant, and

''(C) may be provided in written form or in electronic or other appropriate form to the extent that such form is reasonably accessible to the recipient.

''(3)(A) In the case of a defined benefit plan, the requirements of paragraph (1)(B)(i) shall be treated as met with respect to a participant if the administrator, at least once each year, provides the participant with notice, at the participant's last known address, of the availability of the pension benefit statement and the ways in which the participant may obtain such statement. Such notice shall be provided in written, electronic, or other appropriate form, and may be included with other communications to the participant if done in a manner reasonably designed to attract the attention of the participant.

''(B) The Secretary may provide that years in which no employee or former employee benefits (within the meaning of section 410(b) of the Internal Revenue Code of 1986) under the plan need not be taken into account in determining the 3-year period under paragraph (1)(B)(i).''.

(B) CONFORMING AMENDMENTS.—

(i) Section 105 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1025) is amended by striking subsection (d).

(ii) Section 105(b) of such Act (29 U.S.C. 1025(b)) is amended to read as follows:

''(b) In no case shall a participant or beneficiary of a plan be entitled to more than one statement described in clause (i) or (ii) of subsection (a)(1)(A) or clause (i) or (ii) of subsection (a)(1)(B), whichever is applicable, in any 12-month period. If such report is required under subsection (a) to be furnished at least quarterly, the requirements of the preceding sentence shall be applied with respect to each quarter in lieu of the 12-month period.''.

(2) INFORMATION REQUIRED FROM APPLICABLE INDIVIDUAL ACCOUNT PLANS.—Section 105 of such Act (as amended by paragraph (1)) is amended further by adding at the end the following new subsection:

''(d)(1) The statements required to be provided at least quarterly under subsection (a)(1)(A)(iii) in the case of applicable individual account plans shall include (together with the information required in subsection (a)) the following:

''(A) the value of each investment to which assets in the individual account have been allocated, determined as of the most recent valuation date under the plan, including the value of any assets held in the form of employer securities, without regard to whether such securities were contributed by the plan sponsor or acquired at the direction of the plan or of the participant or beneficiary,

''(B) an explanation, written in a manner calculated to be understood by the average plan participant, of any limitations or restrictions on the right of the participant or beneficiary to direct an investment, and

''(C) an explanation, written in a manner calculated to be understood by the average plan participant, of the importance, for the long-term retirement security of participants and beneficiaries, of a well-balanced and diversified investment portfolio, including a discussion of the risk of holding more than 25 percent of a portfolio in the security of any one entity, such as employer securities.

''(2) The Secretary shall issue guidance and model notices which meet the requirements of this subsection.''.

(3) DEFINITION OF APPLICABLE INDIVIDUAL ACCOUNT PLAN.—Section 3 of such Act (29 U.S.C. 1002) is amended by adding at the end the following new paragraph:

''(42)(A) The term 'applicable individual account plan' means any individual account plan, except that such term does not include an employee stock ownership plan (within the meaning of section 4975(e)(7) of the Internal Revenue Code of 1986) unless there are any contributions to such plan (or earnings thereunder) held within such plan that are subject to subsection (k)(3) or (m)(2) of section 401 of the Internal Revenue Code of 1986. Such term shall not include a one-participant retirement plan.

''(B) The term 'one-participant retirement plan' means a pension plan with respect to which the following requirements are met:

''(i) on the first day of the plan year—

''(I) the plan covered only one individual (or the individual and the individual's spouse) and the individual owned 100 percent of the plan sponsor (whether or not incorporated), or

''(II) the plan covered only one or more partners (or partners and their spouses) in the plan sponsor;

''(ii) the plan meets the minimum coverage requirements of 410(b) of the Internal Revenue Code of 1986 (as in effect on the date of the enactment of this paragraph) without being combined with any other plan of the business that covers the employees of the business;

''(iii) the plan does not provide benefits to anyone except the individual (and the individual's spouse) or the partners (and their spouses);

''(iv) the plan does not cover a business that is a member of an affiliated service group, a controlled group of corporations, or a group of businesses under common control; and

''(v) the plan does not cover a business that leases employees.''.

(4) CIVIL PENALTIES FOR FAILURE TO PROVIDE QUARTERLY BENEFIT STATEMENTS.—Section 502 of such Act (29 U.S.C. 1132) is amended—

(A) in subsection (a)(6), by striking ''(6), or (7)'' and inserting ''(6), (7), or (8)'';

(B) by redesignating paragraph (8) of subsection (c) as paragraph (9); and

(C) by inserting after paragraph (7) of subsection (c) the following new paragraph:

''(8) The Secretary may assess a civil penalty against any plan administrator of up to $1,000 a day from the date of such plan administrator's failure or refusal to provide participants or beneficiaries with a benefit statement on at least a quarterly basis in accordance with section 105(a)(1)(A)(iii).''.

(5) MODEL STATEMENTS.—The Secretary of Labor shall, not later than 180 days after the date of the enactment of this Act, issue initial guidance and a model benefit statement, written in a manner calculated to be understood by the average plan participant, that may be used by plan administrators in complying with the requirements of section 105 of the Employee Retirement Income Security Act of 1974. Not later than 75 days after the date of the enactment of this Act, the Secretary shall promulgate interim final rules necessary to carry out the amendments made by this subsection.

(b) AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986.—

(1) PROVISION OF INVESTMENT EDUCATION NOTICES TO PARTICIPANTS IN CERTAIN PLANS.—Section 414 of the Internal Revenue Code of 1986 (relating to definitions and special rules) is amended by adding at the end the following:

''(w) PROVISION OF INVESTMENT EDUCATION NOTICES TO PARTICIPANTS IN CERTAIN PLANS.—

''(1) IN GENERAL.—The plan administrator of an applicable pension plan shall provide to each applicable individual an investment education notice described in paragraph (2) at the time of the enrollment of the applicable individual in the plan and not less often than annually thereafter.

''(2) INVESTMENT EDUCATION NOTICE.—An investment education notice is described in this paragraph if such notice contains—

''(A) an explanation, for the long-term retirement security of participants and beneficiaries, of generally accepted investment principles, including principles of risk management and diversification, and

''(B) a discussion of the risk of holding substantial portions of a portfolio in the security of any one entity, such as employer securities.

''(3) UNDERSTANDABILITY.—Each notice required by paragraph (1) shall be written in a manner calculated to be understood by the average plan participant and shall provide sufficient information (as determined in accordance with guidance provided by the Secretary) to allow recipients to understand such notice.

''(4) FORM AND MANNER OF NOTICES.—The notices required by this subsection shall be in writing, except that such notices may be in electronic or other form (or electronically posted on the plan's website) to the extent that such form is reasonably accessible to the applicable individual.

''(5) DEFINITIONS.—For purposes of this subsection—

''(A) APPLICABLE INDIVIDUAL.—The term 'applicable individual' means—

''(i) any participant in the applicable pension plan,

''(ii) any beneficiary who is an alternate payee (within the meaning of section 414(p)(8)) under a qualified domestic relations order (within the meaning of section 414(p)(1)(A)), and

''(iii) any beneficiary of a deceased participant or alternate payee.

''(B) APPLICABLE PENSION PLAN.—The term 'applicable pension plan' means—

''(i) a plan described in clause (i), (ii), or (iv) of section 219(g)(5)(A), and

''(ii) an eligible deferred compensation plan (as defined in section 457(b)) of an eligible employer described in section 457(e)(1)(A),

which permits any participant to direct the investment of some or all of his account in the plan or under which the accrued benefit of any participant depends in whole or in part on hypothetical investments directed by the participant. Such term shall not include a one-participant retirement plan or a plan to which section 105 of the Employee Retirement Income Security Act of 1974 applies.

''(C) ONE-PARTICIPANT RETIREMENT PLAN DEFINED.—The term 'one-participant retirement plan' means a retirement plan with respect to which the following requirements are met:

''(i) on the first day of the plan year—

''(I) the plan covered only one individual (or the individual and the individual's spouse) and the individual owned 100 percent of the plan sponsor (whether or not incorporated), or

''(II) the plan covered only one or more partners (or partners and their spouses) in the plan sponsor;

''(ii) the plan meets the minimum coverage requirements of 410(b) without being combined with any other plan of the business that covers the employees of the business;

''(iii) the plan does not provide benefits to anyone except the individual (and the individual's spouse) or the partners (and their spouses);

''(iv) the plan does not cover a business that is a member of an affiliated service group, a controlled group of corporations, or a group of businesses under common control; and

''(v) the plan does not cover a business that leases employees.

''(6) CROSS REFERENCE.—

''For provisions relating to penalty for failure to provide the notice required by this section, see section 6652(m).''.

(2) PENALTY FOR FAILURE TO PROVIDE NOTICE.—Section 6652 of such Code (relating to failure to file certain information returns, registration statements, etc.) is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following new subsection:

''(m) FAILURE TO PROVIDE INVESTMENT EDUCATION NOTICES TO PARTICIPANTS IN CERTAIN PLANS.—In the case of each failure to provide a written explanation as required by section 414(w) with respect to an applicable individual (as defined in such section), at the time prescribed therefor, unless it is shown that such failure is due to reasonable cause and not to willful neglect, there shall be paid, on notice and demand of the Secretary and in the same manner as tax, by the person failing to provide such notice, an amount equal to $100 for each such failure, but the total amount imposed on such person for all such failures during any calendar year shall not exceed $50,000.''.

SEC. 102. INAPPLICABILITY OF RELIEF FROM FIDUCIARY LIABILITY DURING BLACKOUT PERIODS.

(a) IN GENERAL.—Section 404(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104(c)) is amended by adding at the end the following new paragraph:

''(4)(A) Paragraph (1)(B) shall not apply in connection with the direction or diversification of assets credited to the account of any participant or beneficiary during a blackout period if, by reason of the imposition of such blackout period, the ability of such participant or beneficiary to direct or diversify such assets is suspended, limited, or restricted.

''(B) If a fiduciary authorizing a blackout period meets the requirements of this title in connection with authorizing such blackout period, such fiduciary shall not be liable under this title for any loss occurring during the blackout period as a result of any exercise by the participant or beneficiary of control over assets in his or her account prior to the blackout period. Matters to be considered in determining whether such fiduciary has met the requirements of this title include whether such fiduciary—

''(i) has considered the reasonableness of the expected length of the blackout period,

''(ii) has provided the notice required under section 101(i)(2), and

''(iii) has acted in accordance with the requirements of subsection (a) in determining whether to enter into the blackout period.

''(C) If a blackout period arises in connection with a change in the investment options offered under the plan, a participant or beneficiary shall be deemed to have exercised control over the assets in his or her account prior to the blackout period, if, after reasonable notice of the change in investment options is given to such participant or beneficiary before such blackout period, assets in the account of the participant or beneficiary are transferred—

''(i) to plan investment options in accordance with the affirmative election of the participant or beneficiary, or

''(ii) in any case in which there is no such election, in the manner set forth in such notice.

''(D) Any imposition of any limitation or restriction that may govern the frequency of transfers between investment vehicles shall not be treated as the imposition of a blackout period to the extent such limitation or restriction is disclosed to participants or beneficiaries through the summary plan description or materials describing specific investment alternatives under the plan.

''(E) For purposes of this paragraph, the term 'blackout period' has the meaning given such term by section 101(i)(7).''.

(b) GUIDANCE.—The Secretary of Labor shall, on or before December 31, 2004, issue interim final regulations providing guidance on how plan sponsors or any other affected fiduciaries can satisfy their fiduciary responsibilities during any blackout period during which the ability of a participant or beneficiary to direct the investment of assets in his or her individual account is suspended.

SEC. 103. INFORMATIONAL AND EDUCATIONAL SUPPORT FOR PENSION PLAN FIDUCIARIES.

Section 404 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104) is amended by adding at the end the following new subsection:

''(e) The Secretary shall establish a program under which information and educational resources shall be made available on an ongoing basis to persons serving as fiduciaries under employee pension benefit plans so as to assist such persons in diligently and effectively carrying out their fiduciary duties in accordance with this part. Such program shall provide information concerning the practices that define prudent investment procedures for plan fiduciaries. Information provided under the program shall address the relevant investment considerations for defined benefit and defined contribution plans, including investment in employer securities by such plans. In developing such program, the Secretary shall solicit information from the public, including investment education professionals.''.

SEC. 104. DIVERSIFICATION REQUIREMENTS FOR DEFINED CONTRIBUTION PLANS THAT HOLD EMPLOYER SECURITIES.

(a) AMENDMENT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 204 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054) is amended—

(1) by redesignating subsection (j) as subsection (k); and

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

''(j) DIVERSIFICATION REQUIREMENTS FOR INDIVIDUAL ACCOUNT PLANS THAT HOLD EMPLOYER SECURITIES.—

''(1) IN GENERAL.—An applicable individual account plan shall meet the requirements of paragraphs (2) and (3).

''(2) EMPLOYEE CONTRIBUTIONS AND ELECTIVE DEFERRALS INVESTED IN EMPLOYER SECURITIES.—In the case of the portion of the account attributable to employee contributions and elective deferrals which is invested in employer securities, a plan meets the requirements of this paragraph if each applicable individual may elect to direct the plan to divest any such securities in the individual's account and to reinvest an equivalent amount in other investment options which meet the requirements of paragraph (4).

''(3) EMPLOYER CONTRIBUTIONS INVESTED IN EMPLOYER SECURITIES.—

''(A) IN GENERAL.—In the case of the portion of the account attributable to employer contributions (other than elective deferrals to which paragraph (2) applies) which is invested in employer securities, a plan meets the requirements of this paragraph if, under the plan—

''(i) each applicable individual with a benefit based on 3 years of service may elect to direct the plan to divest any such securities in the individual's account and to reinvest an equivalent amount in other investment options which meet the requirements of paragraph (4), or

''(ii) with respect to any employer security allocated to an applicable individual's account during any plan year, such applicable individual may elect to direct the plan to divest such employer security after a date which is not later than 3 years after the end of such plan year and to reinvest an equivalent amount in other investment options which meet the requirements of paragraph (4).

''(B) APPLICABLE INDIVIDUAL WITH BENEFIT BASED ON 3 YEARS OF SERVICE.—For purposes of subparagraph (A), an applicable individual has a benefit based on 3 years of service if such individual would be an applicable individual if only participants in the plan who have completed at least 3 years of service (as determined under section 203(b)) were referred to in paragraph (5)(B)(i).

''(4) INVESTMENT OPTIONS.—The requirements of this paragraph are met if—

''(A) the plan offers not less than 3 investment options, other than employer securities, to which an applicable individual may direct the proceeds from the divestment of employer securities pursuant to this subsection, each of which is diversified and has materially different risk and return characteristics, and

''(B) the plan permits the applicable individual to choose from any of the investment options made available under the plan to which such proceeds may be so directed, subject to such restrictions as may be provided by the plan limiting such choice to periodic, reasonable opportunities occurring no less frequently than on a quarterly basis.

''(5) DEFINITIONS AND RULES.—For purposes of this subsection—

''(A) APPLICABLE INDIVIDUAL ACCOUNT PLAN.—The term 'applicable individual account plan' means any individual account plan, except that such term does not include an employee stock ownership plan (within the meaning of section 4975(e)(7) of the Internal Revenue Code of 1986) unless there are any contributions to such plan (or earnings thereon) held within such plan that are subject to subsection (k)(3) or (m)(2) of section 401 of the Internal Revenue Code of 1986.

''(B) APPLICABLE INDIVIDUAL.—The term 'applicable individual' means—

''(i) any participant in the plan, and

''(ii) any beneficiary of a participant referred to in clause (i) who has an account under the plan with respect to which the beneficiary is entitled to exercise the rights of the participant.

''(C) ELECTIVE DEFERRAL.—The term 'elective deferral' means an employer contribution described in section 402(g)(3)(A) of the Internal Revenue Code of 1986 (as in effect on the date of the enactment of this subsection).

''(D) EMPLOYER SECURITY.—The term 'employer security' shall have the meaning given such term by section 407(d)(1) of this Act (as in effect on the date of the enactment of this subsection).

''(E) EMPLOYEE STOCK OWNERSHIP PLAN.—The term 'employee stock ownership plan' shall have the same meaning given to such term by section 4975(e)(7) of the Internal

Revenue Code of 1986 (as in effect on the date of the enactment of this subsection).

''(F) ELECTIONS.—Elections under this subsection may be made not less frequently than quarterly.

''(6) EXCEPTION WHERE THERE IS NO READILY TRADABLE STOCK.—This subsection shall not apply if there is no class of stock issued by the employer (or by a corporation which is an affiliate of the employer (as defined in section 407(d)(7))) that is readily tradable on an established securities market (or in such other circumstances as may be determined jointly by the Secretary of Labor and the Secretary of the Treasury in regulations).

''(7) TRANSITION RULE.—

''(A) IN GENERAL.—In the case of any individual account plan which, on the first day of the first plan year to which this subsection applies, holds employer securities of any class that were acquired before such date and on which there is a restriction on diversification otherwise precluded by this subsection, this subsection shall apply to such securities of such class held in any plan year only with respect to the number of such securities equal to the applicable percentage of the total number of such securities of such class held on such date.

''(B) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the applicable percentage shall be as follows:

''Plan years for which provisions are effective:	**Applicable percentage:**
1st plan year	20 percent
2nd plan year	40 percent
3rd plan year	60 percent
4th plan year	80 percent
5th plan year or thereafter	100 percent.

''(C) ELECTIVE DEFERRALS TREATED AS SEPARATE PLAN NOT INDIVIDUAL ACCOUNT PLAN.—For purposes of subparagraph (A), the applicable percentage shall be 100 percent with respect to—

''(i) employee contributions to a plan under which any portion attributable to elective deferrals is treated as a separate plan under section 407(b)(2) as of the date of the enactment of this paragraph, and

''(ii) such elective deferrals.

''(D) COORDINATION WITH PRIOR ELECTIONS.—In any case in which a divestiture of investment in employer securities of any class held by an employee stock ownership plan prior to the effective date of this subsection was undertaken pursuant to other applicable Federal law prior to such date, the applicable percentage (as determined without regard to this subparagraph) in connection with such securities shall be reduced to the extent necessary to account for the amount to which such election applied.

''(8) REGULATIONS.—The Secretary of the Treasury shall prescribe regulations under this subsection in consultation with the Secretary of Labor.''.

(b) AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986.—

(1) IN GENERAL.—Section 401(a) of the Internal Revenue Code of 1986 (relating to requirements for qualification) is amended by inserting after paragraph (34) the following new paragraph:

''(35) DIVERSIFICATION REQUIREMENTS FOR DEFINED CONTRIBUTION PLANS THAT HOLD EMPLOYER SECURITIES.—

''(A) IN GENERAL.—An applicable defined contribution plan shall meet the requirements of subparagraphs (B) and (C).

''(B) EMPLOYEE CONTRIBUTIONS AND ELECTIVE DEFERRALS INVESTED IN EMPLOYER SECURITIES.—In the case of the portion of the account attributable to employee contributions and elective deferrals which is invested in employer securities, a plan meets the requirements of this subparagraph if each applicable individual in such plan may elect to direct the plan to divest any such securities in the individual's account and to reinvest an equivalent amount in other investment options which meet the requirements of subparagraph (D).

''(C) EMPLOYER CONTRIBUTIONS INVESTED IN EMPLOYER SECURITIES.—

''(i) IN GENERAL.—In the case of the portion of the account attributable to employer contributions (other than elective deferrals to which subparagraph (B) applies) which is invested in employer securities, a plan meets the requirements of this subparagraph if, under the plan—

''(I) each applicable individual with a benefit based on 3 years of service may elect to direct the plan to divest any such securities in the individual's account and to reinvest an equivalent amount in other investment options which meet the requirements of subparagraph (D), or

''(II) with respect to any employer security allocated to an applicable individual's account during any plan year, such applicable individual may elect to direct the plan to divest such employer security after a date which is not later than 3 years after the end of such plan year and to reinvest an equivalent amount in other investment options which meet the requirements of subparagraph (D).

''(ii) APPLICABLE INDIVIDUAL WITH BENEFIT BASED ON 3 YEARS OF SERVICE.—For purposes of clause (i), an applicable individual has a benefit based on 3 years of service if such individual would be an applicable individual if only participants in the plan who have completed at least 3 years of service (as determined under section 411(a)) were referred to in subparagraph (E)(ii)(I).

''(D) INVESTMENT OPTIONS.—The requirements of this subparagraph are met if—

''(i) the plan offers not less than 3 investment options, other than employer securities, to which an applicable individual may direct the proceeds from the divestment of employer securities pursuant to this paragraph, each of which is diversified and has materially different risk and return characteristics, and

''(ii) the plan permits the applicable individual to choose from any of the investment options made available under the plan to which such proceeds may be so directed, subject to such restrictions as may be provided by the plan limiting such choice to periodic, reasonable opportunities occurring no less frequently than on a quarterly basis.

''(E) DEFINITIONS AND RULES.—For purposes of this paragraph—

''(i) APPLICABLE DEFINED CONTRIBUTION PLAN.—The term 'applicable defined contribution plan' means any defined contribution plan, except that such term does not include an employee stock ownership plan (within the meaning of section 4975(e)(7)) unless there are any contributions to such plan (or earnings thereon) held within such plan that are subject to subsection (k)(3) or (m)(2).

''(ii) APPLICABLE INDIVIDUAL.—The term 'applicable individual' means—

''(I) any participant in the plan, and

''(II) any beneficiary of a participant referred to in clause (i) who has an account under the plan with respect to which the beneficiary is entitled to exercise the rights of the participant.

''(iii) ELECTIVE DEFERRAL.—The term 'elective deferral' means an employer contribution described in section 402(g)(3)(A) (as in effect on the date of the enactment of this paragraph).

''(iv) EMPLOYER SECURITY.—The term 'employer security' shall have the meaning given such term by section 407(d)(1) of the Employee Retirement Income Security Act of 1974 (as in effect on the date of the enactment of this paragraph).

''(v) EMPLOYEE STOCK OWNERSHIP PLAN.—The term 'employee stock ownership plan' shall have the same meaning given to such term by section 4975(e)(7) of the Internal Revenue Code of 1986 (as in effect on the date of the enactment of this paragraph).

''(vi) ELECTIONS.—Elections under this paragraph may be made not less frequently than quarterly.

''(F) EXCEPTION WHERE THERE IS NO READILY TRADABLE STOCK.—This paragraph shall not apply if there is no class of stock issued by the employer that is readily tradable on an established securities market (or in such other circumstances as may be determined jointly by the Secretary of the Treasury and the Secretary of Labor in regulations).

''(G) TRANSITION RULE.—

''(i) IN GENERAL.—In the case of any defined contribution plan which, on the effective date of this subsection, holds employer securities of any class that were acquired before such date and on which there is a restriction on diversification otherwise precluded by this paragraph, this paragraph shall apply to such securities of such class held in any plan year only with respect to the number of such securities equal to the applicable percentage of the total number of such securities of such class held on such date.

''(ii) APPLICABLE PERCENTAGE.—For purposes of clause (i), the applicable percentage shall be as follows:

''Plan years for which provisions are effective:	**Applicable percentage:**
1st plan year	20 percent.
2nd plan year	40 percent.
3rd plan year	60 percent.
4th plan year	80 percent.
5th plan year or thereafter	100 percent.

''(iii) ELECTIVE DEFERRALS TREATED AS SEPARATE PLAN NOT INDIVIDUAL ACCOUNT PLAN.—For purposes of clause (i), the applicable percentage shall be 100 percent with respect to—

''(I) employee contributions to a plan under which any portion attributable to elective deferrals is treated as a separate plan under section 407(b)(2) of the Employee Retirement Income Security Act of 1974 as of the date of the enactment of this paragraph, and

''(II) such elective deferrals.

''(iv) CONTRIBUTIONS HELD WITHIN AN ESOP.—In the case of contributions (other than elective deferrals and employee contributions) held within an employee stock ownership plan, in the case of the 1st and 2nd plan years referred to in the table in clause (ii), the applicable percentage shall be the greater of the amount determined under clause (ii) or the percentage determined under paragraph (28) (determined as if paragraph (28) applied to a plan described in this paragraph).

''(v) COORDINATION WITH PRIOR ELECTIONS UNDER PARAGRAPH (28).—In any case in which a divestiture of investment in employer securities of any class held by an employee stock ownership plan prior to the effective date of this paragraph was undertaken pursuant to an election under paragraph (28) prior to such date, the applicable percentage (as determined without regard to this clause) in connection with such securities shall be reduced to the extent necessary to account for the amount to which such election applied.

''(H) REGULATIONS.—The Secretary shall prescribe regulations under this paragraph in consultation with the Secretary of Labor.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 401(a)(28) of such Code is amended by adding at the end the following new subparagraph:

''(D) APPLICATION.—This paragraph shall not apply to a plan to which paragraph (35) applies.''.

(B) Section 409(h)(7) of such Code is amended by inserting before the period at the end ''or subparagraph (B) or (C) of section 401(a)(35)''.

(C) Section 4980(c)(3)(A) of such Code is amended by striking ''if—'' and all that follows and inserting ''if the requirements of subparagraphs (B), (C), and (D) are met.''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2) and section 108, the amendments made by this section shall apply to plan years beginning after December 31, 2003, and with respect to employer securities allocated to accounts before, on, or after the date of the enactment of this Act.

(2) EXCEPTION.—The amendments made by this section shall not apply to employer securities held by an employee stock ownership plan which are acquired before January 1, 1987.

SEC. 105. PROHIBITED TRANSACTION EXEMPTION FOR THE PROVISION OF INVESTMENT ADVICE.

(a) AMENDMENTS TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

(1) EXEMPTION FROM PROHIBITED TRANSACTIONS.—Section 408(b) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1108(b)) is amended by adding at the end the following new paragraph:

''(14)(A) Any transaction described in subparagraph (B) in connection with the provision of investment advice described in section 3(21)(A)(ii), in any case in which—

''(i) the investment of assets of the plan is subject to the direction of plan participants or beneficiaries,

''(ii) the advice is provided to the plan or a participant or beneficiary of the plan by a fiduciary adviser in connection with any sale, acquisition, or holding of a security or other property for purposes of investment of plan assets, and

''(iii) the requirements of subsection (g) are met in connection with the provision of the advice.

''(B) The transactions described in this subparagraph are the following:

''(i) the provision of the advice to the plan, participant, or beneficiary;

''(ii) the sale, acquisition, or holding of a security or other property (including any lending of money or other extension of credit associated with the sale, acquisition, or holding of a security or other property) pursuant to the advice; and

''(iii) the direct or indirect receipt of fees or other compensation by the fiduciary adviser or an affiliate thereof (or any employee, agent, or registered representative of the fiduciary adviser or affiliate) in connection with the provision of the advice or in connection with a sale, acquisition, or holding of a security or other property pursuant to the advice.''.

(2) REQUIREMENTS.—Section 408 of such Act is amended further by adding at the end the following new subsection:

''(g) REQUIREMENTS RELATING TO PROVISION OF INVESTMENT ADVICE BY FIDUCIARY ADVISERS.—

''(1) IN GENERAL.—The requirements of this subsection are met in connection with the provision of investment advice referred to in section 3(21)(A)(ii), provided to an employee benefit plan or a participant or beneficiary of an employee benefit plan by a fiduciary adviser with respect to the plan in connection with any sale, acquisition, or holding of a security or other property for purposes of investment of amounts held by the plan, if—

''(A) in the case of the initial provision of the advice with regard to the security or other property by the fiduciary adviser to the plan, participant, or beneficiary, the fiduciary adviser provides to the recipient of the advice, at a time reasonably contemporaneous with the initial provision of the advice, a written notification (which may consist of notification by means of electronic communication)—

''(i) of all fees or other compensation relating to the advice that the fiduciary adviser or any affiliate thereof is to receive (including compensation provided by any third party) in connection with the provision of the advice or in connection with the sale, acquisition, or holding of the security or other property,

''(ii) of any material affiliation or contractual relationship of the fiduciary adviser or affiliates thereof in the security or other property,

''(iii) of any limitation placed on the scope of the investment advice to be provided by the fiduciary adviser with respect to any such sale, acquisition, or holding of a security or other property,

''(iv) of the types of services provided by the fiduciary adviser in connection with the provision of investment advice by the fiduciary adviser,

''(v) that the adviser is acting as a fiduciary of the plan in connection with the provision of the advice, and

''(vi) that a recipient of the advice may separately arrange for the provision of advice by another adviser, that could have no material affiliation with and receive no fees or other compensation in connection with the security or other property,

''(B) the fiduciary adviser provides appropriate disclosure, in connection with the sale, acquisition, or holding of the security or other property, in accordance with all applicable securities laws,

''(C) the sale, acquisition, or holding occurs solely at the direction of the recipient of the advice,

''(D) the compensation received by the fiduciary adviser and affiliates thereof in connection with the sale, acquisition, or holding of the security or other property is reasonable, and

''(E) the terms of the sale, acquisition, or holding of the security or other property are at least as favorable to the plan as an arm's length transaction would be.

''(2) STANDARDS FOR PRESENTATION OF INFORMATION.—

''(A) IN GENERAL.—The notification required to be provided to participants and beneficiaries under paragraph (1)(A) shall be written in a clear and conspicuous manner and in a manner calculated to be understood by the average plan participant and shall be sufficiently accurate and comprehensive to reasonably apprise such participants and beneficiaries of the information required to be provided in the notification.

''(B) MODEL FORM FOR DISCLOSURE OF FEES AND OTHER COMPENSATION.—The Secretary shall issue a model form for the disclosure of fees and other compensation required in paragraph (1)(A)(i) which meets the requirements of subparagraph (A).

''(3) EXEMPTION CONDITIONED ON MAKING REQUIRED INFORMATION AVAILABLE ANNUALLY, ON REQUEST, AND IN THE EVENT OF MATERIAL CHANGE.—The requirements of paragraph (1)(A) shall be deemed not to have been met in connection with the initial or any subsequent provision of advice described in paragraph (1) to the plan, participant, or beneficiary if, at any time during the provision of advisory services to the plan, participant, or beneficiary, the fiduciary adviser fails to maintain the information described in clauses (i) through (iv) of subparagraph (A) in currently accurate form and in the manner described in paragraph (2) or fails—

''(A) to provide, without charge, such currently accurate information to the recipient of the advice no less than annually,

''(B) to make such currently accurate information available, upon request and without charge, to the recipient of the advice, or

''(C) in the event of a material change to the information described in clauses (i) through (iv) of paragraph (1)(A), to provide, without charge, such currently accurate information to the recipient of the advice at a time reasonably contemporaneous to the material change in information.

''(4) MAINTENANCE FOR 6 YEARS OF EVIDENCE OF COMPLIANCE.—A fiduciary adviser referred to in paragraph (1) who has provided advice referred to in such paragraph shall, for a period of not less than 6 years after the provision of the advice, maintain any records necessary for determining whether the requirements of the preceding provisions of this subsection and of subsection (b)(14) have been met. A transaction prohibited under section 406 shall not be considered to have occurred solely because the records are lost or destroyed prior to the end of the 6-year period due to circumstances beyond the control of the fiduciary adviser.

''(5) EXEMPTION FOR PLAN SPONSOR AND CERTAIN OTHER FIDUCIARIES.—

''(A) IN GENERAL.—Subject to subparagraph (B), a plan sponsor or other person who is a fiduciary (other than a fiduciary adviser) shall not be treated as failing to meet the requirements of this part solely by reason of the provision of investment advice referred to in section 3(21)(A)(ii) (or solely by reason of contracting for or otherwise arranging for the provision of the advice), if—

''(i) the advice is provided by a fiduciary adviser pursuant to an arrangement between the plan sponsor or other fiduciary and the fiduciary adviser for the provision by the fiduciary adviser of investment advice referred to in such section,

''(ii) the terms of the arrangement require compliance by the fiduciary adviser with the requirements of this subsection, and

''(iii) the terms of the arrangement include a written acknowledgment by the fiduciary adviser that the fiduciary adviser is a fiduciary of the plan with respect to the provision of the advice.

''(B) CONTINUED DUTY OF PRUDENT SELECTION OF ADVISER AND PERIODIC REVIEW.—Nothing in subparagraph (A) shall be construed to exempt a plan sponsor or other person who is a fiduciary from any requirement of this part for the prudent selection and periodic review of a fiduciary adviser with whom the plan sponsor or other person enters into an arrangement for the provision of advice referred to in section 3(21)(A)(ii). The plan sponsor or other person who is a fiduciary has no duty under this part to monitor the specific investment advice given by the fiduciary adviser to any particular recipient of the advice.

''(C) AVAILABILITY OF PLAN ASSETS FOR PAYMENT FOR ADVICE.—Nothing in this part shall be construed to preclude the use of plan assets to pay for reasonable expenses in providing investment advice referred to in section 3(21)(A)(ii).

''(6) DEFINITIONS.—For purposes of this subsection and subsection (b)(14)—

''(A) FIDUCIARY ADVISER.—The term 'fiduciary adviser' means, with respect to a plan, a person who is a fiduciary of the plan by reason of the provision of investment advice by the person to the plan or to a participant or beneficiary and who is—

''(i) registered as an investment adviser under the Investment Advisers Act of 1940 (15 U.S.C. 80b–1 et seq.) or under the laws of the State in which the fiduciary maintains its principal office and place of business,

''(ii) a bank or similar financial institution referred to in section 408(b)(4) or a savings association (as defined in section 3(b)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(b)(1))), but only if the advice is provided through a trust department of the bank or similar financial institution or savings association which is subject to periodic examination and review by Federal or State banking authorities,

''(iii) an insurance company qualified to do business under the laws of a State,

''(iv) a person registered as a broker or dealer under the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.),

''(v) an affiliate of a person described in any of clauses (i) through (iv), or

''(vi) an employee, agent, or registered representative of a person described in any of clauses (i) through (v) who satisfies the requirements of applicable insurance, banking, and securities laws relating to the provision of the advice.

''(B) AFFILIATE.—The term 'affiliate' of another entity means an affiliated person of the entity (as defined in section 2(a)(3) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a)(3))).

''(C) REGISTERED REPRESENTATIVE.—The term 'registered representative' of another entity means a person described in section 3(a)(18) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(18)) (substituting the entity for the broker or dealer referred to in such section) or a person described in section 202(a)(17) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a)(17)) (substituting the entity for the investment adviser referred to in such section).''.

(b) AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986.—

(1) EXEMPTION FROM PROHIBITED TRANSACTIONS.—Subsection (d) of section 4975 of the Internal Revenue Code of 1986 (relating to exemptions from tax on prohibited transactions) is amended—

(A) in paragraph (14), by striking ''or'' at the end;

(B) in paragraph (15), by striking the period at the end and inserting ''; or''; and

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

''(16) any transaction described in subsection (f)(7)(A) in connection with the provision of investment advice described in subsection (e)(3)(B)(i), in any case in which—

''(A) the investment of assets of the plan is subject to the direction of plan participants or beneficiaries,

''(B) the advice is provided to the plan or a participant or beneficiary of the plan by a fiduciary adviser in connection with any sale, acquisition, or holding of a security or other property for purposes of investment of plan assets, and

''(C) the requirements of subsection (f)(7)(B) are met in connection with the provision of the advice.''.

(2) ALLOWED TRANSACTIONS AND REQUIREMENTS.—Subsection (f) of such section 4975 (relating to other definitions and special rules) is amended by adding at the end the following new paragraph:

''(7) PROVISIONS RELATING TO INVESTMENT ADVICE PROVIDED BY FIDUCIARY ADVISERS.—

''(A) TRANSACTIONS ALLOWABLE IN CONNECTION WITH INVESTMENT ADVICE PROVIDED BY FIDUCIARY ADVISERS.—The transactions referred to in subsection (d)(16), in connection with the provision of investment advice by a fiduciary adviser, are the following:

''(i) the provision of the advice to the plan, participant, or beneficiary;

''(ii) the sale, acquisition, or holding of a security or other property (including any lending of money or other extension of credit associated with the sale, acquisition, or holding of a security or other property) pursuant to the advice; and

''(iii) the direct or indirect receipt of fees or other compensation by the fiduciary adviser or an affiliate thereof (or any employee, agent, or registered representative of the fiduciary adviser or affiliate) in connection with the provision of the advice or in connection with a sale, acquisition, or holding of a security or other property pursuant to the advice.

''(B) REQUIREMENTS RELATING TO PROVISION OF INVESTMENT ADVICE BY FIDUCIARY ADVISERS.—The requirements of this subparagraph (referred to in subsection (d)(16)(C)) are met in connection with the provision of investment advice referred to in subsection (e)(3)(B), provided to a plan or a participant or beneficiary of a plan by a fiduciary adviser with respect to the plan in connection with any sale, acquisition, or holding of a security or other property for purposes of investment of amounts held by the plan, if—

''(i) in the case of the initial provision of the advice with regard to the security or other property by the fiduciary adviser to the plan, participant, or beneficiary, the fiduciary adviser provides to the recipient of the advice, at a time reasonably contemporaneous with the initial provision of the advice, a written notification (which may consist of notification by means of electronic communication)—

''(I) of all fees or other compensation relating to the advice that the fiduciary adviser or any affiliate thereof is to receive (including compensation provided by any third party) in connection with the provision of the advice or in connection with the sale, acquisition, or holding of the security or other property,

''(II) of any material affiliation or contractual relationship of the fiduciary adviser or affiliates thereof in the security or other property,

''(III) of any limitation placed on the scope of the investment advice to be provided by the fiduciary adviser with respect to any such sale, acquisition, or holding of a security or other property,

''(IV) of the types of services provided by the fiduciary adviser in connection with the provision of investment advice by the fiduciary adviser,

''(V) that the adviser is acting as a fiduciary of the plan in connection with the provision of the advice, and

''(VI) that a recipient of the advice may separately arrange for the provision of advice by another adviser, that could have no material affiliation with and receive no fees or other compensation in connection with the security or other property,

''(ii) the fiduciary adviser provides appropriate disclosure, in connection with the sale, acquisition, or holding of the security or other property, in accordance with all applicable securities laws,

''(iii) the sale, acquisition, or holding occurs solely at the direction of the recipient of the advice,

''(iv) the compensation received by the fiduciary adviser and affiliates thereof in connection with the sale, acquisition, or holding of the security or other property is reasonable, and

''(v) the terms of the sale, acquisition, or holding of the security or other property are at least as favorable to the plan as an arm's length transaction would be.

''(C) STANDARDS FOR PRESENTATION OF INFORMATION.—The notification required to be provided to participants and beneficiaries under subparagraph (B)(i) shall be written in a clear and conspicuous manner and in a manner calculated to be understood by the average plan participant and shall be sufficiently accurate and comprehensive to reasonably apprise such participants and beneficiaries of the information required to be provided in the notification.

''(D) EXEMPTION CONDITIONED ON MAKING REQUIRED INFORMATION AVAILABLE ANNUALLY, ON REQUEST, AND IN THE EVENT OF MATERIAL CHANGE.—The requirements of subparagraph (B)(i) shall be deemed not to have been met in connection with the initial or any subsequent provision of advice described in subparagraph (B) to the plan, participant, or beneficiary if, at any time during the provision of advisory services to the plan, participant, or beneficiary, the fiduciary adviser fails to maintain the information described in subclauses (I) through (IV) of subparagraph (B)(i) in currently accurate form and in the manner required by subparagraph (C), or fails—

''(i) to provide, without charge, such currently accurate information to the recipient of the advice no less than annually,

''(ii) to make such currently accurate information available, upon request and without charge, to the recipient of the advice, or

''(iii) in the event of a material change to the information described in subclauses (I) through (IV) of subparagraph (B)(i), to provide, without charge, such currently accurate information to the recipient of the advice at a time reasonably contemporaneous to the material change in information.

''(E) MAINTENANCE FOR 6 YEARS OF EVIDENCE OF COMPLIANCE.—A fiduciary adviser referred to in subparagraph (B) who has provided advice referred to in such subparagraph shall, for a period of not less than 6 years after the provision of the advice, maintain any records necessary for determining whether the requirements of the preceding provisions of this paragraph and of subsection (d)(16) have been met. A transaction prohibited under subsection (c)(1) shall not be considered to have occurred solely because the records are lost or destroyed prior to the end of the 6-year period due to circumstances beyond the control of the fiduciary adviser.

''(F) EXEMPTION FOR PLAN SPONSOR AND CERTAIN OTHER FIDUCIARIES.—A plan sponsor or other person who is a fiduciary (other than a fiduciary adviser) shall not be treated as failing to meet the requirements of this section solely by reason of the provision of investment advice referred to in subsection (e)(3)(B) (or solely by reason of contracting for or otherwise arranging for the provision of the advice), if—

''(i) the advice is provided by a fiduciary adviser pursuant to an arrangement between the plan sponsor or other fiduciary and the fiduciary adviser for the provision by the fiduciary adviser of investment advice referred to in such section,

''(ii) the terms of the arrangement require compliance by the fiduciary adviser with the requirements of this paragraph,

''(iii) the terms of the arrangement include a written acknowledgment by the fiduciary adviser that the fiduciary adviser is a fiduciary of the plan with respect to the provision of the advice, and

''(iv) the requirements of part 4 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 are met in connection with the provision of such advice.

''(G) DEFINITIONS.—For purposes of this paragraph and subsection (d)(16)—

''(i) FIDUCIARY ADVISER.—The term 'fiduciary adviser' means, with respect to a plan, a person who is a fiduciary of the plan by reason of the provision of investment advice by the person to the plan or to a participant or beneficiary and who is—

''(I) registered as an investment adviser under the Investment Advisers Act of 1940 (15 U.S.C. 80b–1 et seq.) or under the laws of the State in which the fiduciary maintains its principal office and place of business,

''(II) a bank or similar financial institution referred to in subsection (d)(4) or a savings association (as defined in section 3(b)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(b)(1))), but only if the advice is provided through a trust department of the bank or similar financial institution or savings association which is subject to periodic examination and review by Federal or State banking authorities,

''(III) an insurance company qualified to do business under the laws of a State,

''(IV) a person registered as a broker or dealer under the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.),

''(V) an affiliate of a person described in any of subclauses (I) through (IV), or

''(VI) an employee, agent, or registered representative of a person described in any of subclauses (I) through (V) who satisfies the requirements of applicable insurance, banking, and securities laws relating to the provision of the advice.

''(ii) AFFILIATE.—The term 'affiliate' of another entity means an affiliated person of the entity (as defined in section 2(a)(3) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a)(3))).

''(iii) REGISTERED REPRESENTATIVE.—The term 'registered representative' of another entity means a person described in section 3(a)(18) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(18)) (substituting the entity for the broker or dealer referred to in such section) or a person described in section 202(a)(17) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a)(17)) (substituting the entity for the investment adviser referred to in such section).''.

SEC. 106. STUDY REGARDING IMPACT ON RETIREMENT SAVINGS OF PARTICIPANTS AND BENEFICIARIES BY REQUIRING CONSULTANTS TO ADVISE PLAN FIDUCIARIES OF INDIVIDUAL ACCOUNT PLANS.

(a) STUDY.—As soon as practicable after the date of the enactment of this Act, the Secretary of Labor shall undertake a study of the costs and benefits to participants and beneficiaries of requiring independent consultants to advise plan fiduciaries in connection with individual account plans. In conducting such study, the Secretary shall consider—

(1) the benefits to plan participants and beneficiaries of engaging independent advisers to provide investment and other advice regarding the assets of the plan to persons who have fiduciary duties with respect to the management or disposition of such assets,

(2) the extent to which independent advisers are currently retained by plan fiduciaries,

(3) the availability of assistance to fiduciaries from appropriate Federal agencies,

(4) the availability of qualified independent consultants to serve the needs of individual account plan fiduciaries in the United States,

(5) the impact of the additional fiduciary duty of an independent advisor on the strict fiduciary obligations of plan fiduciaries,

(6) the impact of new requirements (consulting fees, reporting requirements, and new plan duties to prudently identify and contract with qualified independent consultants) on the availability of individual account plans, and

(7) the impact of a new requirement on the plan administration costs per participant for small and mid-size employers and the pension plans they sponsor.

(b) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Secretary of Labor shall report the results of the study undertaken pursuant to this section, together with any recommendations for legislative changes, to the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate.

SEC. 107. TREATMENT OF QUALIFIED RETIREMENT PLANNING SERVICES.

(a) IN GENERAL.—Subsection (m) of section 132 of the Internal Revenue Code of 1986 (defining qualified retirement services) is amended by adding at the end the following new paragraph:

''(4) NO CONSTRUCTIVE RECEIPT.—No amount shall be included in the gross income of any employee solely because the employee may choose between any qualified retirement planning services provided by a qualified investment advisor and compensation which would otherwise be includible in the gross income of such employee. The preceding sentence shall apply to highly compensated employees only if the choice described in such sentence is available on substantially the same terms to each member of the group of employees normally provided education and information regarding the employer's qualified employer plan.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 403(b)(3)(B) of such Code is amended by inserting ''132(m)(4),'' after ''132(f)(4),''.

(2) Section 414(s)(2) of such Code is amended by inserting ''132(m)(4),'' after ''132(f)(4),''.

(3) Section 415(c)(3)(D)(ii) of such Code is amended by inserting ''132(m)(4),'' after ''132(f)(4),''.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2003.

SEC. 108. EFFECTIVE DATES AND RELATED RULES.

(a) IN GENERAL.—Except as otherwise provided in this title or in subsection (b), the amendments made by this Act shall apply with respect to plan years beginning on or after the general effective date.

(b) GENERAL EFFECTIVE DATE.—For purposes of this section, the term ''general effective date'' means the date which is 1 year after the date of the enactment of this Act.

(c) SPECIAL RULE FOR COLLECTIVELY BARGAINED PLANS.—In the case of a plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and 1 or more employers ratified on or before the date of the enactment of this Act, subsection (a) shall be applied to benefits pursuant to, and individuals covered by, any such agreement by substituting for ''the general effective date'' the date of the commencement of the first plan year beginning on or after the earlier of—

(1) the later of—

(A) the date which is 1 year after the general effective date, or

(B) the date on which the last of such collective bargaining agreements terminates (determined without regard to any extension thereof after the date of the enactment of this Act), or

(2) the date which is 2 years after the general effective date.

(d) AMENDMENTS RELATING TO INVESTMENT ADVICE.—The amendments made by section 105 shall apply with respect to advice referred to in section 3(21)(A)(ii) of the Employee Retirement Income Security Act of 1974 or section 4975(c)(3)(B) of the Internal Revenue Code of 1986 provided on or after January 1, 2005.

TITLE II—OTHER PROVISIONS RELATING TO PENSIONS

SEC. 201. AMENDMENTS TO RETIREMENT PROTECTION ACT OF 1994.

(a) TRANSITION RULE MADE PERMANENT.—Paragraph (1) of section 769(c) of the Retirement Protection Act of 1994 is amended—

(1) by striking ''transition'' each place it appears in the heading and the text, and

(2) by striking ''for any plan year beginning after 1996 and before 2010''.

(b) SPECIAL RULES.—Paragraph (2) of section 769(c) of the Retirement Protection Act of 1994 is amended to read as follows:

''(2) SPECIAL RULES.—The rules described in this paragraph are as follows:

''(A) For purposes of section 412(l)(9)(A) of the Internal Revenue Code of 1986 and section 302(d)(9)(A) of the Employee Retirement Income Security Act of 1974, the funded current liability percentage for any plan year shall be treated as not less than 90 percent.

''(B) For purposes of section 412(m) of the Internal Revenue Code of 1986 and section 302(e) of the Employee Retirement Income Security Act of 1974, the funded current liability percentage for any plan year shall be treated as not less than 100 percent.

''(C) For purposes of determining unfunded vested benefits under section 4006(a)(3)(E)(iii) of the Employee Retirement Income Security Act of 1974, the mortality table shall be the mortality table used by the plan.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2002.

SEC. 202. REPORTING SIMPLIFICATION.

(a) SIMPLIFIED ANNUAL FILING REQUIREMENT FOR OWNERS AND THEIR SPOUSES.—

(1) IN GENERAL.—The Secretary of the Treasury and the Secretary of Labor shall modify the requirements for filing annual returns with respect to one-participant retirement plans to ensure that such plans with assets of $250,000 or less as of the close of the plan year need not file a return for that year.

(2) ONE-PARTICIPANT RETIREMENT PLAN DEFINED.—For purposes of this subsection, the term ''one-participant retirement plan'' means a retirement plan with respect to which the following requirements are met:

(A) on the first day of the plan year—

(i) the plan covered only one individual (or the individual and the individual's spouse) and the individual owned 100 percent of the plan sponsor (whether or not incorporated), or

(ii) the plan covered only one or more partners (or partners and their spouses) in the plan sponsor;

(B) the plan meets the minimum coverage requirements of 410(b) of the Internal Revenue Code of 1986 without being combined with any other plan of the business that covers the employees of the business;

(C) the plan does not provide benefits to anyone except the individual (and the individual's spouse) or the partners (and their spouses);

(D) the plan does not cover a business that is a member of an affiliated service group, a controlled group of corporations, or a group of businesses under common control; and

(E) the plan does not cover a business that leases employees.

(3) OTHER DEFINITIONS.—Terms used in paragraph (2) which are also used in section 414 of the Internal Revenue Code of 1986 shall have the respective meanings given such terms by such section.

(4) EFFECTIVE DATE.—The provisions of this subsection shall apply to plan years beginning on or after January 1, 2003.

(b) SIMPLIFIED ANNUAL FILING REQUIREMENT FOR PLANS WITH FEWER THAN 25 EMPLOYEES.—In the case of plan years beginning after December 31, 2004, the Secretary

of the Treasury and the Secretary of Labor shall provide for the filing of a simplified annual return for any retirement plan which covers less than 25 employees on the first day of a plan year and which meets the requirements described in subparagraphs (B), (D), and (E) of subsection (a)(2).

SEC. 203. IMPROVEMENT OF EMPLOYEE PLANS COMPLIANCE RESOLUTION SYSTEM.

The Secretary of the Treasury shall continue to update and improve the Employee Plans Compliance Resolution System (or any successor program) giving special attention to—

(1) increasing the awareness and knowledge of small employers concerning the availability and use of the program;

(2) taking into account special concerns and circumstances that small employers face with respect to compliance and correction of compliance failures;

(3) extending the duration of the self-correction period under the Self-Correction Program for significant compliance failures;

(4) expanding the availability to correct insignificant compliance failures under the Self-Correction Program during audit; and

(5) assuring that any tax, penalty, or sanction that is imposed by reason of a compliance failure is not excessive and bears a reasonable relationship to the nature, extent, and severity of the failure.

The Secretary of the Treasury shall have full authority to effectuate the foregoing with respect to the Employee Plans Compliance Resolution System (or any successor program) and any other employee plans correction policies, including the authority to waive income, excise, or other taxes to ensure that any tax, penalty, or sanction is not excessive and bears a reasonable relationship to the nature, extent, and severity of the failure.

SEC. 204. FLEXIBILITY IN NONDISCRIMINATION, COVERAGE, AND LINE OF BUSINESS RULES.

(a) NONDISCRIMINATION.—

(1) IN GENERAL.—The Secretary of the Treasury shall, by regulation, provide that a plan shall be deemed to satisfy the requirements of section 401(a)(4) of the Internal Revenue Code of 1986 if such plan satisfies the facts and circumstances test under section 401(a)(4) of such Code, as in effect before January 1, 1994, but only if—

(A) the plan satisfies conditions prescribed by the Secretary to appropriately limit the availability of such test; and

(B) the plan is submitted to the Secretary for a determination of whether it satisfies such test.

Subparagraph (B) shall only apply to the extent provided by the Secretary.

(2) EFFECTIVE DATES.—

(A) REGULATIONS.—The regulation required by paragraph (1) shall apply to years beginning after December 31, 2004.

(B) CONDITIONS OF AVAILABILITY.—Any condition of availability prescribed by the Secretary under paragraph (1)(A) shall not apply before the first year beginning not less than 120 days after the date on which such condition is prescribed.

(b) COVERAGE TEST.—

(1) IN GENERAL.—Section 410(b)(1) of the Internal Revenue Code of 1986 (relating to minimum coverage requirements) is amended by adding at the end the following:

''(D) In the case that the plan fails to meet the requirements of subparagraphs (A), (B) and (C), the plan—

''(i) satisfies subparagraph (B), as in effect immediately before the enactment of the Tax Reform Act of 1986,

''(ii) is submitted to the Secretary for a determination of whether it satisfies the requirement described in clause (i), and

''(iii) satisfies conditions prescribed by the Secretary by regulation that appropriately limit the availability of this subparagraph.

Clause (ii) shall apply only to the extent provided by the Secretary.''.

(2) EFFECTIVE DATES.—

(A) IN GENERAL.—The amendment made by paragraph (1) shall apply to years beginning after December 31, 2004.

(B) CONDITIONS OF AVAILABILITY.—Any condition of availability prescribed by the Secretary under regulations prescribed by the Secretary under section 410(b)(1)(D) of the Internal Revenue Code of 1986 shall not apply before the first year beginning not less than 120 days after the date on which such condition is prescribed.

(c) LINE OF BUSINESS RULES.—The Secretary of the Treasury shall, on or before December 31, 2004, modify the existing regulations issued under section 414(r) of the Internal Revenue Code of 1986 in order to expand (to the extent that the Secretary determines appropriate) the ability of a pension plan to demonstrate compliance with the line of business requirements based upon the facts and circumstances surrounding the design and operation of the plan, even though the plan is unable to satisfy the mechanical tests currently used to determine compliance.

SEC. 205. EXTENSION TO ALL GOVERNMENTAL PLANS OF MORATORIUM ON APPLICATION OF CERTAIN NONDISCRIMINATION RULES APPLICABLE TO STATE AND LOCAL PLANS.

(a) IN GENERAL.—

(1) Subparagraph (G) of section 401(a)(5) of the Internal Revenue Code of 1986 and subparagraph (H) of section 401(a)(26) of such Code are each amended by striking ''section 414(d))'' and all that follows and inserting ''section 414(d)).''.

(2) Subparagraph (G) of section 401(k)(3) of the Internal Revenue Code of 1986 and paragraph (2) of section 1505(d) of the Taxpayer Relief Act of 1997 are each amended by striking ''maintained by a State or local government or political subdivision thereof (or agency or instrumentality thereof)''.

(b) CONFORMING AMENDMENTS.—

(1) The heading for subparagraph (G) of section 401(a)(5) of such Code is amended to read as follows: ''GOVERNMENTAL PLANS.—''.

(2) The heading for subparagraph (H) of section 401(a)(26) of such Code is amended to read as follows: ''EXCEPTION FOR GOVERNMENTAL PLANS.—''.

(3) Subparagraph (G) of section 401(k)(3) of such Code is amended by inserting ''GOVERNMENTAL PLANS.—'' after ''(G)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2003.

SEC. 206. NOTICE AND CONSENT PERIOD REGARDING DISTRIBUTIONS.

(a) EXPANSION OF PERIOD.—

(1) AMENDMENT OF INTERNAL REVENUE CODE.—

(A) IN GENERAL.—Subparagraph (A) of section 417(a)(6) of the Internal Revenue Code of 1986 is amended by striking ''90-day'' and inserting ''180-day''.

(B) MODIFICATION OF REGULATIONS.—The Secretary of the Treasury shall modify the regulations under sections 402(f), 411(a)(11), and 417 of the Internal Revenue Code of 1986 to substitute ''180 days'' for ''90 days'' each place it appears in Treasury Regulations sections 1.402(f)–1, 1.411(a)–11(c), and 1.417(e)–1(b).

(2) AMENDMENT OF ERISA.—

(A) IN GENERAL.—Section 205(c)(7)(A) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1055(c)(7)(A)) is amended by striking ''90-day'' and inserting ''180-day''.

(B) MODIFICATION OF REGULATIONS.—The Secretary of the Treasury shall modify the regulations under part 2 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 to the extent that they relate to sections 203(e) and 205 of such Act to substitute ''180 days'' for ''90 days'' each place it appears.

(3) EFFECTIVE DATE.—The amendments made by paragraphs (1)(A) and (2)(A) and the modifications required by paragraphs (1)(B) and (2)(B) shall apply to years beginning after December 31, 2003.

(b) CONSENT REGULATION INAPPLICABLE TO CERTAIN DISTRIBUTIONS.—

(1) IN GENERAL.—The Secretary of the Treasury shall modify the regulations under section 411(a)(11) of the Internal Revenue Code of 1986 and under section 205 of the Employee Retirement Income Security Act of 1974 to provide that the description of a participant's right, if any, to defer receipt of a distribution shall also describe the consequences of failing to defer such receipt.

(2) EFFECTIVE DATE.—

(A) IN GENERAL.—The modifications required by paragraph (1) shall apply to years beginning after December 31, 2003.

(B) REASONABLE NOTICE.—In the case of any description of such consequences made before the date that is 90 days after the date on which the Secretary of the Treasury issues a safe harbor description under paragraph (1), a plan shall not be treated as failing to satisfy the requirements of section 411(a)(11) of such Code or section 205 of such Act by reason of the failure to provide the information required by the modifications made under paragraph (1) if the Administrator of such plan makes a reasonable attempt to comply with such requirements.

SEC. 207. ANNUAL REPORT DISSEMINATION.

(a) REPORT AVAILABLE THROUGH ELECTRONIC MEANS.—Section 104(b)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1024(b)(3)) is amended by adding at the end the following new sentence: ''The requirement to furnish information under the previous sentence with respect to an employee pension benefit plan shall be satisfied if the administrator makes such information reasonably available through electronic means or other new technology.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to reports for years beginning after December 31, 2003.

SEC. 208. TECHNICAL CORRECTIONS TO SAVER ACT.

Section 517 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1147) is amended—

(1) in subsection (a), by striking ''2001 and 2005 on or after September 1 of each year involved'' and inserting ''2006 and 2010'';

(2) in subsection (e)(2)—

(A) by striking ''Committee on Labor and Human Resources'' in subparagraph (D) and inserting ''Committee on Health, Education, Labor, and Pensions'';

(B) by striking subparagraph (F) and inserting the following:

''(F) the Chairman and Ranking Member of the Subcommittee on Labor, Health and Human Services, and Education of the Committee on Appropriations of the House of Representatives and the Chairman and Ranking Member of the Subcommittee on Labor, Health and Human Services, and Education of the Committee on Appropriations of the Senate;'';

(C) by redesignating subparagraph (G) as subparagraph (J); and

(D) by inserting after subparagraph (F) the following new subparagraphs:

''(G) the Chairman and Ranking Member of the Committee on Finance of the Senate;

''(H) the Chairman and Ranking Member of the Committee on Ways and Means of the House of Representatives;

''(I) the Chairman and Ranking Member of the Subcommittee on Employer-Employee Relations of the Committee on Education and the Workforce of the House of Representatives; and'';

(3) in subsection (e)(3)(B), by striking ''January 31, 1998'' and inserting ''2 months before the convening of each summit;'';

(4) in subsection (f)(1)(C), by inserting '', no later than 60 days prior to the date of the commencement of the National Summit,'' after ''comment'';

(5) in subsection (i)—

(A) by striking ''for fiscal years beginning on or after October 1, 1997,''; and

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

''(3) RECEPTION AND REPRESENTATION AUTHORITY.—The Secretary is hereby granted reception and representation authority limited specifically to the events at the National Summit. The Secretary shall use any private contributions accepted in connection with the National Summit prior to using funds appropriated for purposes of the National Summit pursuant to this paragraph.''; and

(6) in subsection (k)—

(A) by striking ''shall enter into a contract on a sole-source basis'' and inserting ''may enter into a contract on a sole-source basis''; and

(B) by striking ''in fiscal year 1998''.

SEC. 209. MISSING PARTICIPANTS.

(a) IN GENERAL.—Section 4050 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1350) is amended by redesignating subsection (c) as subsection (e) and by inserting after subsection (b) the following new subsections:

''(c) MULTIEMPLOYER PLANS.—The corporation shall prescribe rules similar to the rules in subsection (a) for multiemployer plans covered by this title that terminate under section 4041A.

''(d) PLANS NOT OTHERWISE SUBJECT TO TITLE.—

''(1) TRANSFER TO CORPORATION.—The plan administrator of a plan described in paragraph (4) may elect to transfer a missing participant's benefits to the corporation upon termination of the plan.

''(2) INFORMATION TO THE CORPORATION.—To the extent provided in regulations, the plan administrator of a plan described in paragraph (4) shall, upon termination of the plan, provide the corporation information with respect to benefits of a missing participant if the plan transfers such benefits—

''(A) to the corporation, or

''(B) to an entity other than the corporation or a plan described in paragraph (4)(B)(ii).

''(3) PAYMENT BY THE CORPORATION.—If benefits of a missing participant were transferred to the corporation under paragraph (1), the corporation shall, upon location of the participant or beneficiary, pay to the participant or beneficiary the amount transferred (or the appropriate survivor benefit) either—

''(A) in a single sum (plus interest), or

''(B) in such other form as is specified in regulations of the corporation.

''(4) PLANS DESCRIBED.—A plan is described in this paragraph if—

''(A) the plan is a pension plan (within the meaning of section 3(2))—

''(i) to which the provisions of this section do not apply (without regard to this subsection), and

''(ii) which is not a plan described in paragraphs (2) through (11) of section 4021(b), and

''(B) at the time the assets are to be distributed upon termination, the plan—

''(i) has missing participants, and

''(ii) has not provided for the transfer of assets to pay the benefits of all missing participants to another pension plan (within the meaning of section 3(2)).

''(5) CERTAIN PROVISIONS NOT TO APPLY.—Subsections (a)(1) and (a)(3) shall not apply to a plan described in paragraph (4).''.

(b) CONFORMING AMENDMENTS.—Section 206(f) of such Act (29 U.S.C. 1056(f)) is amended—

(1) by striking ''title IV'' and inserting ''section 4050''; and

(2) by striking ''the plan shall provide that,''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions made after final regulations implementing subsections (c) and (d) of section 4050 of the Employee Retirement Income Security Act of 1974 (as added by subsection (a)), respectively, are prescribed.

SEC. 210. REDUCED PBGC PREMIUM FOR NEW PLANS OF SMALL EMPLOYERS.

(a) IN GENERAL.—Subparagraph (A) of section 4006(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)(A)) is amended—

(1) in clause (i), by inserting ''other than a new single-employer plan (as defined in subparagraph (F)) maintained by a small employer (as so defined),'' after ''single-employer plan,'',

(2) in clause (iii), by striking the period at the end and inserting '', and'', and

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

''(iv) in the case of a new single-employer plan (as defined in subparagraph (F)) maintained by a small employer (as so defined) for the plan year, $5 for each individual who is a participant in such plan during the plan year.''.

(b) DEFINITION OF NEW SINGLE-EMPLOYER PLAN.—Section 4006(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)) is amended by adding at the end the following new subparagraph:

''(F)(i) For purposes of this paragraph, a single-employer plan maintained by a contributing sponsor shall be treated as a new single-employer plan for each of its first 5 plan years if, during the 36-month period ending on the date of the adoption of such plan, the sponsor or any member of such sponsor's controlled group (or any predecessor of either) did not establish or maintain a plan to which this title applies with respect to which benefits were accrued for substantially the same employees as are in the new single-employer plan.

''(ii)(I) For purposes of this paragraph, the term 'small employer' means an employer which on the first day of any plan year has, in aggregation with all members of the controlled group of such employer, 100 or fewer employees.

''(II) In the case of a plan maintained by two or more contributing sponsors that are not part of the same controlled group, the employees of all contributing sponsors and controlled groups of such sponsors shall be aggregated for purposes of determining whether any contributing sponsor is a small employer.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plans first effective after December 31, 2003.

SEC. 211. REDUCTION OF ADDITIONAL PBGC PREMIUM FOR NEW AND SMALL PLANS.

(a) NEW PLANS.—Subparagraph (E) of section 4006(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)(E)) is amended by adding at the end the following new clause:

''(v) In the case of a new defined benefit plan, the amount determined under clause (ii) for any plan year shall be an amount equal to the product of the amount determined under clause (ii) and the applicable percentage. For purposes of this clause, the term 'applicable percentage' means—

''(I) 0 percent, for the first plan year.

''(II) 20 percent, for the second plan year.

''(III) 40 percent, for the third plan year.

''(IV) 60 percent, for the fourth plan year.

''(V) 80 percent, for the fifth plan year.

For purposes of this clause, a defined benefit plan (as defined in section 3(35)) maintained by a contributing sponsor shall be treated as a new defined benefit plan for each of its first 5 plan years if, during the 36-month period ending on the date of the adoption of the plan, the sponsor and each member of any controlled group including the sponsor (or any predecessor of either) did not establish or maintain a plan to which this title applies with respect to which benefits were accrued for substantially the same employees as are in the new plan.''.

(b) SMALL PLANS.—Paragraph (3) of section 4006(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)), as amended by section 210(b), is amended—

(1) by striking ''The'' in subparagraph (E)(i) and inserting ''Except as provided in subparagraph (G), the'', and

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

''(G)(i) In the case of an employer who has 25 or fewer employees on the first day of the plan year, the additional premium determined under subparagraph (E) for each participant shall not exceed $5 multiplied by the number of participants in the plan as of the close of the preceding plan year.

''(ii) For purposes of clause (i), whether an employer has 25 or fewer employees on the first day of the plan year is determined by taking into consideration all of the employees of all members of the contributing sponsor's controlled group. In the case of a plan maintained by two or more contributing sponsors, the employees of all contributing sponsors and their controlled groups shall be aggregated for purposes of determining whether the 25-or-fewer-employees limitation has been satisfied.''.

(c) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendments made by subsection (a) shall apply to plans first effective after December 31, 2003.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to plan years beginning after December 31, 2003.

SEC. 212. AUTHORIZATION FOR PBGC TO PAY INTEREST ON PREMIUM OVERPAYMENT REFUNDS.

(a) IN GENERAL.—Section 4007(b) of the Employment Retirement Income Security Act of 1974 (29 U.S.C. 1307(b)) is amended—

(1) by striking ''(b)'' and inserting ''(b)(1)'', and

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

''(2) The corporation is authorized to pay, subject to regulations prescribed by the corporation, interest on the amount of any overpayment of premium refunded to a designated payor. Interest under this paragraph shall be calculated at the same rate and in the same manner as interest is calculated for underpayments under paragraph (1).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to interest accruing for periods beginning not earlier than the date of the enactment of this Act.

SEC. 213. SUBSTANTIAL OWNER BENEFITS IN TERMINATED PLANS.

(a) MODIFICATION OF PHASE-IN OF GUARANTEE.—Section 4022(b)(5) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1322(b)(5)) is amended to read as follows:

''(5)(A) For purposes of this paragraph, the term 'majority owner' means an individual who, at any time during the 60-month period ending on the date the determination is being made—

''(i) owns the entire interest in an unincorporated trade or business,

''(ii) in the case of a partnership, is a partner who owns, directly or indirectly, 50 percent or more of either the capital interest or the profits interest in such partnership, or

''(iii) in the case of a corporation, owns, directly or indirectly, 50 percent or more in value of either the voting stock of that corporation or all the stock of that corporation. For purposes of clause (iii), the constructive ownership rules of section 1563(e) of the Internal Revenue Code of 1986 shall apply (determined without regard to section 1563(e)(3)(C)).

''(B) In the case of a participant who is a majority owner, the amount of benefits guaranteed under this section shall equal the product of—

''(i) a fraction (not to exceed 1) the numerator of which is the number of years from the later of the effective date or the adoption date of the plan to the termination date, and the denominator of which is 10, and

''(ii) the amount of benefits that would be guaranteed under this section if the participant were not a majority owner.''.

(b) MODIFICATION OF ALLOCATION OF ASSETS.—

(1) Section 4044(a)(4)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1344(a)(4)(B)) is amended by striking ''section 4022(b)(5)'' and inserting ''section 4022(b)(5)(B)''.

(2) Section 4044(b) of such Act (29 U.S.C. 1344(b)) is amended—

(A) by striking ''(5)'' in paragraph (2) and inserting ''(4), (5),'', and

(B) by redesignating paragraphs (3) through (6) as paragraphs (4) through (7), respectively, and by inserting after paragraph (2) the following new paragraph:

''(3) If assets available for allocation under paragraph (4) of subsection (a) are insufficient to satisfy in full the benefits of all individuals who are described in that paragraph, the assets shall be allocated first to benefits described in subparagraph (A) of that paragraph. Any remaining assets shall then be allocated to benefits described in subparagraph (B) of that paragraph. If assets allocated to such subparagraph (B) are insufficient to satisfy in full the benefits described in that subparagraph, the assets shall be allocated pro rata among individuals on the basis of the present value (as of the termination date) of their respective benefits described in that subparagraph.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 4021 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1321) is amended—

(A) in subsection (b)(9), by striking ''as defined in section 4022(b)(6)'', and

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

''(d) For purposes of subsection (b)(9), the term 'substantial owner' means an individual who, at any time during the 60-month period ending on the date the determination is being made—

''(1) owns the entire interest in an unincorporated trade or business,

''(2) in the case of a partnership, is a partner who owns, directly or indirectly, more than 10 percent of either the capital interest or the profits interest in such partnership, or

''(3) in the case of a corporation, owns, directly or indirectly, more than 10 percent in value of either the voting stock of that corporation or all the stock of that corporation. For purposes of paragraph (3), the constructive ownership rules of section 1563(e) of the Internal Revenue Code of 1986 shall apply (determined without regard to section 1563(e)(3)(C)).''.

(2) Section 4043(c)(7) of such Act (29 U.S.C. 1343(c)(7)) is amended by striking ''section 4022(b)(6)'' and inserting ''section 4021(d)''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to plan terminations—

(A) under section 4041(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1341(c)) with respect to which notices of intent to terminate are provided under section 4041(a)(2) of such Act (29 U.S.C. 1341(a)(2)) after December 31, 2003, and

(B) under section 4042 of such Act (29 U.S.C. 1342) with respect to which proceedings are instituted by the corporation after such date.

(2) CONFORMING AMENDMENTS.—The amendments made by subsection (c) shall take effect on January 1, 2004.

SEC. 214. BENEFIT SUSPENSION NOTICE.

(a) MODIFICATION OF REGULATION.—The Secretary of Labor shall modify the regulation under subparagraph (B) of section 203(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(a)(3)(B)) to provide that the notification required by such regulation in connection with any suspension of benefits described in such subparagraph—

(1) in the case of an employee who returns to service described in section 203(a)(3)(B)(i) or (ii) of such Act after commencement of payment of benefits under the plan, shall be made during the first calendar month or the first 4 or 5-week payroll period ending in a calendar month in which the plan withholds payments, and

(2) in the case of any employee who is not described in paragraph (1)—

(A) may be included in the summary plan description for the plan furnished in accordance with section 104(b) of such Act (29 U.S.C. 1024(b)), rather than in a separate notice, and

(B) need not include a copy of the relevant plan provisions.

(b) EFFECTIVE DATE.—The modification made under this section shall apply to plan years beginning after December 31, 2003.

SEC. 215. STUDIES.

(a) MODEL SMALL EMPLOYER GROUP PLANS STUDY.—As soon as practicable after the date of the enactment of this Act, the Secretary of Labor, in consultation with the Secretary of the Treasury, shall conduct a study to determine—

(1) the most appropriate form or forms of—

(A) employee pension benefit plans which would—

(i) be simple in form and easily maintained by multiple small employers, and

(ii) provide for ready portability of benefits for all participants and beneficiaries,

(B) alternative arrangements providing comparable benefits which may be established by employee or employer associations, and

(C) alternative arrangements providing comparable benefits to which employees may contribute in a manner independent of employer sponsorship, and

(2) appropriate methods and strategies for making pension plan coverage described in paragraph (1) more widely available to American workers.

(b) MATTERS TO BE CONSIDERED.—In conducting the study under subsection (a), the Secretary of Labor shall consider the adequacy and availability of existing employee pension benefit plans and the extent to which existing models may be modified to be more accessible to both employees and employers.

(c) REPORT.—Not later than 18 months after the date of the enactment of this Act, the Secretary of Labor shall report the results of the study under subsection (a), together with the Secretary's recommendations, to the Committee on Education and the Workforce and the Committee on Ways and Means of the House of Representatives and the Committee on Health, Education, Labor, and Pensions and the Committee on Finance of the Senate. Such recommendations shall include one or more model plans described in subsection (a)(1)(A) and model alternative arrangements described in subsections (a)(1)(B) and (a)(1)(C) which may serve as the basis for appropriate administrative or legislative action.

(d) STUDY ON EFFECT OF LEGISLATION.—Not later than 5 years after the date of the enactment of this Act, the Secretary of Labor shall submit to the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate a report on the effect of the provisions of this Act and title VI of the Economic Growth and Tax Relief Reconciliation Act of 2001 on pension plan coverage, including any change in—

(1) the extent of pension plan coverage for low and middle-income workers,

(2) the levels of pension plan benefits generally,

(3) the quality of pension plan coverage generally,

(4) workers' access to and participation in pension plans, and

(5) retirement security.

SEC. 216. INTEREST RATE RANGE FOR ADDITIONAL FUNDING REQUIREMENTS.

(a) IN GENERAL.—Subclause (III) of section 412(l)(7)(C)(i) of the Internal Revenue Code of 1986 is amended—

(1) by striking ''2002 or 2003'' in the text and inserting ''2001, 2002, or 2003'', and

(2) by striking ''2002 AND 2003'' in the heading and inserting ''2001, 2002, AND 2003''.

(b) SPECIAL RULE.—Subclause (III) of section 302(d)(7)(C)(i) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1082(d)(7)(C)(i)) is amended—

(1) by striking ''2002 or 2003'' in the text and inserting ''2001, 2002, or 2003'', and

(2) by striking ''2002 AND 2003'' in the heading and inserting ''2001, 2002, AND 2003''.

(c) PBGC.—Subclause (IV) of section 4006(a)(3)(E)(iii) of such Act (29 U.S.C. 1306(a)(3)(E)(iii)) is amended to read as follows—

''(IV) In the case of plan years beginning after December 31, 2001, and before January 1, 2004, subclause (II) shall be applied by substituting '100 percent' for '85 percent' and by substituting '115 percent' for '100 percent'. Subclause (III) shall be applied for such years without regard to the preceding sentence. Any reference to this clause or this subparagraph by any other sections or subsections (other than sections 4005, 4010, 4011 and 4043) shall be treated as a reference to this clause or this subparagraph without regard to this subclause.''.

(d) EFFECTIVE DATE.—

(1) GENERAL RULE.—Subject to paragraph (2), the amendments made by this section shall take effect as if included in the amendments made by section 405 of the Job Creation and Worker Assistance Act of 2002.

(2) ELECTION.—The plan sponsor or plan administrator of a plan may elect whether to have the amendments made by subsections (a) and (b) apply. Such election shall be made in such manner and at such time as the Secretary of the Treasury or his delegate may prescribe and, once made, may not be revoked. An election to apply such amendments shall not be treated as a prohibited change in actuarial assumptions for purposes of reports required to be filed with the Secretary of Labor, the Secretary of Treasury, or the Pension Benefit Guaranty Corporation.

TITLE III—GENERAL PROVISIONS

SEC. 301. PROVISIONS RELATING TO PLAN AMENDMENTS.

(a) IN GENERAL.—If this section applies to any plan or contract amendment—

(1) such plan or contract shall be treated as being operated in accordance with the terms of the plan during the period described in subsection (b)(2)(A), and

(2) except as provided by the Secretary of the Treasury, such plan shall not fail to meet the requirements of section 411(d)(6) of the Internal Revenue Code of 1986 and section 204(g) of the Employee Retirement Income Security Act of 1974 by reason of such amendment.

(b) AMENDMENTS TO WHICH SECTION APPLIES.—

(1) IN GENERAL.—This section shall apply to any amendment to any plan or annuity contract which is made—

(A) pursuant to any amendment made by section 101, 102, 103, or 104, by title II, or by title VI of the Economic Growth and Tax Relief Reconciliation Act of 2001, or pursuant to any regulation issued by the Secretary of the Treasury or the Secretary of Labor under any such section, title II, or such title VI, and

(B) on or before the last day of the first plan year beginning on or after January 1, 2006.

In the case of a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986), this paragraph shall be applied by substituting ''2008'' for ''2006''.

(2) CONDITIONS.—This section shall not apply to any amendment unless—

(A) during the period—

(i) beginning on the date the legislative or regulatory amendment described in paragraph (1)(A) takes effect (or in the case of a plan or contract amendment not required by such legislative or regulatory amendment, the effective date specified by the plan), and

(ii) ending on the date described in paragraph (1)(B) (or, if earlier, the date the plan or contract amendment is adopted),

the plan or contract is operated as if such plan or contract amendment were in effect; and

(B) such plan or contract amendment applies retroactively for such period.

The SPEAKER pro tempore. The amendment in the nature of a substitute printed in the bill is adopted.

The text of H.R. 1000, as amended, is as follows:

H.R. 1000

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 ''Pension Security Act of 2003''.

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

Sec. 1. Short title and table of contents.

TITLE I—IMPROVEMENTS IN PENSION SECURITY

Sec. 101. Periodic pension benefits statements.
Sec. 102. Inapplicability of relief from fiduciary liability during blackout periods.
Sec. 103. Informational and educational support for pension plan fiduciaries.
Sec. 104. Diversification requirements for defined contribution plans that hold employer securities.
Sec. 105. Prohibited transaction exemption for the provision of investment advice.
Sec. 106. Study regarding impact on retirement savings of participants and beneficiaries by requiring consultants to advise plan fiduciaries of individual account plans.
Sec. 107. Treatment of qualified retirement planning services.
Sec. 108. Effective dates and related rules.

TITLE II—OTHER PROVISIONS RELATING TO PENSIONS

Sec. 201. Amendments to Retirement Protection Act of 1994.
Sec. 202. Reporting simplification.
Sec. 203. Improvement of employee plans compliance resolution system.
Sec. 204. Flexibility in nondiscrimination, coverage, and line of business rules.
Sec. 205. Extension to all governmental plans of moratorium on application of certain nondiscrimination rules applicable to State and local plans.
Sec. 206. Notice and consent period regarding distributions.
Sec. 207. Annual report dissemination.
Sec. 208. Technical corrections to Saver Act.
Sec. 209. Missing participants and beneficiaries.
Sec. 210. Reduced PBGC premium for new plans of small employers.
Sec. 211. Reduction of additional PBGC premium for new and small plans.
Sec. 212. Authorization for PBGC to pay interest on premium overpayment refunds.
Sec. 213. Substantial owner benefits in terminated plans.
Sec. 214. Benefit suspension notice.
Sec. 215. Studies.
Sec. 216. Interest rate range for additional funding requirements.

TITLE III—GENERAL PROVISIONS

Sec. 301. Provisions relating to plan amendments.

TITLE I—IMPROVEMENTS IN PENSION SECURITY

SEC. 101. PERIODIC PENSION BENEFITS STATEMENTS.

(a) AMENDMENTS TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

(1) REQUIREMENTS.—

(A) IN GENERAL.—Section 105(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1025(a)) is amended to read as follows:

''(a)(1)(A) The administrator of an individual account plan shall furnish a pension benefit statement—

''(i) to each plan participant at least annually,

''(ii) to each plan beneficiary upon written request, and

''(iii) in the case of an applicable individual account plan, to each individual who is a plan participant or beneficiary and who has a right to direct investments, at least quarterly.

''(B) The administrator of a defined benefit plan shall furnish a pension benefit statement—

''(i) at least once every 3 years to each participant with a nonforfeitable accrued benefit who is employed by the employer maintaining the plan at the time the statement is furnished to participants, and

''(ii) to a plan participant or plan beneficiary of the plan upon written request.

Information furnished under clause (i) to a participant may be based on reasonable estimates determined under regulations prescribed by the Secretary, in consultation with the Pension Benefit Guaranty Corporation.

''(2) A pension benefit statement under paragraph (1)—

''(A) shall indicate, on the basis of the latest available information—

''(i) the total benefits accrued, and

''(ii) the nonforfeitable pension benefits, if any, which have accrued, or the earliest date on which benefits will become nonforfeitable,

''(B) shall be written in a manner calculated to be understood by the average plan participant, and

''(C) may be provided in written form or in electronic or other appropriate form to the extent that such form is reasonably accessible to the recipient.

''(3)(A) In the case of a defined benefit plan, the requirements of paragraph (1)(B)(i) shall be treated as met with respect to a participant if the administrator, at least once each year, provides the participant with notice, at the participant's last known address, of the availability of the pension benefit statement and the ways in which the participant may obtain such statement. Such notice shall be provided in written, electronic, or other appropriate form, and may be included with other communications to the participant if done in a manner reasonably designed to attract the attention of the participant.

''(B) The Secretary may provide that years in which no employee or former employee benefits (within the meaning of section 410(b) of the Internal Revenue Code of 1986) under the plan need not be taken into account in determining the 3-year period under paragraph (1)(B)(i).''.

(B) CONFORMING AMENDMENTS.—

(i) Section 105 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1025) is amended by striking subsection (d).

(ii) Section 105(b) of such Act (29 U.S.C. 1025(b)) is amended to read as follows:

''(b) In no case shall a participant or beneficiary of a plan be entitled to more than one statement described in clause (i) or (ii) of subsection (a)(1)(A) or clause (i) or (ii) of subsection (a)(1)(B), whichever is applicable, in any 12-month period. If such report is required under subsection (a) to be furnished at least quarterly, the requirements of the preceding sentence shall be applied with respect to each quarter in lieu of the 12-month period.''.

(2) INFORMATION REQUIRED FROM APPLICABLE INDIVIDUAL ACCOUNT PLANS.—Section 105 of such Act (as amended by paragraph (1)) is amended further by adding at the end the following new subsection:

''(d)(1) The statements required to be provided at least quarterly under subsection (a)(1)(A)(iii) in the case of applicable individual account plans shall include (together with the information required in subsection (a)) the following:

''(A) the value of each investment to which assets in the individual account have been allocated, determined as of the most recent valuation date under the plan, including the value of any assets held in the form of employer securities, without regard to whether such securities were contributed by the plan sponsor or acquired at the direction of the plan or of the participant or beneficiary,

''(B) an explanation, written in a manner calculated to be understood by the average plan participant, of any limitations or restrictions on the right of the participant or beneficiary to direct an investment, and

''(C) an explanation, written in a manner calculated to be understood by the average plan participant, of the importance, for the long-term retirement security of participants and beneficiaries, of a well-balanced and diversified investment portfolio, including a discussion of the risk of holding more than 25 percent of a portfolio in the security of any one entity, such as employer securities.

''(2) The Secretary shall issue guidance and model notices which meet the requirements of this subsection.''.

(3) DEFINITION OF APPLICABLE INDIVIDUAL ACCOUNT PLAN.—Section 3 of such Act (29 U.S.C. 1002) is amended by adding at the end the following new paragraph:

''(42)(A) The term 'applicable individual account plan' means any individual account plan, except that such term does not include an employee stock ownership plan (within the meaning of section 4975(e)(7) of the Internal Revenue Code of 1986) unless there are any contributions to such plan (or earnings thereunder) held within such plan that are subject to subsection (k)(3) or (m)(2) of section 401 of the Internal Revenue Code of 1986. Such term shall not include a one-participant retirement plan.

''(B) The term 'one-participant retirement plan' means a pension plan with respect to which the following requirements are met:

''(i) on the first day of the plan year—

''(I) the plan covered only one individual (or the individual and the individual's spouse) and the individual owned 100 percent of the plan sponsor (whether or not incorporated), or

''(II) the plan covered only one or more partners (or partners and their spouses) in the plan sponsor;

''(ii) the plan meets the minimum coverage requirements of section 410(b) of the Internal Revenue Code of 1986 (as in effect on the date of the enactment of this paragraph) without being combined with any other plan of the business that covers the employees of the business;

''(iii) the plan does not provide benefits to anyone except the individual (and the individual's spouse) or the partners (and their spouses);

''(iv) the plan does not cover a business that is a member of an affiliated service group, a controlled group of corporations, or a group of businesses under common control; and

''(v) the plan does not cover a business that leases employees.''.

(4) CIVIL PENALTIES FOR FAILURE TO PROVIDE QUARTERLY BENEFIT STATEMENTS.—Section 502 of such Act (29 U.S.C. 1132) is amended—

(A) in subsection (a)(6), by striking ''(6), or (7)'' and inserting ''(6), (7), or (8)'';

(B) by redesignating paragraph (8) of subsection (c) as paragraph (9); and

(C) by inserting after paragraph (7) of subsection (c) the following new paragraph:

''(8) The Secretary may assess a civil penalty against any plan administrator of up to $1,000 a day for each day on which the plan administrator has failed to comply with the requirements of clause (iii) of section 105(a)(1)(A) and has not corrected such failure by providing the required pension benefit statements to the affected participants and beneficiaries.''.

(5) MODEL STATEMENTS.—The Secretary of Labor shall, not later than 180 days after the date of the enactment of this Act, issue initial guidance and a model benefit statement, written in a manner calculated to be understood by the average plan participant, that may be used by plan administrators in complying with the requirements of section 105 of the Employee Retirement Income Security Act of 1974. Not later than 75 days after the date of the enactment of this Act, the Secretary shall promulgate interim final rules necessary to carry out the amendments made by this subsection.

(b) AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986.—

(1) PROVISION OF INVESTMENT EDUCATION NOTICES TO PARTICIPANTS IN CERTAIN PLANS.—Section 414 of the Internal Revenue Code of 1986 (relating to definitions and special rules) is amended by adding at the end the following:

''(w) PROVISION OF INVESTMENT EDUCATION NOTICES TO PARTICIPANTS IN CERTAIN PLANS.—

''(1) IN GENERAL.—The plan administrator of an applicable pension plan shall provide to each applicable individual an investment education notice described in paragraph (2) at the time of the enrollment of the applicable individual in the plan and not less often than annually thereafter.

''(2) INVESTMENT EDUCATION NOTICE.—An investment education notice is described in this paragraph if such notice contains—

''(A) an explanation, for the long-term retirement security of participants and beneficiaries, of generally accepted investment principles, including principles of risk management and diversification, and

''(B) a discussion of the risk of holding substantial portions of a portfolio in the security of any one entity, such as employer securities.

''(3) UNDERSTANDABILITY.—Each notice required by paragraph (1) shall be written in a manner calculated to be understood by the average plan participant and shall provide sufficient information (as determined in accordance with guidance provided by the Secretary) to allow recipients to understand such notice.

''(4) FORM AND MANNER OF NOTICES.—The notices required by this subsection shall be in writing, except that such notices may be in electronic or other form (or electronically posted on the plan's website) to the extent that such form is reasonably accessible to the applicable individual.

''(5) DEFINITIONS.—For purposes of this subsection—

''(A) APPLICABLE INDIVIDUAL.—The term 'applicable individual' means—

''(i) any participant in the applicable pension plan,

''(ii) any beneficiary who is an alternate payee (within the meaning of section 414(p)(8)) under a qualified domestic relations order (within the meaning of section 414(p)(1)(A)), and

''(iii) any beneficiary of a deceased participant or alternate payee.

''(B) APPLICABLE PENSION PLAN.—The term 'applicable pension plan' means—

''(i) a plan described in clause (i), (ii), or (iv) of section 219(g)(5)(A), and

''(ii) an eligible deferred compensation plan (as defined in section 457(b)) of an eligible employer described in section 457(e)(1)(A),

which permits any participant to direct the investment of some or all of his account in the plan or under which the accrued benefit of any participant depends in whole or in part on hypothetical investments directed by the participant. Such term shall not include a one-participant retirement plan or a plan to which section 105 of the Employee Retirement Income Security Act of 1974 applies.

''(C) ONE-PARTICIPANT RETIREMENT PLAN DEFINED.—The term 'one-participant retirement plan' means a retirement plan with respect to which the following requirements are met:

''(i) on the first day of the plan year—

''(I) the plan covered only one individual (or the individual and the individual's spouse) and the individual owned 100 percent of the plan sponsor (whether or not incorporated), or

''(II) the plan covered only one or more partners (or partners and their spouses) in the plan sponsor;

''(ii) the plan meets the minimum coverage requirements of 410(b) without being combined with any other plan of the business that covers the employees of the business;

''(iii) the plan does not provide benefits to anyone except the individual (and the individual's spouse) or the partners (and their spouses);

''(iv) the plan does not cover a business that is a member of an affiliated service group, a controlled group of corporations, or a group of businesses under common control; and

''(v) the plan does not cover a business that leases employees.

''(6) CROSS REFERENCE.—

''For provisions relating to penalty for failure to provide the notice required by this section, see section 6652(m).''.

(2) PENALTY FOR FAILURE TO PROVIDE NOTICE.—Section 6652 of such Code (relating to failure to file certain information returns, registration statements, etc.) is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following new subsection:

''(m) FAILURE TO PROVIDE INVESTMENT EDUCATION NOTICES TO PARTICIPANTS IN CERTAIN PLANS.—In the case of each failure to provide a written explanation as required by section 414(w) with respect to an applicable individual (as defined in such section), at the time prescribed therefor, unless it is shown that such failure is due to reasonable cause and not to willful neglect, there shall be paid, on notice and demand of the Secretary and in the same manner as tax, by the person failing to provide such notice, an amount equal to $100 for each such failure, but the total amount imposed on such person for all such failures during any calendar year shall not exceed $50,000.''.

SEC. 102. INAPPLICABILITY OF RELIEF FROM FIDUCIARY LIABILITY DURING BLACKOUT PERIODS.

(a) IN GENERAL.—Section 404(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104(c)) is amended by adding at the end the following new paragraph:

''(4)(A) Paragraph (1)(B) shall not apply in connection with the direction or diversification of assets credited to the account of any participant or beneficiary during a blackout period if, by reason of the imposition of such blackout period, the ability of such participant or beneficiary to direct or diversify such assets is suspended, limited, or restricted.

''(B) If the fiduciary authorizing a blackout period meets the requirements of this title in connection with authorizing such blackout period, no person who is a fiduciary shall be liable under this title for any loss occurring during the blackout period as a result of any exercise by the participant or beneficiary of control over assets in his or her account prior to the blackout period. Matters to be considered in determining whether a fiduciary has met the requirements of this title include whether such fiduciary—

''(i) has considered the reasonableness of the expected length of the blackout period,

''(ii) has provided the notice required under section 101(i)(2), and

''(iii) has acted in accordance with the requirements of subsection (a) in determining whether to enter into the blackout period.

''(C) If a blackout period arises in connection with a change in the investment options offered under the plan, a participant or beneficiary shall be deemed to have exercised control over the assets in his or her account prior to the blackout period, if, after reasonable notice of the change in investment options is given to such participant or beneficiary before such blackout period, assets in the account of the participant or beneficiary are transferred—

''(i) to plan investment options in accordance with the affirmative election of the participant or beneficiary, or

''(ii) in any case in which there is no such election, in the manner set forth in such notice.

''(D) Any imposition of any limitation or restriction that may govern the frequency of transfers between investment vehicles shall not be treated as the imposition of a blackout period to the extent such limitation or restriction is disclosed to participants or beneficiaries through the summary plan description or materials describing specific investment alternatives under the plan.

''(E) For purposes of this paragraph, the term 'blackout period' has the meaning given such term by section 101(i)(7).''.

(b) GUIDANCE.—The Secretary of Labor shall, on or before December 31, 2004, issue interim final regulations providing guidance on how plan sponsors or any other affected fiduciaries can satisfy their fiduciary responsibilities during any blackout period during which the ability of a participant or beneficiary to direct the investment of assets in his or her individual account is suspended.

SEC. 103. INFORMATIONAL AND EDUCATIONAL SUPPORT FOR PENSION PLAN FIDUCIARIES.

Section 404 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104) is amended by adding at the end the following new subsection:

''(e) The Secretary shall establish a program under which information and educational resources shall be made available on an ongoing basis to persons serving as fiduciaries under employee pension benefit plans so as to assist such persons in diligently and effectively carrying out their fiduciary duties in accordance with this part. Such program shall provide information concerning the practices that define prudent investment procedures for plan fiduciaries.

Information provided under the program shall address the relevant investment considerations for defined benefit and defined contribution plans, including investment in employer securities by such plans. In developing such program, the Secretary shall solicit information from the public, including investment education professionals.''.

SEC. 104. DIVERSIFICATION REQUIREMENTS FOR DEFINED CONTRIBUTION PLANS THAT HOLD EMPLOYER SECURITIES.

(a) AMENDMENT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 204 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054) is amended—

(1) by redesignating subsection (j) as subsection (k); and

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

''(j) DIVERSIFICATION REQUIREMENTS FOR INDIVIDUAL ACCOUNT PLANS THAT HOLD EMPLOYER SECURITIES.—

''(1) IN GENERAL.—An applicable individual account plan shall meet the requirements of paragraphs (2) and (3).

''(2) EMPLOYEE CONTRIBUTIONS AND ELECTIVE DEFERRALS INVESTED IN EMPLOYER SECURITIES.—In the case of the portion of the account attributable to employee contributions and elective deferrals which is invested in employer securities, a plan meets the requirements of this paragraph if each applicable individual may elect to direct the plan to divest any such securities in the individual's account and to reinvest an equivalent amount in other investment options which meet the requirements of paragraph (4).

''(3) EMPLOYER CONTRIBUTIONS INVESTED IN EMPLOYER SECURITIES.—

''(A) IN GENERAL.—In the case of the portion of the account attributable to employer contributions (other than elective deferrals to which paragraph (2) applies) which is invested in employer securities, a plan meets the requirements of this paragraph if, under the plan—

''(i) each applicable individual with a benefit based on 3 years of service may elect to direct the plan to divest any such securities in the individual's account and to reinvest an equivalent amount in other investment options which meet the requirements of paragraph (4), or

''(ii) with respect to any employer security allocated to an applicable individual's account during any plan year, such applicable individual may elect to direct the plan to divest such employer security after a date which is not later than 3 years after the end of such plan year and to reinvest an equivalent amount in other investment options which meet the requirements of paragraph (4).

''(B) APPLICABLE INDIVIDUAL WITH BENEFIT BASED ON 3 YEARS OF SERVICE.—For purposes of subparagraph (A), an applicable individual has a benefit based on 3 years of service if such individual would be an applicable individual if only participants in the plan who have completed at least 3 years of service (as determined under section 203(b)) were referred to in paragraph (5)(B)(i).

''(4) INVESTMENT OPTIONS.—The requirements of this paragraph are met if—

''(A) the plan offers not less than 3 investment options, other than employer securities, to which an applicable individual may direct the proceeds from the divestment of employer securities pursuant to this subsection, each of which is diversified and has materially different risk and return characteristics, and

''(B) the plan permits the applicable individual to choose from any of the investment options made available under the plan to which such proceeds may be so directed, subject to such restrictions as may be provided by the plan limiting such choice to periodic, reasonable opportunities occurring no less frequently than on a quarterly basis.

''(5) DEFINITIONS AND RULES.—For purposes of this subsection—

''(A) APPLICABLE INDIVIDUAL ACCOUNT PLAN.—The term 'applicable individual account plan' means any individual account plan, except that such term does not include an employee stock ownership plan (within the meaning of section 4975(e)(7) of the Internal Revenue Code of 1986) unless there are any contributions to such plan (or earnings thereon) held within such plan that are subject to subsection (k)(3) or (m)(2) of section 401 of the Internal Revenue Code of 1986.

''(B) APPLICABLE INDIVIDUAL.—The term 'applicable individual' means—

''(i) any participant in the plan, and

''(ii) any beneficiary of a participant referred to in clause (i) who has an account under the plan with respect to which the beneficiary is entitled to exercise the rights of the participant.

''(C) ELECTIVE DEFERRAL.—The term 'elective deferral' means an employer contribution described in section 402(g)(3)(A) of the Internal Revenue Code of 1986 (as in effect on the date of the enactment of this subsection).

''(D) EMPLOYER SECURITY.—The term 'employer security' shall have the meaning given such term by section 407(d)(1) of this Act (as in effect on the date of the enactment of this subsection).

''(E) EMPLOYEE STOCK OWNERSHIP PLAN.—The term 'employee stock ownership plan' shall have the same meaning given to such term by section 4975(e)(7) of the Internal Revenue Code of 1986 (as in effect on the date of the enactment of this subsection).

''(F) ELECTIONS.—Elections under this subsection may be made not less frequently than quarterly.

''(6) EXCEPTION WHERE THERE IS NO READILY TRADABLE STOCK.—This subsection shall not apply if there is no class of stock issued by the employer (or by a corporation which is an affiliate of the employer (as defined in section 407(d)(7))) that is readily tradable on an established securities market (or in such other circumstances as may be determined jointly by the Secretary of Labor and the Secretary of the Treasury in regulations).

''(7) TRANSITION RULE.—

''(A) IN GENERAL.—In the case of any individual account plan which, on the first day of the first plan year to which this subsection applies, holds employer securities of any class that were acquired before such date and on which there is a restriction on diversification otherwise precluded by this subsection, this subsection shall apply to such securities of such class held in any plan year only with respect to the number of such securities equal to the applicable percentage of the total number of such securities of such class held on such date.

''(B) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the applicable percentage shall be as follows:

''Plan years for which provisions are effective:	*Applicable percentage:*
1st plan year	*20 percent.*
2nd plan year	*40 percent.*
3rd plan year	*60 percent.*
4th plan year	*80 percent.*
5th plan year or thereafter	*100 percent.*

''(C) ELECTIVE DEFERRALS TREATED AS SEPARATE PLAN NOT INDIVIDUAL ACCOUNT PLAN.—For purposes of subparagraph (A), the applicable percentage shall be 100 percent with respect to—

''(i) employee contributions to a plan under which any portion attributable to elective deferrals is treated as a separate plan under section 407(b)(2) as of the date of the enactment of this paragraph, and

''(ii) such elective deferrals.

''(D) COORDINATION WITH PRIOR ELECTIONS.—In any case in which a divestiture of investment in employer securities of any class held by an employee stock ownership plan prior to the effective date of this subsection was undertaken pursuant to other applicable Federal law prior to such date, the applicable percentage (as determined without regard to this subparagraph) in connection with such securities shall be reduced to the extent necessary to account for the amount to which such election applied.

''(8) REGULATIONS.—The Secretary of the Treasury shall prescribe regulations under this subsection in consultation with the Secretary of Labor.''.

(b) AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986.—

(1) IN GENERAL.—Section 401(a) of the Internal Revenue Code of 1986 (relating to requirements for qualification) is amended by inserting after paragraph (34) the following new paragraph:

''(35) DIVERSIFICATION REQUIREMENTS FOR DEFINED CONTRIBUTION PLANS THAT HOLD EMPLOYER SECURITIES.—

''(A) IN GENERAL.—An applicable defined contribution plan shall meet the requirements of subparagraphs (B) and (C).

''(B) EMPLOYEE CONTRIBUTIONS AND ELECTIVE DEFERRALS INVESTED IN EMPLOYER SECURITIES.—In the case of the portion of the account attributable to employee contributions and elective deferrals which is invested in employer securities, a plan meets the requirements of this subparagraph if each applicable individual in such plan may elect to direct the plan to divest any such securities in the individual's account and to reinvest an equivalent amount in other investment options which meet the requirements of subparagraph (D).

''(C) EMPLOYER CONTRIBUTIONS INVESTED IN EMPLOYER SECURITIES.—

''(i) IN GENERAL.—In the case of the portion of the account attributable to employer contributions (other than elective deferrals to which subparagraph (B) applies) which is invested in employer securities, a plan meets the requirements of this subparagraph if, under the plan—

''(I) each applicable individual with a benefit based on 3 years of service may elect to direct the plan to divest any such securities in the individual's account and to reinvest an equivalent amount in other investment options which meet the requirements of subparagraph (D), or

''(II) with respect to any employer security allocated to an applicable individual's account during any plan year, such applicable individual may elect to direct the plan to divest such employer security after a date which is not later than 3 years after the end of such plan year and to reinvest an equivalent amount in other investment options which meet the requirements of subparagraph (D).

''(ii) APPLICABLE INDIVIDUAL WITH BENEFIT BASED ON 3 YEARS OF SERVICE.—For purposes of clause (i), an applicable individual has a benefit based on 3 years of service if such individual would be an applicable individual if only participants in the plan who have completed at least 3 years of service (as determined under section 411(a)) were referred to in subparagraph (E)(ii)(I).

''(D) INVESTMENT OPTIONS.—The requirements of this subparagraph are met if—

''(i) the plan offers not less than 3 investment options, other than employer securities, to which an applicable individual may direct the proceeds from the divestment of employer securities pursuant to this paragraph, each of which is diversified and has materially different risk and return characteristics, and

''(ii) the plan permits the applicable individual to choose from any of the investment options made available under the plan to which such proceeds may be so directed, subject to such restrictions as may be provided by the plan limiting such choice to periodic, reasonable opportunities occurring no less frequently than on a quarterly basis.

''(E) DEFINITIONS AND RULES.—For purposes of this paragraph—

''(i) APPLICABLE DEFINED CONTRIBUTION PLAN.—The term 'applicable defined contribution plan' means any defined contribution plan, except that such term does not include an employee stock ownership plan (within the meaning of section 4975(e)(7)) unless there are any contributions to such plan (or earnings thereon) held within such plan that are subject to subsection (k)(3) or (m)(2).

''(ii) APPLICABLE INDIVIDUAL.—The term 'applicable individual' means—

''(I) any participant in the plan, and

''(II) any beneficiary of a participant referred to in clause (i) who has an account under the plan with respect to which the beneficiary is entitled to exercise the rights of the participant.

''(iii) ELECTIVE DEFERRAL.—The term 'elective deferral' means an employer contribution described in section 402(g)(3)(A) (as in effect on the date of the enactment of this paragraph).

''(iv) EMPLOYER SECURITY.—The term 'employer security' shall have the meaning given such term by section 407(d)(1) of the Employee Retirement Income Security Act of 1974 (as in effect on the date of the enactment of this paragraph).

''(v) EMPLOYEE STOCK OWNERSHIP PLAN.—The term 'employee stock ownership plan' shall have the same meaning given to such term by section 4975(e)(7) of the Internal Revenue Code of 1986 (as in effect on the date of the enactment of this paragraph).

''(vi) ELECTIONS.—Elections under this paragraph may be made not less frequently than quarterly.

''(F) EXCEPTION WHERE THERE IS NO READILY TRADABLE STOCK.—This paragraph shall not apply if there is no class of stock issued by the employer that is readily tradable on an established securities market (or in such other circumstances as may be determined jointly by the Secretary of the Treasury and the Secretary of Labor in regulations).

''(G) TRANSITION RULE.—

''(i) IN GENERAL.—In the case of any defined contribution plan which, on the effective date of this subsection, holds employer securities of any class that were acquired before such date and on which there is a restriction on diversification otherwise precluded by this paragraph, this paragraph shall apply to such securities of such class held in any plan year only with respect to the number of such securities equal to the applicable percentage of the total number of such securities of such class held on such date.

''(ii) APPLICABLE PERCENTAGE.—For purposes of clause (i), the applicable percentage shall be as follows:

''Plan years for which provisions are effective:	Applicable percentage:
1st plan year	20 percent.
2nd plan year	40 percent.
3rd plan year	60 percent.
4th plan year	80 percent.
5th plan year or thereafter	100 percent.

''(iii) ELECTIVE DEFERRALS TREATED AS SEPARATE PLAN NOT INDIVIDUAL ACCOUNT PLAN.—For purposes of clause (i), the applicable percentage shall be 100 percent with respect to—

''(I) employee contributions to a plan under which any portion attributable to elective deferrals is treated as a separate plan under section 407(b)(2) of the Employee Retirement Income Security Act of 1974 as of the date of the enactment of this paragraph, and

''(II) such elective deferrals.

''(iv) CONTRIBUTIONS HELD WITHIN AN ESOP.—In the case of contributions (other than elective deferrals and employee contributions) held within an employee stock ownership plan, in the case of the 1st and 2nd plan years referred to in the table in clause (ii), the applicable percentage shall be the greater of the amount determined under clause (ii) or the percentage determined under paragraph (28) (determined as if paragraph (28) applied to a plan described in this paragraph).

''(v) COORDINATION WITH PRIOR ELECTIONS UNDER PARAGRAPH (28).—In any case in which a divestiture of investment in employer securities of any class held by an employee stock ownership plan prior to the effective date of this paragraph was undertaken pursuant to an election under paragraph (28) prior to such date, the applicable percentage (as determined without regard to this clause) in connection with such securities shall be reduced to the extent necessary to account for the amount to which such election applied.

''(H) REGULATIONS.—The Secretary shall prescribe regulations under this paragraph in consultation with the Secretary of Labor.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 401(a)(28) of such Code is amended by adding at the end the following new subparagraph:

''(D) APPLICATION.—This paragraph shall not apply to a plan to which paragraph (35) applies.''.

(B) Section 409(h)(7) of such Code is amended by inserting before the period at the end ''or subparagraph (B) or (C) of section 401(a)(35)''.

(C) Section 4980(c)(3)(A) of such Code is amended by striking ''if—'' and all that follows and inserting ''if the requirements of subparagraphs (B), (C), and (D) are met.''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2) and section 108, the amendments made by this section shall apply to plan years beginning after December 31, 2003, and with respect to employer securities allocated to accounts before, on, or after the date of the enactment of this Act.

(2) EXCEPTION.—The amendments made by this section shall not apply to employer securities held by an employee stock ownership plan which are acquired before January 1, 1987.

SEC. 105. PROHIBITED TRANSACTION EXEMPTION FOR THE PROVISION OF INVESTMENT ADVICE.

(a) AMENDMENTS TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

(1) EXEMPTION FROM PROHIBITED TRANSACTIONS.—Section 408(b) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1108(b)) is amended by adding at the end the following new paragraph:

''(14)(A) Any transaction described in subparagraph (B) in connection with the provision of investment advice described in section 3(21)(A)(ii), in any case in which—

''(i) the investment of assets of the plan is subject to the direction of plan participants or beneficiaries,

''(ii) the advice is provided to the plan or a participant or beneficiary of the plan by a fiduciary adviser in connection with any sale, acquisition, or holding of a security or other property for purposes of investment of plan assets, and

''(iii) the requirements of subsection (g) are met in connection with the provision of the advice.

''(B) The transactions described in this subparagraph are the following:

''(i) the provision of the advice to the plan, participant, or beneficiary;

''(ii) the sale, acquisition, or holding of a security or other property (including any lending of money or other extension of credit associated with the sale, acquisition, or holding of a security or other property) pursuant to the advice; and

''(iii) the direct or indirect receipt of fees or other compensation by the fiduciary adviser or an affiliate thereof (or any employee, agent, or registered representative of the fiduciary adviser or affiliate) in connection with the provision of the advice or in connection with a sale, acquisition, or holding of a security or other property pursuant to the advice.''.

(2) REQUIREMENTS.—Section 408 of such Act is amended further by adding at the end the following new subsection:

''(g) REQUIREMENTS RELATING TO PROVISION OF INVESTMENT ADVICE BY FIDUCIARY ADVISERS.—

''(1) IN GENERAL.—The requirements of this subsection are met in connection with the provision of investment advice referred to in section 3(21)(A)(ii), provided to an employee benefit plan or a participant or beneficiary of an employee benefit plan by a fiduciary adviser with respect to the plan in connection with any sale, acquisition, or holding of a security or other property for purposes of investment of amounts held by the plan, if—

''(A) in the case of the initial provision of the advice with regard to the security or other property by the fiduciary adviser to the plan, participant, or beneficiary, the fiduciary adviser provides to the recipient of the advice, at a time reasonably contemporaneous with the initial provision of the advice, a written notification (which may consist of notification by means of electronic communication)—

''(i) of all fees or other compensation relating to the advice that the fiduciary adviser or any affiliate thereof is to receive (including compensation provided by any third party) in connection with the provision of the advice or in connection with the sale, acquisition, or holding of the security or other property,

''(ii) of any material affiliation or contractual relationship of the fiduciary adviser or affiliates thereof in the security or other property,

''(iii) of any limitation placed on the scope of the investment advice to be provided by the fiduciary adviser with respect to any such sale, acquisition, or holding of a security or other property,

''(iv) of the types of services provided by the fiduciary adviser in connection with the provision of investment advice by the fiduciary adviser,

''(v) that the adviser is acting as a fiduciary of the plan in connection with the provision of the advice, and

''(vi) that a recipient of the advice may separately arrange for the provision of advice by another adviser, that could have no material affiliation with and receive no fees or other compensation in connection with the security or other property,

''(B) the fiduciary adviser provides appropriate disclosure, in connection with the sale, acquisition, or holding of the security or other property, in accordance with all applicable securities laws,

''(C) the sale, acquisition, or holding occurs solely at the direction of the recipient of the advice,

''(D) the compensation received by the fiduciary adviser and affiliates thereof in connection with the sale, acquisition, or holding of the security or other property is reasonable, and

''(E) the terms of the sale, acquisition, or holding of the security or other property are at least as favorable to the plan as an arm's length transaction would be.

''(2) STANDARDS FOR PRESENTATION OF INFORMATION.—

''(A) IN GENERAL.—The notification required to be provided to participants and beneficiaries under paragraph (1)(A) shall be written in a clear and conspicuous manner and in a manner calculated to be understood by the average plan participant and shall be sufficiently accurate and comprehensive to reasonably apprise such participants and beneficiaries of the information required to be provided in the notification.

''(B) MODEL FORM FOR DISCLOSURE OF FEES AND OTHER COMPENSATION.—The Secretary shall issue a model form for the disclosure of fees and other compensation required in paragraph (1)(A)(i) which meets the requirements of subparagraph (A).

''(3) EXEMPTION CONDITIONED ON MAKING REQUIRED INFORMATION AVAILABLE ANNUALLY, ON REQUEST, AND IN THE EVENT OF MATERIAL CHANGE.—The requirements of paragraph (1)(A) shall be deemed not to have been met in connection with the initial or any subsequent provision of advice described in paragraph (1) to the plan, participant, or beneficiary if, at any time during the provision of advisory services to the plan, participant, or beneficiary, the fiduciary adviser fails to maintain the information described in clauses (i) through (iv) of subparagraph (A) in currently accurate form and in the manner described in paragraph (2) or fails—

''(A) to provide, without charge, such currently accurate information to the recipient of the advice no less than annually,

''(B) to make such currently accurate information available, upon request and without charge, to the recipient of the advice, or

''(C) in the event of a material change to the information described in clauses (i) through (iv) of paragraph (1)(A), to provide, without charge, such currently accurate information to the recipient of the advice at a time reasonably contemporaneous to the material change in information.

''(4) MAINTENANCE FOR 6 YEARS OF EVIDENCE OF COMPLIANCE.—A fiduciary adviser referred to in paragraph (1) who has provided advice referred to in such paragraph shall, for a period of not less than 6 years after the provision of the advice, maintain any records necessary for determining whether the requirements of the preceding provisions of this subsection and of subsection (b)(14) have been met. A transaction prohibited under section 406 shall not be considered to have occurred solely because the records are lost or destroyed prior to the end of the 6-year period due to circumstances beyond the control of the fiduciary adviser.

''(5) EXEMPTION FOR PLAN SPONSOR AND CERTAIN OTHER FIDUCIARIES.—

''(A) IN GENERAL.—Subject to subparagraph (B), a plan sponsor or other person who is a fiduciary (other than a fiduciary adviser) shall not be treated as failing to meet the requirements of this part solely by reason of the provision of investment advice referred to in section 3(21)(A)(ii) (or solely by reason of contracting for or otherwise arranging for the provision of the advice), if—

''(i) the advice is provided by a fiduciary adviser pursuant to an arrangement between the plan sponsor or other fiduciary and the fiduciary adviser for the provision by the fiduciary adviser of investment advice referred to in such section,

''(ii) the terms of the arrangement require compliance by the fiduciary adviser with the requirements of this subsection, and

''(iii) the terms of the arrangement include a written acknowledgment by the fiduciary adviser that the fiduciary adviser is a fiduciary of the plan with respect to the provision of the advice.

''(B) CONTINUED DUTY OF PRUDENT SELECTION OF ADVISER AND PERIODIC REVIEW.—Nothing in subparagraph (A) shall be construed to exempt a plan sponsor or other person who is a fiduciary from any requirement of this part for the prudent selection and periodic review of a fiduciary adviser with whom the plan sponsor or other person enters into an arrangement for the provision of advice referred to in section 3(21)(A)(ii). The plan sponsor or other person who is a fiduciary has no duty under this part to monitor the specific investment advice given by the fiduciary adviser to any particular recipient of the advice.

''(C) AVAILABILITY OF PLAN ASSETS FOR PAYMENT FOR ADVICE.—Nothing in this part shall be construed to preclude the use of plan assets to pay for reasonable expenses in providing investment advice referred to in section 3(21)(A)(ii).

''(6) DEFINITIONS.—For purposes of this subsection and subsection (b)(14)—

''(A) FIDUCIARY ADVISER.—The term 'fiduciary adviser' means, with respect to a plan, a person who is a fiduciary of the plan by reason of the provision of investment advice by the person to the plan or to a participant or beneficiary and who is—

''(i) registered as an investment adviser under the Investment Advisers Act of 1940 (15 U.S.C. 80b–1 et seq.) or under the laws of the State in which the fiduciary maintains its principal office and place of business,

''(ii) a bank or similar financial institution referred to in section 408(b)(4) or a savings association (as defined in section 3(b)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(b)(1))), but only if the advice is provided through a trust department of the bank or similar financial institution or savings association which is subject to periodic examination and review by Federal or State banking authorities,

''(iii) an insurance company qualified to do business under the laws of a State,

''(iv) a person registered as a broker or dealer under the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.),

''(v) an affiliate of a person described in any of clauses (i) through (iv), or

''(vi) an employee, agent, or registered representative of a person described in any of clauses (i) through (v) who satisfies the requirements of applicable insurance, banking, and securities laws relating to the provision of the advice.

''(B) AFFILIATE.—The term 'affiliate' of another entity means an affiliated person of the entity (as defined in section 2(a)(3) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a)(3))).

''(C) REGISTERED REPRESENTATIVE.—The term 'registered representative' of another entity means a person described in section 3(a)(18) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(18)) (substituting the entity for the broker or dealer referred to in such section) or a person described in section 202(a)(17) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a)(17)) (substituting the entity for the investment adviser referred to in such section).''.

(b) AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986.—

(1) EXEMPTION FROM PROHIBITED TRANSACTIONS.—Subsection (d) of section 4975 of the Internal Revenue Code of 1986 (relating to exemptions from tax on prohibited transactions) is amended—

(A) in paragraph (14), by striking ''or'' at the end;

(B) in paragraph (15), by striking the period at the end and inserting ''; or''; and

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

''(16) any transaction described in subsection (f)(7)(A) in connection with the provision of investment advice described in subsection (e)(3)(B)(i), in any case in which—

''(A) the investment of assets of the plan is subject to the direction of plan participants or beneficiaries,

''(B) the advice is provided to the plan or a participant or beneficiary of the plan by a fiduciary adviser in connection with any sale, acquisition, or holding of a security or other property for purposes of investment of plan assets, and

''(C) the requirements of subsection (f)(7)(B) are met in connection with the provision of the advice.''.

(2) ALLOWED TRANSACTIONS AND REQUIREMENTS.—Subsection (f) of such section 4975 (relating to other definitions and special rules) is amended by adding at the end the following new paragraph:

''(7) PROVISIONS RELATING TO INVESTMENT ADVICE PROVIDED BY FIDUCIARY ADVISERS.—

''(A) TRANSACTIONS ALLOWABLE IN CONNECTION WITH INVESTMENT ADVICE PROVIDED BY FIDUCIARY ADVISERS.—The transactions referred to in subsection (d)(16), in connection with the provision of investment advice by a fiduciary adviser, are the following:

''(i) the provision of the advice to the plan, participant, or beneficiary;

''(ii) the sale, acquisition, or holding of a security or other property (including any lending of money or other extension of credit associated with the sale, acquisition, or holding of a security or other property) pursuant to the advice; and

''(iii) the direct or indirect receipt of fees or other compensation by the fiduciary adviser or an affiliate thereof (or any employee, agent, or registered representative of the fiduciary adviser or affiliate) in connection with the provision of the advice or in connection with a sale, acquisition, or holding of a security or other property pursuant to the advice.

''(B) REQUIREMENTS RELATING TO PROVISION OF INVESTMENT ADVICE BY FIDUCIARY ADVISERS.—The requirements of this subparagraph (referred to in subsection (d)(16)(C)) are met in connection with the provision of investment advice referred to in subsection (e)(3)(B), provided to a plan or a participant or beneficiary of a plan by a fiduciary adviser with respect to the plan in connection with any sale, acquisition, or holding of a security or other property for purposes of investment of amounts held by the plan, if—

''(i) in the case of the initial provision of the advice with regard to the security or other property by the fiduciary adviser to the plan, participant, or beneficiary, the fiduciary adviser provides to the recipient of the advice, at a time reasonably contemporaneous with the initial provision of the advice, a written notification (which may consist of notification by means of electronic communication)—

''(I) of all fees or other compensation relating to the advice that the fiduciary adviser or any affiliate thereof is to receive (including compensation provided by any third party) in connection with the provision of the advice or in connection with the sale, acquisition, or holding of the security or other property,

''(II) of any material affiliation or contractual relationship of the fiduciary adviser or affiliates thereof in the security or other property,

''(III) of any limitation placed on the scope of the investment advice to be provided by the fiduciary adviser with respect to any such sale, acquisition, or holding of a security or other property,

''(IV) of the types of services provided by the fiduciary adviser in connection with the provision of investment advice by the fiduciary adviser,

''(V) that the adviser is acting as a fiduciary of the plan in connection with the provision of the advice, and

''(VI) that a recipient of the advice may separately arrange for the provision of advice by another adviser, that could have no material affiliation with and receive no fees or other compensation in connection with the security or other property,

''(ii) the fiduciary adviser provides appropriate disclosure, in connection with the sale, acquisition, or holding of the security or other property, in accordance with all applicable securities laws,

''(iii) the sale, acquisition, or holding occurs solely at the direction of the recipient of the advice,

''(iv) the compensation received by the fiduciary adviser and affiliates thereof in connection with the sale, acquisition, or holding of the security or other property is reasonable, and

''(v) the terms of the sale, acquisition, or holding of the security or other property are at least as favorable to the plan as an arm's length transaction would be.

''(C) STANDARDS FOR PRESENTATION OF INFORMATION.—The notification required to be provided to participants and beneficiaries under subparagraph (B)(i) shall be written in a clear and conspicuous manner and in a manner calculated to be understood by the average plan participant and shall be sufficiently accurate and comprehensive to reasonably apprise such participants and beneficiaries of the information required to be provided in the notification.

''(D) EXEMPTION CONDITIONED ON MAKING REQUIRED INFORMATION AVAILABLE ANNUALLY, ON REQUEST, AND IN THE EVENT OF MATERIAL CHANGE.—The requirements of subparagraph (B)(i) shall be deemed not to have been met in connection with the initial or any subsequent provision of advice described in subparagraph (B) to the plan, participant, or beneficiary if, at any time during the provision of advisory services to the plan, participant, or beneficiary, the

fiduciary adviser fails to maintain the information described in subclauses (I) through (IV) of subparagraph (B)(i) in currently accurate form and in the manner required by subparagraph (C), or fails—

''(i) to provide, without charge, such currently accurate information to the recipient of the advice no less than annually,

''(ii) to make such currently accurate information available, upon request and without charge, to the recipient of the advice, or

''(iii) in the event of a material change to the information described in subclauses (I) through (IV) of subparagraph (B)(i), to provide, without charge, such currently accurate information to the recipient of the advice at a time reasonably contemporaneous to the material change in information.

''(E) MAINTENANCE FOR 6 YEARS OF EVIDENCE OF COMPLIANCE.—A fiduciary adviser referred to in subparagraph (B) who has provided advice referred to in such subparagraph shall, for a period of not less than 6 years after the provision of the advice, maintain any records necessary for determining whether the requirements of the preceding provisions of this paragraph and of subsection (d)(16) have been met. A transaction prohibited under subsection (c)(1) shall not be considered to have occurred solely because the records are lost or destroyed prior to the end of the 6-year period due to circumstances beyond the control of the fiduciary adviser.

''(F) EXEMPTION FOR PLAN SPONSOR AND CERTAIN OTHER FIDUCIARIES.—A plan sponsor or other person who is a fiduciary (other than a fiduciary adviser) shall not be treated as failing to meet the requirements of this section solely by reason of the provision of investment advice referred to in subsection (e)(3)(B) (or solely by reason of contracting for or otherwise arranging for the provision of the advice), if—

''(i) the advice is provided by a fiduciary adviser pursuant to an arrangement between the plan sponsor or other fiduciary and the fiduciary adviser for the provision by the fiduciary adviser of investment advice referred to in such section,

''(ii) the terms of the arrangement require compliance by the fiduciary adviser with the requirements of this paragraph,

''(iii) the terms of the arrangement include a written acknowledgment by the fiduciary adviser that the fiduciary adviser is a fiduciary of the plan with respect to the provision of the advice, and

''(iv) the requirements of part 4 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 are met in connection with the provision of such advice.

''(G) DEFINITIONS.—For purposes of this paragraph and subsection (d)(16)—

''(i) FIDUCIARY ADVISER.—The term 'fiduciary adviser' means, with respect to a plan, a person who is a fiduciary of the plan by reason of the provision of investment advice by the person to the plan or to a participant or beneficiary and who is—

''(I) registered as an investment adviser under the Investment Advisers Act of 1940 (15 U.S.C. 80b–1 et seq.) or under the laws of the State in which the fiduciary maintains its principal office and place of business,

''(II) a bank or similar financial institution referred to in subsection (d)(4) or a savings association (as defined in section 3(b)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(b)(1))), but only if the advice is provided through a trust department of the bank or similar financial institution or savings association which is subject to periodic examination and review by Federal or State banking authorities,

''(III) an insurance company qualified to do business under the laws of a State,

''(IV) a person registered as a broker or dealer under the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.),

''(V) an affiliate of a person described in any of subclauses (I) through (IV), or

''(VI) an employee, agent, or registered representative of a person described in any of subclauses (I) through (V) who satisfies the requirements of applicable insurance, banking, and securities laws relating to the provision of the advice.

''(ii) AFFILIATE.—The term 'affiliate' of another entity means an affiliated person of the entity (as defined in section 2(a)(3) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a)(3))).

''(iii) REGISTERED REPRESENTATIVE.—The term 'registered representative' of another entity means a person described in section 3(a)(18) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(18)) (substituting the entity for the broker or dealer referred to in such section) or a person described in section 202(a)(17) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a)(17)) (substituting the entity for the investment adviser referred to in such section).''.

SEC. 106. STUDY REGARDING IMPACT ON RETIREMENT SAVINGS OF PARTICIPANTS AND BENEFICIARIES BY REQUIRING CONSULTANTS TO ADVISE PLAN FIDUCIARIES OF INDIVIDUAL ACCOUNT PLANS.

(a) STUDY.—As soon as practicable after the date of the enactment of this Act, the Secretary of Labor shall undertake a study of the costs and benefits to participants and beneficiaries of requiring independent consultants to advise plan fiduciaries in connection with individual account plans. In conducting such study, the Secretary shall consider—

(1) the benefits to plan participants and beneficiaries of engaging independent advisers to provide investment and other advice regarding the assets of the plan to persons who have fiduciary duties with respect to the management or disposition of such assets,

(2) the extent to which independent advisers are currently retained by plan fiduciaries,

(3) the availability of assistance to fiduciaries from appropriate Federal agencies,

(4) the availability of qualified independent consultants to serve the needs of individual account plan fiduciaries in the United States,

(5) the impact of the additional fiduciary duty of an independent advisor on the strict fiduciary obligations of plan fiduciaries,

(6) the impact of new requirements (consulting fees, reporting requirements, and new plan duties to prudently identify and contract with qualified independent consultants) on the availability of individual account plans, and

(7) the impact of a new requirement on the plan administration costs per participant for small and mid-size employers and the pension plans they sponsor.

(b) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Secretary of Labor shall report the results of the study undertaken pursuant to this section, together with any recommendations for legislative changes, to the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate.

SEC. 107. TREATMENT OF QUALIFIED RETIREMENT PLANNING SERVICES.

(a) IN GENERAL.—Subsection (m) of section 132 of the Internal Revenue Code of 1986 (defining qualified retirement services) is amended by adding at the end the following new paragraph:

''(4) NO CONSTRUCTIVE RECEIPT.—No amount shall be included in the gross income of any employee solely because the employee may choose between any qualified retirement planning services provided by a qualified investment advisor and compensation which would otherwise be includible in the gross income of such employee. The preceding sentence shall apply to highly compensated employees only if the choice described in such sentence is available on substantially the same terms to each member of the group of employees normally provided education and information regarding the employer's qualified employer plan.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 403(b)(3)(B) of such Code is amended by inserting ''132(m)(4),'' after ''132(f)(4),''.

(2) Section 414(s)(2) of such Code is amended by inserting ''132(m)(4),'' after ''132(f)(4),''.

(3) Section 415(c)(3)(D)(ii) of such Code is amended by inserting ''132(m)(4),'' after ''132(f)(4),''.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2003.

SEC. 108. EFFECTIVE DATES AND RELATED RULES.

(a) IN GENERAL.—Except as otherwise provided in the preceding provisions of this title or in subsections (c) and (d), the amendments made by this Act shall apply with respect to plan years beginning on or after the general effective date.

(b) GENERAL EFFECTIVE DATE.—For purposes of this section, the term ''general effective date'' means the date which is 1 year after the date of the enactment of this Act.

(c) SPECIAL RULE FOR COLLECTIVELY BARGAINED PLANS.—In the case of a plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and 1 or more employers ratified on or before the date of the enactment of this Act, subsection (a) shall be applied to benefits pursuant to, and individuals covered by, any such agreement by substituting for ''the general effective date'' the date of the commencement of the first plan year beginning on or after the earlier of—

(1) the later of—

(A) the date which is 1 year after the general effective date, or

(B) the date on which the last of such collective bargaining agreements terminates (determined without regard to any extension thereof after the date of the enactment of this Act), or

(2) the date which is 2 years after the general effective date.

(d) AMENDMENTS RELATING TO INVESTMENT ADVICE.—The amendments made by section 105 shall apply with respect to advice referred to in section 3(21)(A)(ii) of the Employee Retirement Income Security Act of 1974 or section 4975(c)(3)(B) of the Internal Revenue Code of 1986 provided on or after January 1, 2005.

TITLE II—OTHER PROVISIONS RELATING TO PENSIONS

SEC. 201. AMENDMENTS TO RETIREMENT PROTECTION ACT OF 1994.

(a) TRANSITION RULE MADE PERMANENT.—Section 769(c) of the Retirement Protection Act of 1994 (26 U.S.C. 412 note) is amended—

(1) in the heading, by striking ''TRANSITION''; and

(2) in paragraph (1), by striking ''transition'' and by striking ''for any plan year beginning after 1996 and before 2010''.

(b) SPECIAL RULES.—Paragraph (2) of section 769(c) of the Retirement Protection Act of 1994 is amended to read as follows:

''(2) SPECIAL RULES.—The rules described in this paragraph are as follows:

''(A) For purposes of section 412(l)(9)(A) of the Internal Revenue Code of 1986 and section 302(d)(9)(A) of the Employee Retirement Income Security Act of 1974, the funded current liability percentage for any plan year shall be treated as not less than 90 percent.

''(B) For purposes of section 412(m) of the Internal Revenue Code of 1986 and section 302(e) of the Employee Retirement Income Security Act of 1974, the funded current liability percentage for any plan year shall be treated as not less than 100 percent.

''(C) For purposes of determining unfunded vested benefits under section 4006(a)(3)(E)(iii) of the Employee Retirement Income Security Act of 1974, the mortality table shall be the mortality table used by the plan.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2002.

SEC. 202. REPORTING SIMPLIFICATION.

(a) SIMPLIFIED ANNUAL FILING REQUIREMENT FOR OWNERS AND THEIR SPOUSES.—

(1) IN GENERAL.—The Secretary of the Treasury and the Secretary of Labor shall modify the requirements for filing annual returns with respect to one-participant retirement plans to ensure that such plans with assets of $250,000 or less as of the close of the plan year need not file a return for that year.

(2) ONE-PARTICIPANT RETIREMENT PLAN DEFINED.—For purposes of this subsection, the term ''one-participant retirement plan'' means a retirement plan with respect to which the following requirements are met:

(A) on the first day of the plan year—

(i) the plan covered only one individual (or the individual and the individual's spouse) and the individual owned 100 percent of the plan sponsor (whether or not incorporated), or

(ii) the plan covered only one or more partners (or partners and their spouses) in the plan sponsor;

(B) the plan meets the minimum coverage requirements of section 410(b) of the Internal Revenue Code of 1986 without being combined with any other plan of the business that covers the employees of the business;

(C) the plan does not provide benefits to anyone except the individual (and the individual's spouse) or the partners (and their spouses);

(D) the plan does not cover a business that is a member of an affiliated service group, a controlled group of corporations, or a group of businesses under common control; and

(E) the plan does not cover a business that leases employees.

(3) OTHER DEFINITIONS.—Terms used in paragraph (2) which are also used in section 414 of the Internal Revenue Code of 1986 shall have the respective meanings given such terms by such section.

(4) EFFECTIVE DATE.—The provisions of this subsection shall apply to plan years beginning on or after January 1, 2003.

(b) SIMPLIFIED ANNUAL FILING REQUIREMENT FOR PLANS WITH FEWER THAN 25 EMPLOYEES.—In the case of plan years beginning after December 31, 2004, the Secretary of the Treasury and the Secretary of Labor shall provide for the filing of a simplified annual return for any retirement plan which covers less than 25 employees on the first day of a plan year and which meets the requirements described in subparagraphs (B), (D), and (E) of subsection (a)(2).

SEC. 203. IMPROVEMENT OF EMPLOYEE PLANS COMPLIANCE RESOLUTION SYSTEM.

The Secretary of the Treasury shall continue to update and improve the Employee Plans Compliance Resolution System (or any successor program) giving special attention to—

(1) increasing the awareness and knowledge of small employers concerning the availability and use of the program;

(2) taking into account special concerns and circumstances that small employers face with respect to compliance and correction of compliance failures;

(3) extending the duration of the self-correction period under the Self-Correction Program for significant compliance failures;

(4) expanding the availability to correct insignificant compliance failures under the Self-Correction Program during audit; and

(5) assuring that any tax, penalty, or sanction that is imposed by reason of a compliance failure is not excessive and bears a reasonable relationship to the nature, extent, and severity of the failure.

The Secretary of the Treasury shall have full authority to effectuate the foregoing with respect to the Employee Plans Compliance Resolution System (or any successor program) and any other employee plans correction policies, including the authority to waive income, excise, or other taxes to ensure that any tax, penalty, or sanction is not excessive and bears a reasonable relationship to the nature, extent, and severity of the failure.

SEC. 204. FLEXIBILITY IN NONDISCRIMINATION, COVERAGE, AND LINE OF BUSINESS RULES.

(a) NONDISCRIMINATION.—

(1) IN GENERAL.—The Secretary of the Treasury shall, by regulation, provide that a plan shall be deemed to satisfy the requirements of section 401(a)(4) of the Internal Revenue Code of 1986 if such plan satisfies the facts and circumstances test under section 401(a)(4) of such Code, as in effect before January 1, 1994, but only if—

(A) the plan satisfies conditions prescribed by the Secretary to appropriately limit the availability of such test; and

(B) the plan is submitted to the Secretary for a determination of whether it satisfies such test.

Subparagraph (B) shall only apply to the extent provided by the Secretary.

(2) EFFECTIVE DATES.—

(A) REGULATIONS.—The regulation required by paragraph (1) shall apply to years beginning after December 31, 2004.

(B) CONDITIONS OF AVAILABILITY.—Any condition of availability prescribed by the Secretary under paragraph (1)(A) shall not apply before the first year beginning not less than 120 days after the date on which such condition is prescribed.

(b) COVERAGE TEST.—

(1) IN GENERAL.—Section 410(b)(1) of the Internal Revenue Code of 1986 (relating to minimum coverage requirements) is amended by adding at the end the following:

''(D) In the case that the plan fails to meet the requirements of subparagraphs (A), (B) and (C), the plan—

''(i) satisfies subparagraph (B), as in effect immediately before the enactment of the Tax Reform Act of 1986,

''(ii) is submitted to the Secretary for a determination of whether it satisfies the requirement described in clause (i), and

''(iii) satisfies conditions prescribed by the Secretary by regulation that appropriately limit the availability of this subparagraph.

Clause (ii) shall apply only to the extent provided by the Secretary.''.

(2) EFFECTIVE DATES.—

(A) IN GENERAL.—The amendment made by paragraph (1) shall apply to years beginning after December 31, 2004.

(B) CONDITIONS OF AVAILABILITY.—Any condition of availability prescribed by the Secretary under regulations prescribed by the Secretary under section 410(b)(1)(D) of the Internal Revenue Code of 1986 shall not apply before the first year beginning not less than 120 days after the date on which such condition is prescribed.

(c) LINE OF BUSINESS RULES.—The Secretary of the Treasury shall, on or before December 31, 2004, modify the existing regulations issued under section 414(r) of the Internal Revenue Code of 1986 in order to expand (to the extent that the Secretary determines appropriate) the ability of a pension plan to demonstrate compliance with the line of business requirements based upon the facts and circumstances surrounding the design and operation of the plan, even though the plan is unable to satisfy the mechanical tests currently used to determine compliance.

SEC. 205. EXTENSION TO ALL GOVERNMENTAL PLANS OF MORATORIUM ON APPLICATION OF CERTAIN NONDISCRIMINATION RULES APPLICABLE TO STATE AND LOCAL PLANS.

(a) IN GENERAL.—

(1) Subparagraph (G) of section 401(a)(5) of the Internal Revenue Code of 1986 and subparagraph (H) of section 401(a)(26) of such Code are each amended by striking ''section 414(d))'' and all that follows and inserting ''section 414(d)).''.

(2) Subparagraph (G) of section 401(k)(3) of the Internal Revenue Code of 1986 and paragraph (2) of section 1505(d) of the Taxpayer Relief Act of 1997 (26 U.S.C. 401 note) are each amended by striking ''maintained by a State or local government or political subdivision thereof (or agency or instrumentality thereof)''.

(b) CONFORMING AMENDMENTS.—

(1) The heading for subparagraph (G) of section 401(a)(5) of such Code is amended to read as follows: ''GOVERNMENTAL PLANS.—''.

(2) The heading for subparagraph (H) of section 401(a)(26) of such Code is amended to read as follows: ''EXCEPTION FOR GOVERNMENTAL PLANS.—''.

(3) Subparagraph (G) of section 401(k)(3) of such Code is amended by inserting ''GOVERNMENTAL PLANS.—'' after ''(G)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2003.

SEC. 206. NOTICE AND CONSENT PERIOD REGARDING DISTRIBUTIONS.

(a) EXPANSION OF PERIOD.—

(1) AMENDMENT OF INTERNAL REVENUE CODE.—

(A) IN GENERAL.—Subparagraph (A) of section 417(a)(6) of the Internal Revenue Code of 1986 is amended by striking ''90-day'' and inserting ''180-day''.

(B) MODIFICATION OF REGULATIONS.—The Secretary of the Treasury shall modify the regulations under sections 402(f), 411(a)(11), and 417 of the Internal Revenue Code of 1986 to substitute ''180 days'' for ''90 days'' each place it appears in Treasury Regulations sections 1.402(f)–1, 1.411(a)–11(c), and 1.417(e)–1(b).

(2) AMENDMENT OF ERISA.—

(A) IN GENERAL.—Section 205(c)(7)(A) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1055(c)(7)(A)) is amended by striking ''90-day'' and inserting ''180-day''.

(B) MODIFICATION OF REGULATIONS.—The Secretary of the Treasury shall modify the regulations under part 2 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 to the extent that they relate to sections 203(e) and 205 of such Act to substitute ''180 days'' for ''90 days'' each place it appears.

(3) EFFECTIVE DATE.—The amendments made by paragraphs (1)(A) and (2)(A) and the modifications required by paragraphs (1)(B) and (2)(B) shall apply to years beginning after December 31, 2003.

(b) CONSENT REGULATION INAPPLICABLE TO CERTAIN DISTRIBUTIONS.—

(1) IN GENERAL.—The Secretary of the Treasury shall modify the regulations under section 411(a)(11) of the Internal Revenue Code of 1986 and under section 205 of the Employee Retirement Income Security Act of 1974 to provide that the description of a participant's right, if any, to defer receipt of a distribution shall also describe the consequences of failing to defer such receipt.

(2) EFFECTIVE DATE.—

(A) IN GENERAL.—The modifications required by paragraph (1) shall apply to years beginning after December 31, 2003.

(B) REASONABLE NOTICE.—In the case of any description of such consequences made before the date that is 90 days after the date on which the Secretary of the Treasury issues a safe harbor description under paragraph (1), a plan shall not be treated as failing to satisfy the requirements of section 411(a)(11) of such Code or section 205 of such Act by reason of the failure to provide the information required by the modifications made under paragraph (1) if the Administrator of such plan makes a reasonable attempt to comply with such requirements.

SEC. 207. ANNUAL REPORT DISSEMINATION.

(a) REPORT AVAILABLE THROUGH ELECTRONIC MEANS.—Section 104(b)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1024(b)(3)) is amended by adding at the end the following new sentence: ''The requirement to furnish information under the previous sentence with respect to an employee pension benefit plan shall be satisfied if the administrator

makes such information reasonably available through electronic means or other new technology.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to reports for years beginning after December 31, 2003.

SEC. 208. TECHNICAL CORRECTIONS TO SAVER ACT.

Section 517 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1147) is amended—

(1) in subsection (a), by striking ''2001 and 2005 on or after September 1 of each year involved'' and inserting ''2006 and 2010'';

(2) in subsection (e)(2)—

(A) by striking ''Committee on Labor and Human Resources'' in subparagraph (D) and inserting ''Committee on Health, Education, Labor, and Pensions'';

(B) by striking subparagraph (F) and inserting the following:

''(F) the Chairman and Ranking Member of the Subcommittee on Labor, Health and Human Services, and Education of the Committee on Appropriations of the House of Representatives and the Chairman and Ranking Member of the Subcommittee on Labor, Health and Human Services, and Education of the Committee on Appropriations of the Senate;'';

(C) by redesignating subparagraph (G) as subparagraph (J); and

(D) by inserting after subparagraph (F) the following new subparagraphs:

''(G) the Chairman and Ranking Member of the Committee on Finance of the Senate;

''(H) the Chairman and Ranking Member of the Committee on Ways and Means of the House of Representatives;

''(I) the Chairman and Ranking Member of the Subcommittee on Employer-Employee Relations of the Committee on Education and the Workforce of the House of Representatives; and'';

(3) in subsection (e)(3)(B), by striking ''January 31, 1998'' and inserting ''2 months before the convening of each summit'';

(4) in subsection (f)(1)(C), by inserting '', no later than 60 days prior to the date of the commencement of the National Summit,'' after ''comment'';

(5) in subsection (i)—

(A) by striking ''for fiscal years beginning on or after October 1, 1997,''; and

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

''(3) RECEPTION AND REPRESENTATION AUTHORITY.—The Secretary is hereby granted reception and representation authority limited specifically to the events at the National Summit. The Secretary shall use any private contributions accepted in connection with the National Summit prior to using funds appropriated for purposes of the National Summit pursuant to this paragraph.''; and

(6) in subsection (k)—

(A) by striking ''shall enter into a contract on a sole-source basis'' and inserting ''may enter into a contract on a sole-source basis''; and

(B) by striking ''in fiscal year 1998''.

SEC. 209. MISSING PARTICIPANTS AND BENEFICIARIES.

(a) IN GENERAL.—Section 4050 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1350) is amended by redesignating subsection (c) as subsection (e) and by inserting after subsection (b) the following new subsections:

''(c) MULTIEMPLOYER PLANS.—The corporation shall prescribe rules similar to the rules in subsection (a) for multiemployer plans covered by this title that terminate under section 4041A.

''(d) PLANS NOT OTHERWISE SUBJECT TO TITLE.—

''(1) TRANSFER TO CORPORATION.—The plan administrator of a plan described in paragraph (4) may elect to transfer the benefits of a missing participant or beneficiary to the corporation upon termination of the plan.

''(2) INFORMATION TO THE CORPORATION.—To the extent provided in regulations, the plan administrator of a plan described in paragraph (4) shall, upon termination of the plan, provide the corporation information with respect to benefits of a missing participant or beneficiary if the plan transfers such benefits—

''(A) to the corporation, or

''(B) to an entity other than the corporation or a plan described in paragraph (4)(B)(ii).

''(3) PAYMENT BY THE CORPORATION.—If benefits of a missing participant or beneficiary were transferred to the corporation under paragraph (1), the corporation shall, upon location of the participant or beneficiary, pay to the participant or beneficiary the amount transferred (or the appropriate survivor benefit) either—

''(A) in a single sum (plus interest), or

''(B) in such other form as is specified in regulations of the corporation.

''(4) PLANS DESCRIBED.—A plan is described in this paragraph if—

''(A) the plan is a pension plan (within the meaning of section 3(2))—

''(i) to which the provisions of this section do not apply (without regard to this subsection), and

''(ii) which is not a plan described in paragraphs (2) through (11) of section 4021(b), and

''(B) at the time the assets are to be distributed upon termination, the plan—

''(i) has one or more missing participants or beneficiaries, and

''(ii) has not provided for the transfer of assets to pay the benefits of all missing participants and beneficiaries to another pension plan (within the meaning of section 3(2)).

''(5) CERTAIN PROVISIONS NOT TO APPLY.—Subsections (a)(1) and (a)(3) shall not apply to a plan described in paragraph (4).''.

(b) CONFORMING AMENDMENTS.—Section 206(f) of such Act (29 U.S.C. 1056(f)) is amended—

(1) by striking ''title IV'' and inserting ''section 4050''; and

(2) by striking ''the plan shall provide that,''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions made after final regulations implementing subsections (c) and (d) of section 4050 of the Employee Retirement Income Security Act of 1974 (as added by subsection (a)), respectively, are prescribed.

SEC. 210. REDUCED PBGC PREMIUM FOR NEW PLANS OF SMALL EMPLOYERS.

(a) IN GENERAL.—Subparagraph (A) of section 4006(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)(A)) is amended—

(1) in clause (i), by inserting ''other than a new single-employer plan (as defined in subparagraph (F)) maintained by a small employer (as so defined),'' after ''single-employer plan,'',

(2) in clause (iii), by striking the period at the end and inserting '', and'', and

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

''(iv) in the case of a new single-employer plan (as defined in subparagraph (F)) maintained by a small employer (as so defined) for the plan year, $5 for each individual who is a participant in such plan during the plan year.''.

(b) DEFINITION OF NEW SINGLE-EMPLOYER PLAN.—Section 4006(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)) is amended by adding at the end the following new subparagraph:

''(F)(i) For purposes of this paragraph, a single-employer plan maintained by a contributing sponsor shall be treated as a new single-employer plan for each of its first 5 plan years if, during the 36-month period ending on the date of the adoption of such plan, the sponsor or any member of such sponsor's controlled group (or any predecessor of either) did not establish or maintain a plan to which this title applies with respect to which benefits were accrued for substantially the same employees as are in the new single-employer plan.

''(ii)(I) For purposes of this paragraph, the term 'small employer' means an employer which on the first day of any plan year has, in aggregation with all members of the controlled group of such employer, 100 or fewer employees.

''(II) In the case of a plan maintained by two or more contributing sponsors that are not part of the same controlled group, the employees of all contributing sponsors and controlled groups of such sponsors shall be aggregated for purposes of determining whether any contributing sponsor is a small employer.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plans first effective after December 31, 2003.

SEC. 211. REDUCTION OF ADDITIONAL PBGC PREMIUM FOR NEW AND SMALL PLANS.

(a) NEW PLANS.—Subparagraph (E) of section 4006(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)(E)) is amended by adding at the end the following new clause:

''(v) In the case of a new defined benefit plan, the amount determined under clause (ii) for any plan year shall be an amount equal to the product of the amount determined under clause (ii) and the applicable percentage. For purposes of this clause, the term 'applicable percentage' means—

''(I) 0 percent, for the first plan year.

''(II) 20 percent, for the second plan year.

''(III) 40 percent, for the third plan year.

''(IV) 60 percent, for the fourth plan year.

''(V) 80 percent, for the fifth plan year.

For purposes of this clause, a defined benefit plan (as defined in section 3(35)) maintained by a contributing sponsor shall be treated as a new defined benefit plan for each of its first 5 plan years if, during the 36-month period ending on the date of the adoption of the plan, the sponsor and each member of any controlled group including the sponsor (or any predecessor of either) did not establish or maintain a plan to which this title applies with respect to which benefits were accrued for substantially the same employees as are in the new plan.''.

(b) SMALL PLANS.—Paragraph (3) of section 4006(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)), as amended by section 210(b), is amended—

(1) by striking ''The'' in subparagraph (E)(i) and inserting ''Except as provided in subparagraph (G), the'', and

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

''(G)(i) In the case of an employer who has 25 or fewer employees on the first day of the plan year, the additional premium determined under subparagraph (E) for each participant shall not exceed $5 multiplied by the number of participants in the plan as of the close of the preceding plan year.

''(ii) For purposes of clause (i), whether an employer has 25 or fewer employees on the first day of the plan year is determined by taking into consideration all of the employees of all members of the contributing sponsor's controlled group. In the case of a plan maintained by two or more contributing sponsors, the employees of all contributing sponsors and their controlled groups shall be aggregated for purposes of determining whether the 25-or-fewer-employees limitation has been satisfied.''.

(c) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendments made by subsection (a) shall apply to plans first effective after December 31, 2003.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to plan years beginning after December 31, 2003.

SEC. 212. AUTHORIZATION FOR PBGC TO PAY INTEREST ON PREMIUM OVERPAYMENT REFUNDS.

(a) IN GENERAL.—Section 4007(b) of the Employment Retirement Income Security Act of 1974 (29 U.S.C. 1307(b)) is amended—

(1) by striking ''(b)'' and inserting ''(b)(1)'', and

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

''(2) The corporation is authorized to pay, subject to regulations prescribed by the corporation, interest on the amount of any overpayment of premium refunded to a designated payor. Interest under this paragraph shall be calculated at the same rate and in the same manner as interest is calculated for underpayments under paragraph (1).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to interest accruing for periods beginning not earlier than the date of the enactment of this Act.

SEC. 213. SUBSTANTIAL OWNER BENEFITS IN TERMINATED PLANS.

(a) MODIFICATION OF PHASE-IN OF GUARANTEE.—Section 4022(b)(5) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1322(b)(5)) is amended to read as follows:

''(5)(A) For purposes of this paragraph, the term 'majority owner' means an individual who, at any time during the 60-month period ending on the date the determination is being made—

''(i) owns the entire interest in an unincorporated trade or business,

''(ii) in the case of a partnership, is a partner who owns, directly or indirectly, 50 percent or more of either the capital interest or the profits interest in such partnership, or

''(iii) in the case of a corporation, owns, directly or indirectly, 50 percent or more in value of either the voting stock of that corporation or all the stock of that corporation.

For purposes of clause (iii), the constructive ownership rules of section 1563(e) of the Internal Revenue Code of 1986 shall apply (determined without regard to section 1563(e)(3)(C)).

''(B) In the case of a participant who is a majority owner, the amount of benefits guaranteed under this section shall equal the product of—

''(i) a fraction (not to exceed 1) the numerator of which is the number of years from the later of the effective date or the adoption date of the plan to the termination date, and the denominator of which is 10, and

''(ii) the amount of benefits that would be guaranteed under this section if the participant were not a majority owner.''.

(b) MODIFICATION OF ALLOCATION OF ASSETS.—

(1) Section 4044(a)(4)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1344(a)(4)(B)) is amended by striking ''section 4022(b)(5)'' and inserting ''section 4022(b)(5)(B)''.

(2) Section 4044(b) of such Act (29 U.S.C. 1344(b)) is amended—

(A) by striking ''(5)'' in paragraph (2) and inserting ''(4), (5),'', and

(B) by redesignating paragraphs (3) through (6) as paragraphs (4) through (7), respectively, and by inserting after paragraph (2) the following new paragraph:

''(3) If assets available for allocation under paragraph (4) of subsection (a) are insufficient to satisfy in full the benefits of all individuals who are described in that paragraph, the assets shall be allocated first to benefits described in subparagraph (A) of that paragraph. Any remaining assets shall then be allocated to benefits described in subparagraph (B) of that paragraph. If assets allocated to such subparagraph (B) are insufficient to satisfy in full the benefits described in that subparagraph, the assets shall be allocated pro rata among individuals on the basis of the present value (as of the termination date) of their respective benefits described in that subparagraph.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 4021 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1321) is amended—

(A) in subsection (b)(9), by striking ''as defined in section 4022(b)(6)'', and

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

''(d) For purposes of subsection (b)(9), the term 'substantial owner' means an individual who, at any time during the 60-month period ending on the date the determination is being made—

''(1) owns the entire interest in an unincorporated trade or business,

''(2) in the case of a partnership, is a partner who owns, directly or indirectly, more than 10 percent of either the capital interest or the profits interest in such partnership, or

''(3) in the case of a corporation, owns, directly or indirectly, more than 10 percent in value of either the voting stock of that corporation or all the stock of that corporation.

For purposes of paragraph (3), the constructive ownership rules of section 1563(e) of the Internal Revenue Code of 1986 shall apply (determined without regard to section 1563(e)(3)(C)).''.

(2) Section 4043(c)(7) of such Act (29 U.S.C. 1343(c)(7)) is amended by striking ''section 4022(b)(6)'' and inserting ''section 4021(d)''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to plan terminations—

(A) under section 4041(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1341(c)) with respect to which notices of intent to terminate are provided under section 4041(a)(2) of such Act (29 U.S.C. 1341(a)(2)) after December 31, 2003, and

(B) under section 4042 of such Act (29 U.S.C. 1342) with respect to which proceedings are instituted by the corporation after such date.

(2) CONFORMING AMENDMENTS.—The amendments made by subsection (c) shall take effect on January 1, 2004.

SEC. 214. BENEFIT SUSPENSION NOTICE.

(a) MODIFICATION OF REGULATION.—The Secretary of Labor shall modify the regulation under subparagraph (B) of section 203(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(a)(3)(B)) to provide that the notification required by such regulation in connection with any suspension of benefits described in such subparagraph—

(1) in the case of an employee who returns to service described in section 203(a)(3)(B)(i) or (ii) of such Act after commencement of payment of benefits under the plan, shall be made during the first calendar month or the first 4 or 5-week payroll period ending in a calendar month in which the plan withholds payments, and

(2) in the case of any employee who is not described in paragraph (1)—

(A) may be included in the summary plan description for the plan furnished in accordance with section 104(b) of such Act (29 U.S.C. 1024(b)), rather than in a separate notice, and

(B) need not include a copy of the relevant plan provisions.

(b) EFFECTIVE DATE.—The modification made under this section shall apply to plan years beginning after December 31, 2003.

SEC. 215. STUDIES.

(a) MODEL SMALL EMPLOYER GROUP PLANS STUDY.—As soon as practicable after the date of the enactment of this Act, the Secretary of Labor, in consultation with the Secretary of the Treasury, shall conduct a study to determine—

(1) the most appropriate form or forms of—

(A) employee pension benefit plans which would—

(i) be simple in form and easily maintained by multiple small employers, and

(ii) provide for ready portability of benefits for all participants and beneficiaries,

(B) alternative arrangements providing comparable benefits which may be established by employee or employer associations, and

(C) alternative arrangements providing comparable benefits to which employees may contribute in a manner independent of employer sponsorship, and

(2) appropriate methods and strategies for making pension plan coverage described in paragraph (1) more widely available to American workers.

(b) MATTERS TO BE CONSIDERED.—In conducting the study under subsection (a), the Secretary of Labor shall consider the adequacy and availability of existing employee pension benefit plans and the extent to which existing models may be modified to be more accessible to both employees and employers.

(c) REPORT.—Not later than 18 months after the date of the enactment of this Act, the Secretary of Labor shall report the results of the study under subsection (a), together with the Secretary's recommendations, to the Committee on Education and the Workforce and the Committee on Ways and Means of the House of Representatives and the Committee on Health, Education, Labor, and Pensions and the Committee on Finance of the Senate. Such recommendations shall include one or more model plans described in subsection (a)(1)(A) and model alternative arrangements described in subsections (a)(1)(B) and (a)(1)(C) which may serve as the basis for appropriate administrative or legislative action.

(d) STUDY ON EFFECT OF LEGISLATION.—Not later than 5 years after the date of the enactment of this Act, the Secretary of Labor shall submit to the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate a report on the effect of the provisions of this Act and title VI of the Economic Growth and Tax Relief Reconciliation Act of 2001 on pension plan coverage, including any change in—

(1) the extent of pension plan coverage for low and middle-income workers,

(2) the levels of pension plan benefits generally,

(3) the quality of pension plan coverage generally,

(4) workers' access to and participation in pension plans, and

(5) retirement security.

SEC. 216. INTEREST RATE RANGE FOR ADDITIONAL FUNDING REQUIREMENTS.

(a) IN GENERAL.—Subclause (III) of section 412(l)(7)(C)(i) of the Internal Revenue Code of 1986 is amended—

(1) by striking ''2002 or 2003'' in the text and inserting ''2001, 2002, or 2003'', and

(2) by striking ''2002 AND 2003'' in the heading and inserting ''2001, 2002, AND 2003''.

(b) SPECIAL RULE.—Subclause (III) of section 302(d)(7)(C)(i) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1082(d)(7)(C)(i)) is amended—

(1) by striking ''2002 or 2003'' in the text and inserting ''2001, 2002, or 2003'', and

(2) by striking ''2002 AND 2003'' in the heading and inserting ''2001, 2002, AND 2003''.

(c) PBGC.—Subclause (IV) of section 4006(a)(3)(E)(iii) of such Act (29 U.S.C. 1306(a)(3)(E)(iii)) is amended to read as follows—

''(IV) In the case of plan years beginning after December 31, 2001, and before January 1, 2004, subclause (II) shall be applied by substituting '100 percent' for '85 percent' and by substituting '115 percent' for '100 percent'. Subclause (III) shall be applied for such years without regard to the preceding sentence. Any reference to this clause or this subparagraph by any other sections or subsections (other than sections 4005, 4010, 4011 and 4043) shall be treated as a reference to this clause or this subparagraph without regard to this subclause.''.

(d) EFFECTIVE DATE.—

(1) GENERAL RULE.—Subject to paragraph (2), the amendments made by this section shall take effect as if included in the amendments made by section 405 of the Job Creation and Worker Assistance Act of 2002.

(2) ELECTION.—The plan sponsor or plan administrator of a plan may elect whether to have the amendments made by subsections (a) and (b) apply. Such election shall be made in such manner and at such time as the Secretary of the Treasury or his delegate may prescribe and,

once made, may not be revoked. An election to apply such amendments shall not be treated as a prohibited change in actuarial assumptions for purposes of reports required to be filed with the Secretary of Labor, the Secretary of Treasury, or the Pension Benefit Guaranty Corporation.

TITLE III—GENERAL PROVISIONS

SEC. 301. PROVISIONS RELATING TO PLAN AMENDMENTS.

(a) IN GENERAL.—If this section applies to any pension plan or contract amendment—

(1) such pension plan or contract shall be treated as being operated in accordance with the terms of the plan during the period described in subsection (b)(2)(A), and

(2) except as provided by the Secretary of the Treasury, such pension plan shall not fail to meet the requirements of section 411(d)(6) of the Internal Revenue Code of 1986 and section 204(g) of the Employee Retirement Income Security Act of 1974 by reason of such amendment.

(b) AMENDMENTS TO WHICH SECTION APPLIES.—

(1) IN GENERAL.—This section shall apply to any amendment to any pension plan or annuity contract which is made—

(A) pursuant to any amendment made by this Act or by title VI of the Economic Growth and Tax Relief Reconciliation Act of 2001, or pursuant to any regulation issued by the Secretary of the Treasury or the Secretary of Labor under this Act or such title VI, and

(B) on or before the last day of the first plan year beginning on or after January 1, 2006.

In the case of a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986), this paragraph shall be applied by substituting ''2008'' for ''2006''.

(2) CONDITIONS.—This section shall not apply to any amendment unless—

(A) during the period—

(i) beginning on the date the legislative or regulatory amendment described in paragraph (1)(A) takes effect (or in the case of a plan or contract amendment not required by such legislative or regulatory amendment, the effective date specified by the plan), and

(ii) ending on the date described in paragraph (1)(B) (or, if earlier, the date the plan or contract amendment is adopted),

the plan or contract is operated as if such plan or contract amendment were in effect; and

(B) such plan or contract amendment applies retroactively for such period.

□ 1300

The SPEAKER pro tempore (Mr. SHIMKUS). After 1 hour and 20 minutes of debate on the bill, as amended, it shall be in order to consider a further amendment printed in House Report 108–98, if offered by the gentleman from California (Mr. GEORGE MILLER), or his designee, which shall be considered read, and shall be debatable for 1 hour, equally divided and controlled by the proponent and an opponent.

The gentleman from Ohio (Mr. BOEHNER), the gentleman from California (Mr. GEORGE MILLER), the gentleman from California (Mr. THOMAS), and the gentleman from California (Mr. MATSUI) each will control 20 minutes of debate on the bill.

The Chair recognizes the gentleman from Ohio (Mr. BOEHNER).

GENERAL LEAVE

Mr. BOEHNER. 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. 1000.

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

There was no objection.

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

Mr. Speaker, last year the Congress responded to the Enron and Global Crossing financial collapses by passing bipartisan legislation to strengthen worker retirement security and enhance corporate responsibility. And thanks largely to the work of the gentleman from Ohio (Mr. OXLEY) and a bipartisan team of legislators, President Bush signed into law corporate accountability legislation that holds companies to the highest standards of auditor independence and ethics for America's investors.

But on the issue of pension security, as the chart shows, we have got some unfinished business yet to complete. Last year the House responded quickly to these corporate failures by passing the Pension Security Act, the comprehensive pension protection bill backed by President Bush that would give millions of Americans new tools to help them better manage and expand their retirement security. We passed the bill with significant bipartisan support, with 46 Democrats joining 209 Republicans in supporting the bill. Unfortunately, the Senate did not act on any pension reform legislation last year.

Before I talk about the protections included in the bill, I am proud to say that two key Pension Security Act provisions were signed into law last summer as part of the Sarbanes-Oxley corporate accountability law. These provisions bar company insiders from selling their own stock during blackout periods when workers cannot make changes to their own accounts and to require companies to give 30 days' advanced notice before a blackout period would begin.

These provisions give workers parity with corporate executives and should provide workers with additional security of knowing that Congress is acting to better protect them. But we have more work to do.

Let us be very clear. Worker retirement savings remain vulnerable to corporate meltdowns today, and it should not take another Enron or WorldCom for Congress to act on bipartisan pension protections. That is why we are here today. The gentleman from Texas (Mr. SAM JOHNSON) and I introduced the Pension Protection Act because workers desperately need access to professional investment advice and the ability to diversify their 401(k) savings and other safeguards to help them enhance their retirement security, as this chart shows us.

Enron barred workers from selling company stock until age 50; and as a result, thousands of Enron employees watched helplessly as their retirement savings were lost. The Pension Security Act gives workers new freedoms to sell their company stock within 3 years. This is a dramatic change that gives workers unprecedented control over their retirement accounts and personal savings.

Today, the vast majority of American workers receive no investment advice on how best to structure their 401(k) retirement plans, and most cannot afford to pay for it on their own, like company executives can. Not surprisingly, Enron, WorldCom, Global Crossing, and others did not provide their workers with access to professional investment advice. This type of investment guidance would have alerted these workers to the need to diversify their accounts and enabled many of them to have preserved their retirement savings.

An Enron executive acknowledged before our committee that she diversified out of Enron stock before it collapsed and saved hundreds of thousands of dollars. Why are we denying rank-and-file employees the same opportunity to receive access to high-quality investment advice? And the answer to that is quite obvious. We should not be.

The Pension Security Act changes outdated Federal rules and encourages employers to provide their workers with access to this type of advice. With the 30-day blackout protection now the law of the land, investment advice becomes even more critical for employees who cannot make changes to their 401(k) accounts during a company-imposed blackout period. Importantly, the bill includes new fiduciary and disclosure protections to ensure that workers receive quality advice that is solely in their best interests. The average investor will have much more protection under our bill than under current law.

The bill also requires companies to give workers quarterly benefits statements that include information about accounts, including the value of their assets, their right to diversify, and the importance of maintaining a diverse portfolio. And lastly, the bill empowers workers to hold company insiders accountable for abuses by clarifying that companies are responsible for workers' savings during blackout periods.

Congress should take action to protect Americans' retirement benefits, not endanger them. On a bipartisan basis, Congress has rejected extreme proposals, such as efforts to place arbitrary caps on company stock, that could jeopardize Americans' retirement security or spell the death of 401(k) accounts altogether. The bill before us is a balanced one that protects workers, but does not jeopardize the willingness of employers to offer retirement plans to their employees.

American workers deserve the security of knowing that their savings will be there when they retire. This bill could have made a real difference for the workers at WorldCom or Global Crossing or Enron. Current pension laws are simply outdated, and we have a responsibility to change that.

I want to thank the gentleman from Texas (Mr. SAM JOHNSON), my colleague and friend, who has once again

proven instrumental in moving this issue forward here in the House, and I would also like to thank the gentleman from California (Chairman THOMAS) on the Committee on Ways and Means for their cooperation in helping us bring this bill to the floor today.

Mr. Speaker, I include the following letters for the RECORD:

HOUSE OF REPRESENTATIVES, COMMITTEE ON EDUCATION AND THE WORKFORCE,
Washington, DC, May 7, 2003.

Hon. WILLIAM M. THOMAS,
Chairman, Committee on Ways and Means, Longworth House Office Building, Washington, DC.

DEAR CHAIRMAN THOMAS: Thank you for your May 6, 2003 letter regarding H.R. 1000, the ''Pension Security Act of 2003,'' which was referred to the Committee on Education and the Workforce and in addition the Committee on Ways and Means. The Education and the Workforce Committee ordered the bill favorably reported on March 6, 2003 and I filed the report on March 18, 2003, House Report 108–43. I thank you for working with me, specifically regarding the provisions amending the Internal Revenue Code. While these provisions are within the sole jurisdiction of the Committee on Ways and Means, I appreciate your willingness to work with me in moving H.R. 1000 forward without the need for additional legislative consideration by your Committee.

I agree that this procedural route should not be construed to prejudice the jurisdictional interest and prerogatives of the Committee on Ways and Means on these provisions or any other similar legislation and will not be considered as precedent for consideration of matters of jurisdictional interest to your Committee in the future.

I thank you for working with me regarding this matter and look forward to continuing our work and cooperation on this bill and similar legislation. This letter and your response will be included in the Congressional Record during the floor consideration of this bill. If you have questions regarding this matter, please do not hesitate to call me.

Sincerely,

JOHN BOEHNER,
Chairman.

COMMITTEE ON WAYS AND MEANS,
Washington, DC, May 6, 2003.

Hon. JOHN BOEHNER,
Chairman, Committee on Education and the Workforce, Rayburn House Office Building, Washington, DC.

DEAR CHAIRMAN BOEHNER: I am writing you concerning H.R. 1000, the ''Pension Security Act of 2003,'' which was sequentially referred to the Committee on Ways and Means until Friday, May 9, 2003.

As you know, the Committee on Ways and Means has jurisdiction over matters concerning the Internal Revenue Code. However, in order to expedite this legislation for floor consideration, we will not take action on this particular proposal. This is being done with the understanding that it does not in any way prejudice the Committee with respect to the appointment of conferees or its jurisdictional prerogatives on this or similar legislation.

I would appreciate your response to this letter, confirming this understanding with respect to H.R. 1000, and would ask that a copy of our exchange of letters on this matter be included in the Congressional Record during floor consideration.

Best regards,

BILL THOMAS,
Chairman.

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

Mr. GEORGE MILLER of California. Mr. Speaker, I yield myself 8 minutes.

Mr. Speaker, today we will have a choice about what to do on behalf of America's future retirees, the employees of America's corporations and the protection of their pensions. We can do, as has been suggested in the Republican bill, a bill that essentially does nothing for retirees and for employees. What it says is that employees should be offered advice, and then it also suggests that that advice can be conflicted, it can be biased, it can be compromised, because under the current law, if we are given investment advice, we cannot be given conflicted advice.

And yet in the wake of Enron and Global Crossing, the answer to the Republicans is to change the current law to allow advice to be given to employees about their retirement futures but to allow that advice to be conflicted, to allow that advice to be conflicted by the very same institutions that just recently settled for $1.4 billion because they had offered conflicted advice and bad advice to their clients. $1.4 billion, that is what those companies agreed to pay. That does not even begin to speak to the hundreds of billions of dollars that the shareholders lost, that employees lost in their mutual funds, their retirement plans because of those conflicts and that essentially criminal behavior. Yes, the deal was struck for $1.4 billion.

Now along comes the Republicans 2 years after Enron, and they say we are going to give them the right to have advice, but that advice gets to be conflict. How tone deaf can one be? How shocked will the American public be when they find out they took their retirement plans and put them exactly in the hands of people who just copped a plea for a billion and a half dollars for giving people bad advice, maybe illegal advice, almost criminal activity, if the Members will. The Republicans' answer is to take America's retirees and turn them over to those firms.

One has to fail to understand what America saw after Enron, what they saw after the bust in the stock market of their retirement plans being depleted, the same kind of outrage that Americans felt when they saw the CEOs and executive officers of American Airlines guarantee their pensions at the same time they were negotiating several billions in givebacks from pilots and flight attendants and workers. They were shocked when they heard this. So shocked and so bad was the reaction, that the CEO of American Airlines had to resign, and they had to give back their compensation package.

Delta Airlines, going through givebacks of billions of dollars from their workers, secures and guarantees their compensation and pension for the CEOs, where former Delta executives, corporate executives, write Delta and say it is a shameless act, an embarrassing act that they would do this. And yet today, after all of those actions, after that public response to that failure to protect the employees, the reaction of the Congress is to essentially do nothing.

But the Democrats offer a different alternative because I think we are listening to the public and to the employees. Yes, pensions is a dull subject. It has not captured the imagination of all the politicians. But the fact of the matter is it has moved from the back pages of the business section to the cover of every major business magazine and every major business; journal, and Fortune Magazine got it about right and that is the oink factor. How far will these corporate executives go? How far will these pigs go at the trough to grab hold of the assets of a corporation at the same time that they are letting their employees go down the tubes? Yes, it is the oink factor. It is CEO pay, it is guaranteed pension plans.

These captains of capitalists, these crusaders of the capitalist system, what do they want out of the system? They want a guarantee that no matter if the company goes bankrupt, no matter if they run the company into the ground, no matter if the company is successful, they want a guarantee that they will be protected financially forever into the future. That is what they wanted at American Airlines. That is what they wanted at Delta Airlines. That is what they wanted at Enron.

□ 1315

Today, the Republican bill is silent on that greed, on that oink factor.

But the Democratic bill offers something different to the Members of this House, who have heard from their constituents about the devastation of their retirement plans. There is none of us in this House that have not gone to a picnic, have not gone to a family gathering, have not gone to a graduation where people have not said that they are postponing their retirement because the retirement plan is not all they thought it would be, who say their spouse is going to have to work a little longer than they thought, who thought the place they were going to retire to in another State or in the country is not available to them any longer because their retirement plans have been devastated because of the activities of so many corporations.

Today we have a chance to take the oink, to take the oink, out of this pension system. We will be given the opportunity to vote on a substitute to where the problem is when executives loot, as the Delta people tried to loot the pension plan of the Delta workers, but to guarantee and insure their own pension plans. The Republican answer is oink. The answer in the Democratic bill is equity for employees.

As the President said at the beginning of the Enron scandal, what is good for the captain is good for the sailor. But the Republicans in Congress do

not think so, and the Delta executives did not think so 2 years later, where executives lie to their employees and do not provide full disclosure about what the executives are doing with the corporate assets and with the pension assets. Once again, there is nothing in their bill, just a big oink for those executives. We require full disclosure for those employees.

With regard to the conflicts of interest on investment advice, the heart of the Republican bill is to provide that conflicted investment advice to flow to those employees; not independent investment counselors, but the very people who will be earning commissions and fees from the investment of those funds.

The question is, are the American public and employees not entitled to better? These are the same people who will allow corporate executives to dedicate hundreds of thousands of dollars to giving investment advice of all different kinds to the executives of those corporations, but do not want to give that kind of advice or help those people out with respect to advice for the employees.

Finally, with regard to older workers, now with hundreds of companies poised to move from a defined benefit plan to a cash balance plan, where the shorthand is this, that older workers in their fifties who have been with companies 10 or 15 years stand to lose 30 to 50 percent of their retirement assets. This is not speculation, this is what happened last time they did this. We have a bar on them doing that again. This administration wants to remove that bar.

There are hundreds of corporations who are poised to make this conversion, and those employees will lose those pension assets. If you are 50 or 55 years old, there is no place you can go to make that up. But the company thinks that they can loot your pension assets to help out their bottom line.

So there is a stark contrast to be offered to the Members of Congress. There is a stark contrast to be offered to the workers of this country about the protection and the security of America's pensions, about the protection and the security, because that is the issue here today. It is not whether or not employees should have access to conflicted information. That is of no real value to those employees.

Mr. BOEHNER. Mr. Speaker, I am pleased to yield 2 minutes to the gentlewoman from Tennessee (Mrs. BLACKBURN), a member of our committee.

Mrs. BLACKBURN. Mr. Speaker, today Congress can take action to give employees more options in how to manage their 401(k)s and other investment plans. H.R. 1, the Pension Security Act, includes important financial safeguards and new disclosure protections for America's workers. It will help ensure that employees receive the advice they need to plan and invest for their future, and it provides Americans the power they need and deserve to manage their retirement funds.

This bill helps American workers in three important ways: First, it provides companies with guidelines on how to advise workers about investing. To enhance investment plan protections, this bill requires that financial advisers let people know that they have the right to third-party advisers, enabling employees to get the advice that they need. Today we are giving employees the power to choose alternative advisers.

In addition, H.R. 1000 works to provide the educational tools for employees who are investing in the companies they are working for. It significantly improves an employee's access to information regarding their accounts by requiring that they be provided with quarterly statements. By educating America's workers on investing, they will be better able to plan for their own retirement.

Third, this legislation helps make it clear to employees that diversifying their investments is absolutely essential. Each quarterly statement will reiterate the point. Too many people are unaware of the risks they take by holding large portions of stock in a single company.

Most employers want to do right by their employees, but there are exceptions, either by accident or gross negligence. The tools of advice, education and diversification, all of which H.R. 1000 provides for, will enable employees to make informed decisions about their investments and their 401(k)s. This bill recognizes that no one will guard their financial future as well as they will do for themselves.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield 4 minutes to the gentleman from Massachusetts (Mr. TIERNEY), a member of the committee.

Mr. TIERNEY. Mr. Speaker, I thank the gentleman for yielding me time.

Mr. Speaker, I rise today in opposition to this bill, the so-called Pension Security Act. I cannot help but be struck by a sense of deja vu, because it was just about a year ago today that the majority brought a similar bill to the floor with the same inadequate, harmful political fig leaf for their dismal record, just covering that dismal record on their retirement security.

Republicans have ignored the problems brought to light by last year's scandals and by all the scandals in the 13 months since that period of time. This legislation does address those dangers and challenges and uncertainties that threaten the retirement security of America's workers. In some cases it actually rolls back those protections.

For example, the bill opens up a whole new dangerous loophole that allows for self-interested investment advice to be provided to employees. For the first time since ERISA was enacted almost three decades ago, investment firms can be permitted to serve as both the principal financial adviser and the investment managers to employees.

The bill would permit investment advisers to recommend their firm's products and earn additional fees on those recommended products if they just disclose the fact that they are in conflict. It does not require access to independent advice, nor does it assure any independent oversight. Conflicts between the adviser's profits and the fiduciary duty to the worker would be explicitly authorized.

The rollback of these critical protections to workers is an act that flies in the face of the past year and a half of corporate scandals. On April 27, the Securities and Exchange Commission and New York Attorney General's office reached a $1.4 billion settlement with the 10 largest Wall Street firms. Among other things, it will, for the first time, require independent investment research to be provided to investors.

This settlement was based on mountains of evidence that the investment advice that major firms were providing to investors was corrupted by conflicts of interest. This costs investors billions of dollars through poor decisions tainted by their adviser's self-dealing.

The very same firms covered by this settlement have demonstrated that they felt no responsibility to the investing company, only to their profit margins. They are the same firms who have demonstrated that if a conflict is possible, they will exploit it, and even if a conflict is illegal, they will exploit it, and they will be explicitly authorized to have that conflicted advice presented under this bill.

There are other problems with this bill. It allows for the conversion of defined benefit plans to less generous cash balance plans, as just mentioned by my colleague from California. The majority actually voted down an amendment in committee to add protections for workers on that aspect.

Further, this legislation leaves in place practices that Enron and WorldCom and other companies that caused unwitting workers to lose billions of dollars benefited from.

There are three examples. The bill continues to lock employees into company-matched stock for 3 years after the contributions have been made; it fails to require companies to provide notice to employees that executives are dumping the company's stock, which should be a key indicator to workers that may wish to divest; and it also continues special treatment to company executive pensions at the expense of rank-and-file members.

Mr. Speaker, we should put what is happening today into context. This debate today is not just about pension security, just like last week's debate was not just about taxes. This is about an arrogance of power by this majority. While our economy struggles, and while families across America watch helplessly as their retirement savings dwindle away as a result of corporate greed and mismanagement, while health care costs soar to ever higher rates, while prescription drug prices rise at five times the rate of inflation, the

Republican leadership in this House can still be counted on to protect the interest of corporate moguls and wealthy special interests at the expense of hard-working American families.

There is something wrong when a party uses Enron and investment scandals of Wall Street as justification for rolling back pension protections for American workers. There is something wrong when a party uses the economic misery of regular Americans to cut the taxes of the super-rich. And there is something wrong when the majority uses the crisis of skyrocketing prescription drug prices to privatize Medicare as a favor to the insurance industry.

This bill exploits the suffering of many to reward the few. It is a pattern in this House, Mr. Speaker, and I urge my colleagues to oppose it.

Mr. BOEHNER. Mr. Speaker, I yield 5 minutes to the gentleman from Texas (Mr. SAM JOHNSON), chairman of the Subcommittee on Employer-Employee Relations.

(Mr. SAM JOHNSON of Texas asked and was given permission to revise and extend his remarks.)

Mr. SAM JOHNSON of Texas. Mr. Speaker, I thank the chairman for yielding me time.

Mr. Speaker, I am glad you all asked us to look at this, because I want to help Americans who are working hard and saving for their retirement. They deserve more information about what is happening to their retirement plans. They deserve help in making financial decisions that can often be overwhelming. They deserve the right to diversify their money in their retirement accounts.

The Pension Security Act that we are debating today lets all Americans do all this. Unfortunately, we have been here and done this before. We passed this bill in the last Congress, but it went to the other side of the Capitol, where nothing happened. Hopefully it will be enacted this year.

The Pension Security Act gives employees the freedom to diversify their retirement savings, but does not force them to do so. Free enterprise works best when individuals have the freedom to put their money where their mouths are.

It gives employees information on the importance of diversification, but, ultimately, the individual knows their own situation better than some arbitrary rule that Congress might have imposed.

I have heard from many constituents about the fact that they do not want the government imposing caps on how much company stock they can hold. The Pension Security Act not only gives employees the freedom to diversify, but it also gives them a new tool to help them, and, more importantly, to help them understand their investments. Employees will be able to receive professional advice so they can turn to a fiduciary adviser who can help them decide what the right investments are for their individual situation.

During the drafting of this bill about 1 year ago, we worked very hard to be sure that the employee-owned companies would not be required to set aside reserves to buy back company stock that might have been subject to the diversification requirements. The diversification requirements for privately held ESOP companies would have been a direct call on capital, requiring these companies to set aside cash or obligate lines of credit for the possible repurchase of shares, rather than for building the business. I am glad we dealt with this issue fairly and quickly.

As chairman of the Subcommittee on Employer-Employee Relations, I want to add that the bill is simply reiterating current law regarding fiduciary liability during a blackout. The concept of a blackout was written into ERISA last year as part of the Corporate Accountability Act. The provision in this bill is meant as a tag-along with those changes. Employers are still not liable for market swings during a blackout period, as long as they provide advance notice of a blackout, they have a legitimate reason for doing it, and generally acting as a good fiduciary during these periods.

This bill also contains several ERISA provisions that have been blocked by arcane Senate rules from moving forward in a tax bill. This bill will expand the missing participants program at the Pension Benefits Guaranty Corporation so that 401(k) plan participants can be reunited with their money if their company ceases to exist.

The bill also simplifies the annual reports that pension plans are required to file with the Department of Labor. The new form should be only one page long, and is a step in the right direction to cutting red tape that has caused so many small businesses to simply terminate their retirement plans. Small business owners have told me that this change could go a long way to reducing the cost of maintaining a retirement plan.

There are several other good changes in this bill, but I just want to mention two more small business provisions that are long overdue.

□ 1330

One of them would reduce the PBGC insurance premium for the new defined benefit plan and for small plans in order to reduce costs associated with setting up pension plans. Also, current law prohibits small business owners who pay insurance premiums to PBGC from receiving retirement benefits if the business fails. We reversed that.

So this bill, in effect, is going to help Americans prepare for their financial security in retirement. It must pass. It needs to be signed into law.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield 4 minutes to the gentleman from New Jersey (Mr. ANDREWS), the senior Democrat on the subcommittee.

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

Mr. ANDREWS. Mr. Speaker, I thank the gentleman from California for yielding me this time. I rise in strong opposition to the bill that is on the floor.

There have been two trends taking place in American life in recent months and years. The first is an outbreak of conflict of interest in the financial world of America. A few days ago, the attorney general of New York State, together with other law enforcement officials, announced a global settlement against a large number of investment firms because those firms were rather routinely giving advice that was conflicted and, therefore, not in the best interests of investors. The common practice was that the investment banking side of the firm was out hawking certain securities and trying to sell certain deals. And then the advice side of the firm was telling the retail clients of the firm to buy into those very same deals. It became obvious that the advice being given by these financial houses was not in the best interests of the investor; it was in the best interests of the financial house.

It was a scandal that has rocked Wall Street to its foundations. It has caused some significant problems in the market. It caused this Congress to take significant steps in the Sarbanes-Oxley legislation of last year. It was an unwelcome intrusion into the marketplace of American finance.

The second trend is that more and more Americans have become their own board of trustees for their own pension fund. Twenty-five years ago, the way most people's pensions were is that they worked for an employer, the employer put money into a pension fund, there was a board of directors or board of trustees for that pension fund that invested the money, and, when you retired, every month you got a check based upon how much money you were entitled to under that plan.

In recent years many employers have shifted to self-directed accounts. Commonly these are known as 401(k)s, where instead of the employer deciding how the money is invested, the constituent, the individual, decides how the money is invested, and, in effect, our constituents become their own board of trustees for their own pension plans. There is today $1.8 trillion of American pension money invested in these 401(k)s.

Now, one would think that when we have a trend of tremendous conflict of interest problems in the financial industry and a huge jump in the number of pension dollars in self-directed accounts that the House would be about the business of trying to find ways to assure that we eliminated any possibility for conflict of interest when people give advice to pensioners and workers as to how to invest their pension funds. In fact, since 1974, that has been

the law. It is illegal under present law for a conflicted adviser to give advice.

The bill before the House today lifts that prohibition and makes it legal. In other words, what the attorney general of New York and the securities agencies of the Federal Government labored so hard to make unlawful in the rest of the economy, the House is now trying to make lawful with respect to people's pension funds.

Common sense tells us we want to go in the other direction. We want to reduce or eliminate conflicts of interest in investment advice. This bill authorizes and legalizes those conflicts of interest. It makes no sense. If one liked the Enron scandal, one will love what will happen if conflicted, unfettered investment advice visits the $1.8 trillion of America's pensions held in these funds.

Mr. Speaker, this bill should be rejected, and the Democratic substitute that we will debate later should be adopted.

Mr. BOEHNER. Mr. Speaker, I am pleased to yield 2 minutes to the gentleman from California (Mr. MCKEON), the chairman of the Subcommittee on 21st Century Competitiveness.

Mr. MCKEON. Mr. Speaker, I rise in strong support of this Pension Security Act of 2003, and I commend the gentleman from Ohio (Chairman Boehner) and the subcommittee chairman, the gentleman from Texas (Mr. JOHNSON), for their leadership in getting this bill to the floor to help America's workers.

In the wake of the Enron and WorldCom scandals, this Congress must ensure that innocent, hard-working, dedicated employees have safeguards to protect their savings. When Enron stock was dropping, its employees had no other option but to ride its tidal wave until it ran aground and crashed.

As a former small business owner, I understand the desires of an employer to provide his or her employees with good, stable pension plans to ensure a comfortable retirement. By providing sound retirement benefits, employees' productivity increases through the peace of mind that they will have a financial future long after they retire.

With the ever-changing economy and the differing retirement plans that are available to employees, it is the responsibility of an employer to ensure that his or her workers are given the freedom to direct the course of their financial future. We must increase workers' access to financial advice to help them choose the best investment for their individual needs.

It is for this reason that I am pleased that the Pension Security Act will allow investment advisers to work in a purely fiduciary capacity to help employees understand the complexities, advantages, and opportunities in diversification of their investment pensions. If Enron workers had had the same sound advice from unbiased, trustworthy sources, many former employees would not have incurred the great financial losses that most employees have had to undergo as a result of the company's failure.

When large corporations go bankrupt for whatever reason, whether it be through corruption or through innocent financial problems, management is generally more insulated from the blow than the employees because of their freedom to invest and their access to information. This bill will simply give employees the same benefits as management: the flexibility to make individual decisions with their money. They should not be penalized for the failure of management or the company.

This bill will greatly alleviate the problems illustrated by Enron and WorldCom and fill a gaping hole, and I urge my colleagues to support this bill.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield 2 minutes to the gentleman from Arizona (Mr. GRIJALVA), a member of the committee.

Mr. GRIJALVA. Mr. Speaker, I thank the gentleman from California for yielding me this time.

I rise today in opposition to H.R. 1000 and in support of the Pension Fairness Act. As has been stated before, the collapse of WorldCom, Enron, Global Crossing, and other corporate abuses we have seen in the news has highlighted the need for critical pension reform to eliminate abuses and to protect workers. The Pension Fairness Act, the Democratic substitute, deals with meaningful reform and protections from abuse against workers. I would like to take the 1 minute to compare the Democratic substitute and H.R. 1000.

The Democratic substitute gives workers the right to independent, unbiased investment advice. H.R. 1000 does not. In fact, it creates the opposite effect.

The Democratic substitute provides workers with a voice in running defined contribution plans. H.R. 1000 leaves decision-making in the hands of corporate executives.

The Democratic substitute gives workers notice when executives are selling company stocks. H.R. 1000 does not.

The Democratic substitute protects older workers when a company converts from traditional pension plans to a cash balance plan. H.R. 1000 does not.

The Democratic substitute requires that executive pensions be subject to the same pension rules as rank-and-file workers. H.R. 1000 offers no such fairness.

Mr. Speaker, H.R. 1000 is unfair and destined for abuse and conflict and offers no protections or security to workers. The Pension Fairness Act, the Democratic substitute, is fair, just, and destined for real reform and protection and security for the workers. I urge a ''yes'' vote on the Democratic substitute and a ''no'' vote on H.R. 1000.

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

Mr. GEORGE MILLER of California. Mr. Speaker, I yield 2 minutes to the gentlewoman from Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I rise to support the substitute that has been offered by the gentleman from California (Mr. MILLER) and the gentleman from New York (Mr. RANGEL), because I speak both in metaphor, but as well in reality. I rise in tribute to the 53 Democrats in Texas that have had to leave because of processes like this where we have a bill on the floor of the House that does not, in fact, represent the solution to the problem. Why do I know the problem? Because I come from a community where thousands of employees were laid off within 48 hours to 24 hours, laid off, because Enron went bankrupt, and they lost everything. Why did they lose everything? Because they had pension programs that would not be supportive of the freedom to engage in choice.

The Republican bill on the floor of the House does nothing. This bill opens a dangerous loophole that jeopardizes employee retirement savings. It fails to protect the sailor, even when the captain is protected. The bill fails to protect long service workers' pension and cash balance pension convergence. It fails to address the need for an employee to have a voice on a pension board. It leaves employees locked into company stock for long periods of time. That was, if you will, the undermining of Enron employees and other employees. They could not get out. We had retirees that lost $1 million, $1 million because they could not get out of their pension plan. They simply could only stand by and cry as their savings crumbled.

Mr. Speaker, if we are going to be serious about the corporate systems who have failed us, if we are going to pay tribute to those employees and retirees who have catastrophic illnesses and lost loved ones because of what happened in our community and in Houston, if we are going to be supportive of a Democratic process, then I believe it is important to support the Miller-Rangel bill and vote ''no'' on H.R. 1000.

Mr. Speaker, I rise in opposition to H.R. 1000, the ''Pension Security Act of 2003,'' because this bill fails to sufficiently address the devastating impact of corporate misconduct on employee retirement plans.

Congress has the responsibility to provide American citizens with legislation that protects them and their families. This legislature should support legislation that ensures the pension plan protects employees' retirement accounts, by requiring the pension plan be diversified. We should also draft legislation that compels companies to provide employees with investment advice about pension plans and the assets included in the pension plan. Finally, Congress should draft legislation that both imposes and expands both civil and criminal liability malfeasance of pension plan fiduciaries and administrators.

H.R. 1000 does not adequately address the many issues facing employees pertaining to

their pension plans. H.R. 1000 allows employees to sell company stock after 3 years, and requires pension plan administrators to give employees 30 days written notice prior to any lockdown. On the surface these provisions seem like improvements to existing law and relief for America's employees. However, H.R. 1000 simply fails to sufficiently amend current pension plan law to account for and remedy disasters like the collapse of Enron.

Under H.R. 1000, companies would be free to provide investment advice that is not necessarily in the best interest of the workers. After companies provide this poor advice, they would be free from legal liability as long as the investment advisors disclose any conflict of interests.

Under H.R. 1000, pension plan participants would continue to be denied representation on pension boards resulting in employees having no voice in important pension plan decisions. In addition H.R. 1000 omits any provisions that would provide employees with notice when top management is contemplating dumping their stock. H.R. 1000 also fails to hold such administrators liable for knowingly making material misrepresentations or concealing such information from plan participants.

The Enron collapse is a paradigm example of what can happen when there is not full disclosure of corporate decision making in pension plans. In the Enron case, executives and senior management staff were encouraging employees to by company stock. At the same time, those same executives and senior managers were cashing out millions of dollars shortly before the company declared bankruptcy in December of 2001. Full disclosure and liability would have protected the 4,500 Enron employees who lost their jobs in my home district alone.

H.R. 1000 is also potentially dangerous to employees because it fails to impose limitations on assets that the corporation can hold its stock reserves. Limiting the amount of stock the corporation holds would result in diversification of the plan and guarantee there was adequate revenue and protection in the employees' retirement accounts. Once again, the Enron case illustrates the importance of limiting corporate stock ownership. In December of 2000, 62 percent of the assets in Enron Corporation's 401(k) plan consisted of shares of Enron stock. This lack of diversification meant financial ruin for thousands of Enron employees. Exxon Mobil is another example. That corporation, the 2nd Largest Fortune 500 Company in America, holds an estimated 77 percent of plan assets in company stock.

Diversification reduces the risk that a pension fund would become insolvent as a result of the company that sponsors the plan going bankrupt. Congress has required Defined Benefit Plans to diversify assets beyond 10 percent and also has generally exempted defined contribution plans from any type of risk reduction requirements that would provide plan protection through diversification.

The Democratic substitute to H.R. 1000 addresses the many flaws in the original bill. The democratic substitute would give employees the power to protect their retirement investments and provide for a more comprehensive bill that addresses the many problems raised by the Enron tragedy. The Democratic substitute will effectively prevent plan administrators from engaging in unlawful and unethical practices, and will ensure that plan participants are allowed to diversify their interests. The Democratic substitute also guarantees that employees are adequately represented on pension boards and that they receive adequate independent investment advice.

Mr. Speaker, I oppose H.R. 1000. This legislation does not provide adequate protection to employees. I support the Democratic substitute to H.R. 1000 because it protects employees from corporate malfeasance in the management of their pension plans.

The SPEAKER pro tempore (Mr. LINDER). The time of the gentleman from California (Mr. GEORGE MILLER) has expired.

Mr. BOEHNER. Mr. Speaker, I yield myself the balance of the time.

There has been a lot said today about the fact that this bill may not go far enough, and the substitute that we are about to debate in the coming hours goes much, much further.

The issue here that Members need to understand is that our pension system is a voluntary system on behalf of employers for their employees. And while we will have much more debate on this when we get into the substitute, we walk a very fine line when we bring pension issues to this floor.

The retirement security for American workers in most cases is one of their largest assets. It has to be treated with great respect. And all of us who have served in a legislative body, and especially here in Congress, know that we always have to deal with the law of unintended consequences. If we make one mistake, we could cost millions of Americans the right to their own retirement. So we have to be very careful.

That is why, if we look at the bill that we have before us, we make modest reforms to correct problems that we found in the wake of Enron and WorldCom, and others. We do not do a wholesale overhaul of our pension security laws, because, in honesty, it is not needed.

Now, the most substantive part of this bill would allow employers to offer to their employees real investment advice. We have over 60 million Americans who have self-directed accounts today, and most of whom have no access to real investment advice. The substitute that we are about to consider, given all of the rules they have around advice, will mean exactly what we see in the marketplace today: no advice.

Yes, we do allow those who sell products to offer advice. We do require them to provide notice to the employees of potential conflicts. We hold them to the highest fiduciary duty. If there is any difference in fees, they have to let the employee know. But our goal here is to get real investment advice into the hands of everyday, working people who want and need this advice, and they need it now. With these new self-directed accounts, if they are going to really have the kind of retirement security that they expect and that we want, they need real investment advice.

Current law, written in 1974, before the birth of the current financial services firms, barred those who sell product from giving advice. Now, if you are not in a retirement plan, and you are going to spend your money, you can get all the advice you want from all of the people in the world who sell products. But, oh, no, we cannot do that if you are in a qualified retirement plan. That is wrong. We should not lock out those firms that are the most successful firms in the country from offering their advice and their expertise to American workers. Workers do not have to take it.

Secondly, in the bill we have an above-the-line tax deduction for employees in order to go out and seek their own investment advice if they do not want what the employer offers.

□ 1345

Now, I think between both of these issues employees need to have options to go get the kind of advice that will benefit their own retirement security. The underlying bill is a very good bill. It had passed this House with broad bipartisan support about a year ago, and I expect that it will have broad bipartisan support today.

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

The SPEAKER pro tempore (Mr. LINDER). For the remainder of the debate, the gentleman from Texas (Mr. SAM JOHNSON) and the gentleman from California (Mr. MATSUI) each will control 20 minutes of debate on the bill.

The Chair recognizes the gentleman from Texas (Mr. SAM JOHNSON).

Mr. SAM JOHNSON of Texas. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, PBGC, substantial owner. This important provision was approved by the Committee on Ways and Means last week, and I am glad that we are also including it in this bill today.

This provision could help breathe life into defined benefit plans in small businesses. Right now the owners of small businesses have several disincentives to offering traditional pension plans. Aside from the fact that these plans are too expensive to maintain because of too much red tape, owners of small businesses are prohibited from receiving guaranteed benefits from PBGC should their businesses fail. It is crazy to think that small businessmen would offer traditional defined benefit plans, pay the expensive insurance premiums to the PBGC, and then be prohibited from receiving the same insurance benefit that all their employees receive if the company fails. This provision fixes that and allows owners to get some benefits from PBGC.

This bill also reduces PBGC premiums for new pension plans and for small pension plans. Those premiums are an expensive barrier to those few employers who are willing to set up traditional defined benefit pension plans. Reducing premiums could help

bring back this type of pension plan. This bill is long overdue. It should have been approved in our other body during the last session, but this time it looks like it can be and should be, for the benefit of all Americans.

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

Mr. MATSUI. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, it is kind of astonishing 2 years after Enron and WorldCom we are finally, again, taking up a bill that presumably is supposed to deal with the particular issues that Enron and WorldCom raise. Unfortunately, I do not think the bill does, which is really tragic in America today.

Almost every study I have seen and many people have seen over the last 5 years has indicated that the baby boom population, which is now retiring, does not have adequate retirement benefits for their future. And as a result of that, many Americans are going to be working longer, even though the unemployment rate is going up.

This legislation on the floor presented by my Republican colleagues unfortunately does not address the issue of pension benefits and retirement security for Americans that are about to retire. Let me just give you some examples of that.

The gentleman from Ohio (Mr. BOEHNER) talked about, well, we are going to allow independent investment advice for some of these companies for their employees. The only problem is it is kind of a ruse, because, in fact, this legislation will allow a conflict of interest for those investment advisers that they will then be able to make misleading information and statements to their employees.

Secondly, which is probably even more difficult to understand, is that this legislation, believe it or not, holds harmless from liability the employer when these advisers give misleading advice or fraudulent advice. So the worker is basically left without any remedy or resources and at the same time probably will be able to get advice that is misleading and full of conflicts of interest.

It allows cash balance plans. The only problem is if you are 50 or older, you can end up losing your retirement benefits because, as all of us know when you are in the workforce, the closer you get to retirement the greater benefit you get; but if you move to a cash balance, that is eliminated. And it does not give the employee the option to say, I want to go into a new plan or stay in my old plan. So automatically the employee is going to be damaged.

Our substitute, which will come up later, will address that issue, just like it will address the issue of independent advice.

In addition to that, which is somewhat surprising, is the whole issue of executive compensation, the whole issue of executive compensation which was the issue of Enron and WorldCom. It states that in terms of the 401(k) plan that the Enron employees had, they had to hold that Enron stock in there for an indefinite period of time.

The gentleman from Ohio's (Mr. BOEHNER) bill says you can take it out after 3 years. The problem is it is discretionary with the employer. So Enron could have made them keep the money in beyond 3 years, and that would have resulted in the same problem. So this bill does not do anything to overcome the Enron problem. In fact, the Attorney General of the State of New York, Eliot Spitzer, said, ''This legislation opens a loophole that will sharply erode, rather than enhance, safeguard for employees seeking independent and untainted advice how to invest in their retirement savings.''

The Attorney General of New York has said this; this legislation will actually do more harm than good.

Let me just conclude by making a couple other observations in my time, Mr. Speaker. This bill also would currently allow Ken Lay, the CEO of Enron Corporation, to keep his retirement benefits even though the company had filed bankruptcy and even though almost every Enron employee ended up losing their entire retirement benefits because most of their stock was held in Enron company stock in their 401(k) plans. This bill would have allowed that to continue on.

In addition, this bill would do nothing to help the American Airline employees, and all of us know the American Airline executives attempted to preserve a golden parachute for themselves and at the same time ask their employees, which is somewhat ironic, to cut their benefits.

So this bill does not address some of the major issues that I think the American public are concerned about in terms of its own income security.

Let me just say this, in terms of coming up with legislation to protect income security and fraud, we need to reexamine this legislation. Our Democratic substitute to be offered by the gentleman from California (Mr. GEORGE MILLER) will address these issues, but this bill does not.

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

Mr. SAM JOHNSON of Texas. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania (Mr. ENGLISH).

Mr. ENGLISH. Mr. Speaker, I thank the gentleman for yielding me time.

Mr. Speaker, I rise today in strong support of the Pension Security Act, which is very similar to legislation that was passed last year by the House of Representatives in response to the Enron crisis.

This is mainstream legislation that provides fundamental protections to American workers and American pension systems.

Now, as I listen to the debate here, I am struck by a certain Alice in Wonderland quality to the entire proposal because we have heard on the other side an enumeration of some of the things that they think this bill does not do. They do not focus on the fact that this does include fundamental protections.

They complain that this has taken a long time to do, and yet it was their party in the U.S. Senate that held up the proceedings on this bill after we passed it in the last Congress.

This is clearly legislation whose time has come, and I am very proud of the work that two of our committees have done, in the Committee on Education and the Workforce and in the Committee on Ways and Means, on which I serve, to make this legislation possible. Ultimately, the bill before us is one of the most important measures to secure Americans' retirement futures that we will work on this year.

Our working families clearly deserve to know that their hard-earned dollars invested in pension and retirement savings are secure. We have seen the devastating effect of corporate scandal on employees' pensions. The House again is responding to the challenge to make sure that the Enrons and WorldComs of the corporate world do not destroy the savings of their employees. This bill clearly provides rights to workers to diversify pension plan assets and protections against corporate abuses and pension mismanagement; and it also helps small businesses provide retirement security for their workers, which is one of the most fundamental reforms given, that so many small businesses currently do not extend to their workers those options.

By giving small businesses just a little relief from burdensome and costly regulations, millions of small business employees will now have retirement security. This is a worthy goal. This is worthy legislation. And I hope in the end when the smoke clears that this body will support it on a bipartisan basis.

Mr. MATSUI. Mr. Speaker, I yield 2 minutes to the distinguished gentlewoman from the State of Connecticut (Ms. DELAURO).

Ms. DELAURO. Mr. Speaker, I rise in strong opposition to this bill.

It has been a year and a half since the collapse of Enron, a year since the collapse of WorldCom. What has this body done to protect the pensions of American workers? Nothing.

We have indeed passed legislation, but legislation that fails to allow employees the right to fully diversify their stock, legislation that fails to hold executives who are fiduciaries in the pension plan accountable if they violate the law. Executives like Ken Lay. Legislation that allows employers to give the same conflicted financial advice the Republicans tried to push on the American workers before the Enron scandal broke.

With this bill we head down the same road. Xerox, Georgia Pacific, Bank of Boston already have switched from traditional defined benefit plans to cash balance pension plans that leave older

employees with their pensions slashed up to 50 percent. This bill would actually make it easier for more companies to adopt such practices. It would make it easier for companies like Motorola to put another $38 million into the retirement funds of their executives while they contribute not one cent to their workers' already underfunded pension funds.

Quite frankly, this bill does absolutely nothing to limit runaway executive compensation or protect employees from these unfair benefit cuts. It is obvious to everyone but this Republican majority that our pension rules do not do enough to protect helpless employees. It does not protect them from being locked out of their pension plans while their life savings go down the drain or protect them from venal executives who would take their money and run.

The majority seems to think that this is somehow acceptable behavior. You tell the folks in Westbrook, Connecticut, people who lost $2 million from their pension plan. I met with these men and women. We worked to win back their hard-earned retirement savings. This is about what this kind of reckless behavior does to a family that is struggling to pay a mortgage, to pay for their children's college education fund. No one should have to go through what families have been put through.

There is a Democratic substitute today. We have an opportunity to protect the working men and women in this country. Vote against this flawed Republican bill, and vote for the Democratic substitute.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I yield 2 minutes to the gentleman from Delaware (Mr. CASTLE).

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

Mr. CASTLE. Mr. Speaker, I thank the gentleman for yielding me time.

I congratulate him and others who worked on this, the gentleman from Ohio (Mr. BOEHNER) and others who worked on the legislation before us.

Mr. Speaker, I would like to get out of that a little bit and talk about where we are going. I do not disagree with the gentlewoman from Connecticut (Ms. DELAURO). There are a lot of problems out there that need to be fixed.

□ 1400

It seems to me, Mr. Speaker, we started with Sarbanes-Oxley, and we started to address a lot of those problems in terms of employees, corporate management, those questions.

We then went on to dealing with the issue of management on retirement funds. That is what we are doing for the most part out there in this country today. Whether we like it or not, that is happening, and basically this bill, if we take the time to really read it and be thoughtful about it, really provides more flexibility and diversification for the employees so they can make decisions and are not going to be bound in to something like their own company's stock and locked in such a way they cannot make the right decision, and it provides for more investment advice for that.

Some argue it is not independent. In my view of reading it, it is. Those are the kinds of thing we need to do. I believe if we had taken those steps, we would have avoided a lot of the problems that we had in places like Enron and WorldCom.

This measure requires companies to give workers, for example, quarterly benefits statements that include information about accounts, including the value of their assets, the right to diversify and the importance of maintaining a diversified portfolio.

We need to educate people in America about retirement needs, about what investments are. We need to work very hard on this because that is what they have to do anyhow, so we ought to have legislation which enables them to know more about it so they can make sound investments in light of whatever they want to do in the future.

I believe that this brings unprecedented new retirement security protections and literally would protect thousands of workers who got burned very badly in the last 3 years and hopefully are in some sort of recovery now. I would encourage everyone to support it.

I do not know much about the substitute. We will hear more about that here in a few minutes, but I will tell my colleagues, the underlying bill is something that is helpful.

Mr. Speaker, I rise today in strong support of H.R. 1000, the "Pension Security Act." I am proud to be a cosponsor of this measure that passed the House with bipartisan support in the 107th Congress and I thank Chairman BOEHNER and Subcommittee Chairman SAM JOHNSON for bringing this matter to the floor again. I am hopeful the measure will again pass as it provides important protections to working Americans with employer-based retirement plans.

Sadly, we have watched many Americans see their retirement savings plummet. Congress took a much needed step in enacting the Sarbanes-Oxley Act and this legislation further strengthens those reforms. This legislation gives workers greater ability to manage and expand their retirement savings.

Congressional hearings in 2002 established that inadequate worker access to investment advice contributed significantly to retirement security losses by employees at Enron. This bill provides greater resources to American workers by allowing employers to provide their workers with high-quality, professional investment advice as an employee benefit, while maintaining safeguards to protect the interests of workers and investors. This measure requires companies to give workers quarterly benefit statements that include information about accounts, including the value of their assets, their rights to diversify, and the importance of maintaining a diversified portfolio.

The "Pension Security Act" would give workers unprecedented new retirement security protections and would have helped to protect thousands of Enron and WorldCom employees who lost their savings during the company's collapse. Workers must be fully protected and fully prepared with the tools they need to protect and enhance their retirement savings. The "Pension Security Act" accomplishes these goals and I urge my colleagues to join me in supporting this important legislation.

Mr. MATSUI. Mr. Speaker, I yield myself 30 seconds.

I would just like to say to the gentleman from Delaware, I know he read the bill, but the problem with the bill that the Republicans have offered us is it actually makes the situation worse. Instead of giving independent advice, as the gentleman stated, it actually cloaks it in independent advice, it really does not.

What it basically does is allow conflicts of interest and hold harmless to the employer, and at the same time I think the whole issue of diversification, no, only subject to the whims of the employer will that be allowed. Enron would have not allowed it. So nothing would change. That is the problem.

The Democratic substitute, I am sure the gentleman has read that, will take care of these problems that the gentleman has raised and talked about, but not the Republican bill.

Mr. Speaker, I yield 2½ minutes to the distinguished gentleman from Massachusetts (Mr. DELAHUNT).

Mr. DELAHUNT. Mr. Speaker, I thank the gentleman for yielding me the time, and he is absolutely correct. What this bill does is bad enough, but what it fails to do is even worse.

The sponsors have named it the Pension Security Act, but it does nothing to protect workers and retirees from the corporate abuses that have put their hard-earned savings at risk. If this is the Republican's pension security plan, one shudders to think what they would do with Social Security.

At company after company, top executives have awarded themselves millions in bonuses, stock options, severance packages, driving their companies into bankruptcy and leaving their workers holding the bag. What does the Pension Security Act do for them? Not a thing.

Airline executives lose billions, lay off thousands of workers, but then go and set up secret trusts to protect their own retirement assets and put it out of the reach of creditors. What does this bill do for them? Not a thing.

Polaroid executives in my home State of Massachusetts cancelled retirees' health insurance and terminated workers on long-term disability, all the while awarding themselves millions in bonuses and severance packages. Once the company was sold, the new CEO terminated the pension plan as well. What does the Pension Security Act do for them? Not a thing.

We are in the midst of an unprecedented wave of business failures, rising unemployment and growing numbers of Americans who cannot afford health

insurance premiums, let alone a 401(k) plan. What will the Pension Security Act do for them? Not a thing, nothing at all.

This bill is a fraud, and it deserves to be defeated.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I yield 2 minutes to the gentleman from Georgia (Mr. ISAKSON).

Mr. ISAKSON. Mr. Speaker, I thank the distinguished gentleman from Texas for yielding me the time.

I want to clear something up, and I would appreciate if the ranking member, the distinguished gentleman from California, would look this way.

In rising to take my 2 minutes, I want to clear something up. I am on the Committee on Education and the Workforce, and I have great regard for the gentleman's work in the Committee on Ways and Means, but is it not true that the legislation includes both the Boehner and the Portman provision that allows an individual employee to choose their professional adviser and to deduct as a deduction the cost of that advice on their tax forms? Is that not true?

Mr. MATSUI. Mr. Speaker, will the gentleman yield?

Mr. ISAKSON. I yield to the gentleman from California.

Mr. MATSUI. Mr. Speaker, it allows them to do this, but with a potential conflict of interest, obviously the disclosure conflict of interest, but the problem is that the employer is held harmless from liability. That is what the problem with the bill is.

Mr. ISAKSON. Let me answer that part, too. If the employer provides the advice, the adviser is liable. They are liable under the Boehner bill and the one that came out of the Committee on Education and the Workforce. If the employer provides it, they are liable.

If that had been true under Enron's case, if it had been true under WorldCom's case, I doubt we would be sitting here today. We would be reading stories about those advisers who were in jail.

Secondly, if the employee chooses not to want the advice of the adviser that is liable from the company, then they are free to choose their professional adviser and use the cost as a legitimate deduction on their taxes.

The point I want to make is we can argue about executive compensation. We can argue about health plans, which are not even in this legislation. We can argue about anything, but the fact of the matter is with the passage of this bill, an individual is encouraged to seek independent advice. If it is not independent advice, the dependent adviser is liable to them if they do anything not in the interest of the employee, and if they seek advice independent, they are allowed to use as a legitimate deduction the cost of that individual they choose for the advice they got.

I would submit to my colleague it would not have taken a whistle-blower at Enron to blow it sky high. Under this bill we would have had an employee getting legitimate advice who would have understood long before that there was a problem, and millions of dollars would have been saved in the pensions of employees.

Mr. MATSUI. Mr. Speaker, I yield 3 minutes to the gentleman from Maryland (Mr. CARDIN), a distinguished member of the House Committee on Ways and Means, ranking member of the committee, who will actually address this issue.

Mr. CARDIN. Mr. Speaker, let me try to explain the problem with the advice sections of the bill that is on the floor.

What my colleagues have done in this legislation is remove the prohibited transaction on giving advice by the agent that is selling the product to the employee. What does that mean? That means an employer can hire an investment company that will be responsible for the investment options that the participant must participate in, and the actual person giving the advice to the participant makes a commission based upon what product that individual sells.

Under current law, that is a prohibited transaction and is not allowed. Under the legislation that has been reported to the floor, that is now permitted without any protection basically in the bill at all.

I regret that I cannot support this legislation. Let me just take my colleagues back to the last Congress where I thought we tried to work in a bipartisan way to deal with the problems of Enron and WorldCom, and we made some progress, but then somehow when the legislation got reported to the floor, all that cooperation, all that bipartisan working together was lost when the Committee on Rules reported out a bill that contained many provisions that were never agreed upon in trying to resolve the issues before us.

We are now faced with legislation that opens up a huge loophole that could magnify the problems we had in Enron and WorldCom by giving congressional sanction to individuals who are more interested in getting a commission from the participant in the plan than giving sound advice as to what will work with that individual's need. Do we need to pass legislation? Absolutely. But this is not the right bill.

Fortunately, there will be a Democratic substitute, Mr. Speaker, that will address the legitimate concerns that are out there, and I regret that we have not been able to work together to develop the type of legislation that is needed to deal with the Enron-type scandals. We should have done that. We should have worked together, but for reasons unknown to me, the majority has decided to go this route, which I think could very well cause more harm than benefit to the beneficiaries.

I urge my colleagues to support the Democratic substitute and, if that is not accepted, to reject the underlying bill.

Mr. MATSUI. Mr. Speaker, I yield 2½ minutes to the distinguished gentleman from California (Mr. BECERRA), a member of the House Committee on Ways and Means.

Mr. BECERRA. Mr. Speaker, I thank the gentleman for yielding the time.

Mr. Speaker, Enron, Global Crossing, WorldCom, the recent record of investment advisers serving their own interests above those of employees or investors is an unambiguous one and is not a pretty one. The time is not right for this particular idea because opening up a loophole to allow an employer to offer conflicted investment advice to its employee shareholders is something that, with previous history right before us, makes it very clear that we open up a Pandora's box.

Maybe sometime in the future we can figure out how to do this the right way, and I believe the Democratic alternative does exactly that. It finds ways to make sure that our investment by employees who work very hard not only are protected, not only is there flexibility, but that it can be done in a way that gives the employer the best opportunity to make sure employees are making the most of their investments, but to today believe that we can open the door to permitting conflicted investment advice is to not look at history and to not look at history of just the recent past.

Has the scandal of Enron left our mind so quickly that we believe we could do this? Are we still not aware that Global Crossing is still in the bankruptcy court? Did we forget that WorldCom could not provide to its employees its 401(k)s? It does not make any sense, and when we take a closer look at this legislation and see that for older workers we are not only harming them and encouraging more risk, but we are actually making it more difficult to protect older workers' investments, that does not seem like a very smart thing to do.

Then finally when we add to that that we do not provide to rank-and-file employees the type of flexibility they would need so we could have avoided the Enron scandal, because remember, in the Enron scandal, a lot of employees saw their stock, the value of their 401(k), tanking, just going down to nothing, and a lot of them, before it turned out to be valued at zero, said, let me pull it out, but they could not. They were stuck. The way the law was written, they could not pull it out. Executives could, but the rank-and-file employees could not.

If we are going to reform pension opportunities, why do we not reform that to provide employees more flexibility? Democrats tried to do that. This bill does not. This is not the right bill at the right time. Let us vote this down and vote for the Democratic substitute.

Mr. SAM JOHNSON of Texas. Mr. Speaker, could I inquire as to how many more speakers the gentleman has?

Mr. MATSUI. I have an additional speaker here.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I reserve the balance of my time.

Mr. MATSUI. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Massachusetts (Mr. FRANK), the ranking member of the Committee on Financial Services.

Mr. FRANK of Massachusetts. Mr. Speaker, sadly this bill reminds me of some comments we heard just a week or so ago from leading corporate executives who, having signed an agreement in which it was clear that their companies had abused the trust of investors, tried by public statements to water that down, and I admire the vigor with which the new head of the Securities and Exchange Commission Mr. Donaldson, who appears to be doing a good job, spoke out harshly against them.

What he said was, look, we have got to acknowledge that we made, as a society, serious errors, and we have to be willing to make a whole-hearted effort to correct them, and essentially what we saw were chief executives of culpable corporations who were making it clear that whatever reforms they had agreed to came grudgingly and reluctantly.

That is what this bill is. It is a grudging, reluctant acknowledgment that something had to be done, and it is an effort in the face of serious wrongdoing that took hard-earned money away from large numbers of people to do as little as people think they can get by with.

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This is a time for us to be forthcoming. This is a time for us to do an expansive piece of legislation protecting people. We are not dealing with speculative ills here. We are dealing with real harm that was done to real people. And a bill such as this, a grudging and partial acknowledgment that there were some mistakes but a refusal to deal with them in their entirety, is the same spirit that we saw from these corporate executives: you caught us, and you are going to make us do something; but we are going to fight you every step of the way, and we are not going to give any wholehearted endorsement to measures that will change things.

The measures that are in the Democratic substitute that will be coming forward represent, frankly, the spirit in which the head of the SEC spoke, and I hope we adopt it.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I yield 4½ minutes to the gentleman from Ohio (Mr. PORTMAN).

Mr. PORTMAN. Mr. Speaker, I thank Chairman JOHNSON for yielding me this time, and I thank him for his work both on the Committee on Ways and Means and on the Committee on Education and the Workforce on this very important issue of helping people save more for their retirement.

I have not been here to hear all the debate today, but I understand there has been a lot of discussion of investment advice; and I did hear someone say, gee, did we forget about WorldCom and Enron. No, we did not. The lesson of so much of what has happened in the last couple of years is the need for more investment advice and, in particular, more diversification. And I know on the other side of the aisle there are those who share that view strongly. We may disagree on how to do it, but to say this legislation is somehow to encourage people to get stuck in pension plans they do not want to be in with corporate stock they do not want is exactly the opposite.

In fact, what this legislation says is that we are going to change the rules so that, number one, for people who end up with matching stock from a company because they are in a 401(k) plan or some other kind of defined contribution plan, those people can get out of that stock. They are not told they have to stay in it.

In Enron, matching stock could not be sold until an employee was 50 years old and had 10 years of service. In other words, people got stuck with the stock. So when Enron's stock went down, that is all they had in their retirement plan. And it is horrible because they are left with nothing. We are saying, instead, after the vesting period, which is only 3 years, those people should be able to diversify out of that stock. That is a good idea, and it is a new idea this Congress has voted on last year; but it is a change in current law and a very important one.

Secondly, we say people should have more information, so when you get into a plan, you have to have notice from the employer saying diversification is a good thing. You ought to diversify. And on a quarterly basis you are now going to be able to get information you cannot get now as a participant in the plan, as an employee.

So these are all good things that are in this legislation. Again, it has passed the Congress before with very strong bipartisan support. This is something we should have done last year but could not get that part through the other body. Hopefully we will be able to do that this year because it all makes sense. And it does relate directly to the scandals of the last couple of years.

The final piece of this is investment advice. This legislation picks up something that was in the Portman-Cardin legislation, which allows people to take pretax money and apply it toward retirement planning. What does that mean? Well, I think the next frontier in terms of helping people save more for retirement is in part better educating the consumer, educating people who are in these plans as to the need to diversify and to diversify wisely depending on their situation in life.

Some people want to be in riskier investments because they are younger and want to build up that nest egg; others, closer to retirement, will want to be in something less risky. Folks need to be able to adjust. They need the information, the advice, the help. So this lets people take, on a pretax basis, purchase investment advice. It is like a cafeteria plan, or some other plan that people might want to take at their place of business.

This is a good idea. Not everybody will take advantage of it. But investment advice is expensive. This lets people take that pretax dollar and apply it towards investment advice. I hope there is not disagreement on that on a bipartisan basis. I think it is a good use of our Tax Code. I think it is a good way to get over that hump and to get people better educated.

The second piece in this advice legislation, which I think has had more discussion today, is the question of should companies be able to bring in advisers to advise their employees. Again, the situation is people are not getting the education information they need. How can they get that good advice? This says let us give those companies the ability to do that, but let us establish some rules.

Number one, people have to be certified; they have to be qualified to do it. That is in the legislation. It is good that that is in the statute. Second, let us establish a fiduciary relationship that this adviser would have to the individual employees who would be advised and consulted with. That means the person giving advice would be personally liable if that person were to do something that would create a problem for that participant.

Finally, it says that you have to disclose any potential conflict of interest. So if there is any potential conflict, in other words if you are giving advice, such as you should buy this particular kind of mutual fund or this one, and that person sells that mutual fund, you have to advise the person of any potential conflict of interest.

Now, we may be able to work over time to make this a better approach in terms of that specific issue of bringing investment advisers in. We would love to work with the other body on this. We have not been able to do so successfully. But we should stop this notion of partisan rhetoric against the idea, because the education advice is absolutely needed. We should be able to do it and get it done for the participants in the plan.

Mr. MATSUI. Mr. Speaker, I yield 2½ minutes to the distinguished gentleman from Washington (Mr. MCDERMOTT), a member of the House Committee on Ways and Means.

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

Mr. MCDERMOTT. Mr. Speaker, sometimes when I come to the floor, I think I have come back into the French Theater of the Absurd.

Here we have a bill that we are going to allow employers to provide financial advice to their employees but does not require sufficient safeguards to ensure that the advisers do not have a conflict of interest.

The country has gotten a better idea about the Republican idea of fiscal management recently, and I am sure that that would be the kind of people they would want their employees to get their information from. Despite running a budget of $400 billion in debt this year, they continue to spend money for their affluent supporters in trying to keep them from cutting taxes. They have really turned a modest government surplus into a prescription drug problem for the next 25 years. We are drunk on giving tax relief.

If we look at Mr. Bush's economic report on page 58, he says: ''A conservative rule of thumb is that interest rates rise about three basis points for every additional $200 billion in government debt.'' Now he tells us that things are going to go up. He tells us, and yet he continues to drive us into the hole.

Now, I was thinking about the kind of advisers that the company might recommend. They might recommend Bear Stearns or Credit Suisse or Deutsch Bank or Goldman Sachs, or any one of a dozen companies here that the Attorney General of New York has just fined $1.4 billion for misleading their investors. If you are an employer, and you want them to buy the stock in your company so you have some dough, and you send them to your credit bank that floats your bonds, it would not be very surprising if they recommend that people buy your company, even if it was like Ken Lay and Enron and it was going in the tank within a week. But there is nothing in this bill that says you cannot do that. Any way you can manipulate your workers is fair game.

Now, there is a legitimate role for government, and that is to protect the American people. And not only to protect them from terrorists and al Qaeda or whatever is going on in the rest of the world, but from the financial rapacious people in New York City.

The SPEAKER pro tempore (Mr. LINDER). The gentleman from California (Mr. MATSUI) has 1 minute remaining, and the gentleman from Texas (Mr. SAM JOHNSON) has 6½ minutes remaining, and the gentleman from Texas has the right to close.

Mr. MATSUI. Mr. Speaker, I yield myself the balance of my time, 1 minute, to close.

If I may, Mr. Speaker, because a lot has been said to address the issue of the independent advice that my colleagues seem to be really hung up on, it is a question of definition. The way they say independent advice is that if the independent adviser says I may have a conflict of interest, one time, then after that it is Katy, bar the door. They can say whatever they want.

Most employees do not just work 3 days a week, on Tuesday, Wednesday, and Thursday, like we in the House of Representatives do. They have kids to take to school. They have a lot of obligations. They do not remember when people say I may have a conflict of interest. And as a result of that, it is meaningless what my colleagues on the other side of the aisle are doing. There will be conflicts of interest; but the real problem is, obviously, that the employer will be held harmless from liability when the conflict of interest actually does damage to the employee.

I am just going to conclude by saying this. This bill will not help the average American, this will not help individuals who have 401(k) plans, and it definitely will not help the baby boom population that is about to retire now and who has inadequate funds for their income security. We need to address this in a much larger context and actually not do the kinds of damage that this bill will do under the so-called ruse of being good government.

This is not a good government bill. It will do more damage than the status quo.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I just would like to make the statement that my friend on the other side voted for H.R. 2269, which was the original Investment Advice Act, in November of 2001.

The minority is comparing the investment advice that this bill would allow with the recently concluded Global settlement involving several Wall Street firms, the SEC, and the New York Attorney General. It is a bad comparison. It suggests they do not understand the bill or the Global settlement.

The so-called Global settlement involved claims about individual company stocks which analysts were allegedly recommending while their firms were seeking investment banking business from the same companies without telling them, individual investors, about the relationship.

H.R. 1000, which we are discussing today, is about 401(k) allocations, which mostly involve mutual funds. Mutual funds and the advisers who provide guidance about mutual funds are in no way implicated in the Global settlement. But because they also provide investment advice, the minority is tarring them with the same brush.

In addition, the Global settlement was about potential conflict of interests which were not disclosed to investors. This bill requires clear disclosure of any such relationship so that investors can make the decision themselves about whether to accept or reject the advice.

Finally, the Global settlement was just a settlement in exchange for a number of reforms aimed at making sure investment analysis is without conflict of interest. The investigators who police Wall Street have dropped their lawsuit and settled their disagreement.

I would like to also include at this time the statement from the administration on their policy: ''The administration strongly supports passage of H.R. 1000, which encompasses important principles outlined in the President's pension retirement security plan. Like the President's plan, this bill strengthens workers' ability to manage their retirement funds by giving them more freedom to diversify their investments and by providing better information to workers through improved 401(k) and pension plan statements. The bill will also permit employers to provide their employees with access to professional investment advice. H.R. 1000 would give American workers access to information through expert advisers.''

The White House strongly supports this bill. I believe it requires a ''yes'' vote.

The statement of administration policy follows:

EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF MANAGEMENT AND BUDGET,

Washington, DC, May 14, 2003.

STATEMENT OF ADMINISTRATION POLICY

H.R. 1000—PENSION SECURITY ACT OF 2003

(Boehner (R) Ohio and 54 cosponsors)

The Administration strongly supports House passage of H.R. 1000, which encompasses important principles outlined in the President's Pension Retirement Security Plan. These principles were included in last year's pension reform bill that passed the House with significant bipartisan support. The Administration looks forward to working with Congress to ensure the legislation moves quickly through the process and is consistent with the President's budget.

Like the President's plan, this bill would strengthen workers' ability to manage their retirement funds by giving them more freedom to diversify their investments and by providing better information to workers through improved 401k and pension plan statements. This bill will also permit employers to provide their employees with access to professional investment advice. H.R. 1000 would give American workers access to information through expert advisers, who assume full fiduciary responsibility for their counsel and disclose relationships and fees associated with investment alternatives, so that they can make better retirement decisions. The bill also contains other important provisions that will help strengthen America's private retirement system.

The Administration will oppose legislation that discourages employers from sponsoring and making contributions to retirement plans for American workers and their families.

Pay-As-You-Go Scoring

The Budget Enforcement Act's pay-as-you-go requirements and discretionary spending caps expired on September 30, 2002. The Administration supports the extension of these budget enforcement mechanisms in a manner that ensures fiscal discipline and is consistent with the President's budget. OMB's cost estimate of this bill currently is under development.

Mr. CONYERS. Mr. Speaker, with the passage of the Fairness Act of 2003, the Republicans are once again placing corporate special interests ahead of the public interest. This bill is heavily stacked in favor of corporations and corporate executives with few, if any, protections for the average working American. It does little, if anything, to insure that working Americans retain the hard fought pension plans that they have worked so hard to attain. Alternatively, the Democratic pension plan would help level the playing field by subjecting executive pensions to the same pension rules

that apply to rank and file workers. The Democratic plan closes loopholes that allow special executive pension plans, such as deferred compensation plans, trusts and split dollar plans, to escape taxation and to receive special protection against creditors. Further, the Democratic plan would also apply the same uniform and fair vesting and contribution limits to executives that apply to ranks and file employees.

Instead of protecting pensions, the Republican plan increases the vulnerability of the hard earned retirement income of workers by allowing investment advice which is tainted by conflicts of interest.

Under the Republican plan, provisions currently in place under ERISA would be undermined by allowing employers to give biased, self-interested advice to workers concerning the investment of plan assets, as long as the investment advisor discloses a conflict of interest.

The Democratic plan is truly a plan to help average workers, it protects older workers' pensions when a company converts from a traditional pension plan to a cash pension plan. Under the GOP plan, million of workers, especially senior workers, could see their pensions cut by as much as 50 percent. The Democratic plans also ends secret pensions schemes, whereas, the Republican plan locks rank and file workers into company stocks for long periods of time without any legal options. Additionally, the Democratic Plan seeks to limit pension abuses by preventing firms from deducting more than 1 million in executive performance-based compensation if it is obtained through manipulation of the company's pension funds, by imposing an excise tax on executive golden parachutes when they leave behind companies with plummeting shareholder values or which are facing bankruptcy proceedings.

Mr. FRELINGHUYSEN. Mr. Speaker, today I rise in strong support of H.R. 1000, the Pension Security Act of 2003. I believe the time to update Federal pension law is now! I also believe this legislation could have prevented the tragic financial consequences of the Enron collapse, which is why I strongly support H.R. 1000.

This legislation will help ensure the safety of the American workers' pension fund savings through the following ways:

First, this legislation holds businesses to a higher standard of accountability. Specifically, it clarifies that company pension officials who do not act in the best interests of pension beneficiaries, can be held liable for breaching their fiduciary duty. Thus, this legislation ensures that America's CEOs, do not get rich at the expense of the American workers' pension fund savings.

Second, this legislation empowers the American worker by protecting employees against future abuses by giving them more control over their investments. Specifically, the American worker is empowered with the right to diversify employer stock contributions and the option to sell company stock three years after receiving it.

Third, this legislation also empowers the American worker by increasing their access to quality investment advice and by providing them with more information about their pensions. Specifically, it encourages employers to make investment advice available to their employees; it allows workers to use a tax-free payroll deduction to purchase investment advice on their own; and it requires companies to give quarterly reports that include account information, as well as their rights to diversify.

Notably, the Democrat's alternative for pension reform does not address the current shortcomings in the pension system. Instead, the Democratic alternative increases mandates and regulations that will result in increased costs, which will ultimately discourage employers from offering retirement plans altogether.

Finally, this legislation will help restore confidence in America's pension fund system. A generation of American workers have enjoyed a safe and secure retirement. By passing H.R. 1000 today, we will ensure future generations enjoy the same safe and secure retirement.

Mr. ETHERIDGE. Mr. Speaker, I rise in opposition to H.R. 1000, the so-called Pension Security Act, and in support of the Andrews Substitute.

Once again, this body finds itself considering a recycled bill that is harmful to America's working families. More than one year ago, this House passed seriously flawed legislation similar to H.R. 1000. Fortunately, that bill was wisely stopped in the Senate. But instead of taking time to write a bipartisan bill to protect worker pensions, here we are again debating another terrible bill.

As I did during the 107th Congress, I will vote against this misguided bill because it does not protect employee pensions, fails to prevent future corporate scandals, and creates a new loophole in the law jeopardizing employee savings.

Among the most egregious portions of this bill are the provisions relating to retirement investment advice. Under current law, employees are allowed to receive independent, comprehensive investment information as part of their employee benefits package. H.R. 1000 would overturn current law to allow employers to offer conflicted investment advice to their workers. While the sponsors of this legislation argue these provisions would help prevent future corporate scandals like Enron and Global Crossing, nothing could be farther from the truth. Financial institutions should not be able to give out investment advice if they stand to make a profit as a result of that advice.

Instead I am voting for the Andrews Substitute Amendment, otherwise known as the Pension Fairness Act. This important amendment requires executive pensions to be subject to the same pension rules that apply to rank-and-file workers, protects older workers' pensions when their companies convert to cash balance plans, and stops secret pensions schemes that allow corporate fat cats to get rich while workers suffer after their companies goes broke.

In this era, when people are saving less, we must ensure that the pensions of our working families are protected. H.R. 1000 will not achieve that goal, Mr. Speaker. In fact, it will make matters worse.

I urge all my colleagues to oppose H.R. 1000, and to support the Andrews Subsitute.

Mr. BACA. Mr. Speaker, I rise in strong opposition of H.R. 1000, the so-called Pension Fairness Act.

Congress adjourned last year after failing to address the faults in our pension system. A pension system that has been laid bare by catastrophic losses for thousands of workers, the tumbling stock market, and corporate abuse of retirement plans. We are now setting ourselves up to make the system even worse with this bill.

Proponents of this bill claim that the bill will prevent future Enron's and increase retirement security for workers. That is completely false. Despite the recycled and tired rhetoric, the bill would do nothing to prevent the kind of devastating retirement losses suffered by millions of employees and retirees at Enron, WorldCom, and other companies. In fact, it would weaken and even eliminate existing safeguards.

To make matters worse, this bill combined with the Treasury Department's decision to all conversions from traditional pension plans to cash balance plans, is a deadly two-hit combination against our Nation's workers. I thought the purpose of this bill was to benefit workers, not to leave them poor and with a black eye.

Evidence shows that older workers who are employed at companies that have made this switch have seen their retirement nest eggs shrink by 20 percent to 50 percent. In other words, these regulations would undermine a relatively safe retirement benefit and add to households' retirement security woes.

This proposal does not address the three primary problems with today's pension system: lack of coverage for half the workforce, inadequate pension income for low- and middle-income workers, and an unacceptable risk of pension losses for all workers. Clear strategies exist to address each of these issues, but the Pension Security Act of 2003 and the proposed regulatory changes miss the mark entirely.

Only half of America's workers have pension coverage at any given time. Just 50 percent of private sector workers had pension coverage in 2000, a level that has increased only slightly since 1970.

In 2000, 73 percent of our Nation's highest earners had pension coverage, compared with just 18 percent of our Nation's lowest earners. Hispanic workers are covered at a startlingly low rate of 29 percent, compared with 43 percent and 55 percent for their African American and white counterparts, respectively.

Like pension coverage, levels of retirement wealth depend on several factors; however, our retirement income level is still primarily determined by race, income, and gender. Hispanic retirees are far more likely to experience poverty in retirement. As of 1998, a startling 43 percent of Hispanic workers age 47–64 could expect retirement incomes below the poverty line, compared with 13 percent of whites.

The Federal Government spent over $89 billion in 2000 alone, to subsidize employee pensions. Under current law, employers that receive these Federal subsidies must pass a ''non-discrimination test,'' under which firms can exclude some lower-income employees from coverage, but not all.

But H.R. 1000 will effectively destroy this already thin layer of protection for low-income workers.

Under the guise of the now-familiar refrain of ''increased flexibility,'' a goal that has meant more money for employers and less money and fewer rights for workers, the House bill would allow companies to exclude more of their employees from pension coverage and avoid the test for fairness.

This bill is not flawed; it is deliberate. Deliberate in its intention to destroy what few pension protections exist for workers.

H.R. 1000 deliberately intends, like the tax cut, to deceive the working class by claiming to work in their favor, but instead shift those benefits to the wealthy.

I urge my colleagues to defeat this thinly veiled effort to legalize Enron pension scams.

I urge my colleagues to stand up for workers and vote ''no'' on this bill.

Mr. STARK. Mr. Speaker, I rise today to oppose H.R. 1000, the Pension Security Act of 2003. This bill does protect pensions—for CEOs and business owners. This bill doesn't do a thing to secure pensions for the rank and file worker. The bill actually hurts the average worker by weakening the non-discrimination rules that require employers to give the rank and file adequate pensions if they give lucrative pensions to those at the top. H.R. 1000 further hurts the average worker by eroding the conflicted advice rules which currently prohibits consultants from profiting from the investments they recommend to employees. It seems that my Republican colleagues have selective memory when it comes to the scandals of Enron and other corporations who led their employees into retirement pension devastation just last year. The bill before us today does nothing more than promote the behaviors of the greedy corporate executives at the peril of the average workers' retirement savings.

Current rules, enacted in 1986 to protect the average worker from getting left out of the tax-preferred retirement vehicles used by the top brass, require the pension plans to meet very specific tests for the balance between benefits for lower paid and higher paid workers. Today's bill seeks to delegate a significant amount of discretion to the Treasury Department concerning these so-called ''non-discrimination'' rules governing pension plans. Treasury would have the flexibility to permit pension plans to apply a ''facts and circumstances'' test to the benefits provided under the plan. This could result in disproportionately larger benefits going to the highly-paid employees compared to the benefits for the rank and file workers. At a time when 50 percent of the workforce doesn't even have a pension and the other 50 percent are trying to hold on to what they might have after last year's corporate debacles, Congress ought not to put retirement pensions into further jeopardy.

This bill goes a step further to hurt the rank and file workers' pension plans by allowing ''conflicted advice.'' Wall Street recently agreed to pay about $2 billion in penalties for the money it made off of investors by giving conflicted advice—advising investors to invest in the same companies from which they were receiving consulting and initial public offering fees. The SEC is currently trying to devise ways to keep investment advice separate from consulting dealings in order to protect investors. Now, the Republican party wants to take anything we learned from Enron about what not to do with pensions and turn it on its head. This is class warfare because the Republican party has made it class warfare. They aren't interested in helping the average worker who saves a lifetime in order to achieve an adequate secure retirement. The Republicans in Congress and in the White House would rather pass legislation to help their wealthy Wall Street campaign contributors.

The Democratic alternative is a sound bill that would truly protect all workers' pensions, not just those of the CEOs. The Democratic bill would require employers to provide conflict-free investment advice to employees. Our bill would also provide for worker representation on 401(k) boards of trustees. Who better to protect workers' pensions than a worker representative? Finally, the Democratic substitute bill would close the loopholes that permit companies to protect millions of dollars in pension benefits for a few top executives while the retirement savings of rank and file workers are lost.

The Democratic bill brings parity to the pensions of the rank and file worker by requiring executive pensions to be subject to the same pension rules that apply to rank-and-file workers. It would close loopholes that allow special executive pension plans (such as deferred compensation plans, trusts and split dollar plans) to escape taxation, to receive special protection against creditors, and to end-run pension laws that require wide employee participation (of both high and low wage workers) at the company. It would also apply to executives the same uniform and fair vesting and contribution limits that apply to rank and file employees. This bill fulfills President Bush's promise to provide equitable treatment to the captain and the sailor.

I urge my colleagues to put a stop to raids on retirement pensions by voting ''no'' on H.R. 1000 and ''yes'' on the Democratic substitute bill.

Mr. CASTLE. Mr. Speaker, I rise today in strong support of H.R. 1000, the ''Pension Security Act.'' I am proud to be a cosponsor of this measure that passed the House with bipartisan support in the 107th Congress and I thank Chairman BOEHNER and Subcommittee Chairman SAM JOHNSON for bringing this matter to the floor again. I am hopeful the measure will again pass as it provides important protections to working Americans with employer-based retirement plans.

Sadly, we have watched many Americans see their retirement savings plummet. Congress took a much needed step in enacting the Sarbanes-Oxley Act and this legislation further strengthens those reforms. This legislation gives workers greater ability to manage and expand their retirement savings.

Congressional hearings in 2002 established that inadequate worker access to investment advice contributed significantly to retirement security losses by employees at Enron. This bill provides greater resources to American workers by allowing employers to provide their workers with high-quality, professional investment advice as an employee benefit, while maintaining safeguards to protect the interests of workers and investors. This measure requires companies to give workers quarterly benefit statements that include information about accounts, including the value of their assets, their rights to diversify, and the importance of maintaining a diversified portfolio.

The ''Pension Security Act'' would give workers unprecedented new retirement security protections and would have helped to protect thousands of Enron and WorldCom employees who lost their savings during the company's collapse. Workers must be fully protected and fully prepared with the tools they need to protect and enhance their retirement savings. The ''Pension Security Act'' accomplishes these goals and I urge my colleagues to join me in supporting this important legislation.

Ms. WATERS. Mr. Speaker, we find ourselves with yet another Republican bill that does not deliver what its title promises. H.R. 1000 is not a true pension security bill. We can and must do better than this bill.

Since 2001, our country has experienced what has seemed to be almost weekly bankruptcies of some of the Nation's largest companies. Many of these bankruptcies were accompanied by corporate mismanagement and, in some cases, looting of employee pensions.

Enron, Tyco, Global Crossing—and many other companies are household names because of their executives' disgraceful actions. Some of the largest airlines have provided golden parachutes for their senior executives, even as their pilots, stewards and maintenance workers accept pay and benefit cuts to help these companies survive.

The President and his party have been talking tough about the need to protect workers' pensions and to combat corporate misdeeds. The President has been trying to make it sound as if he wanted to pursue tough reforms to strengthen employee protections and protect pensions. Yet, he is supporting this inadequate bill. A bill where, once again, the Republicans have sided with the worst CEOs and the special interests, rather than with our country's workers.

Witness, for example, how this bill locks employees into company stock for excessively long periods of time, putting at risk their retirement savings while company executives are allowed to sell off their stocks at any time. Enron's employees were forced to watch their retirement savings disappear as the company's stock went from a high of $80 to just a few pennies. They were not allowed to sell their stock. Enron executives, on the other hand, sold their holdings as they pleased. Enron's CEO, Kenneth Lay, made almost $50 million; and the Chief Financial Officer made $21 million last year. The company managed to pay out $744 million in salaries, bonuses and stock grants to the company's 140 senior officers just before it collapsed.

The same thing happened with Global Crossing. As the company mislead the public and its employees about its finances, many of the Crossing officials sold their stocks and made millions of dollars. Gary Winnick, the company's Chairman of the Board, sold about 9 percent of his stake in the company for $123.5 million. Each one of his deputies made out just as well. Meanwhile, the company laid off thousands of people. Those Global Crossing employees who managed to survive these job cuts, saw their retirement savings vanish.

Mr. Speaker, with all its many shortcomings, the greatest problem with this bill is that it repeals the law that prohibits employers from offering ''conflicted advice.'' It will now be legal for companies to offer financial advice even though it might be tainted with conflicts of interest. If Congress were to take any steps in this area, we should be strengthening provisions to protect employees and their pensions from such conflicted advice, not eliminating laws that prohibit them.

This legislation is an insult to the millions of people who lost billions in retirement savings while they watched their company leaders continue to enrich themselves. We should not pass this bill.

Ms. MAJETTE. Mr. Speaker, in our rush to pass this legislation, we have failed to consider the needs of the American worker today.

I would like to note my thoughts about this legislation, including what it does and also, importantly, what it does not do. This bill includes a number of provisions that are necessary, including some that are long overdue, but fails to consider some other needs that should be addressed.

For too long, investors have been putting their hard-earned money into investments, including the stock market, without understanding all of the benefits of diversification into different investment options. This bill will allow employers to provide workers with investment advice concerning the divestiture of their plan assets. I am very pleased that this bill also requires investment advisors to disclose any conflicts of interest. I know that plan fiduciaries take their obligations to provide good advice seriously and workers should expect from these advisors no less than the best, most honest financial advice possible. It is my hope that workers, armed with competent, professional investment advice, will translate this knowledge into secure retirement plans that meet their individual needs. I am pleased that workers will no longer be making investment decisions without receiving this financial education.

For too long, workers have been forced by some companies to hold the majority of their assets in their own company's stock. This requirement resulted in many workers holding all of their eggs in one basket and, for many, this requirement resulted in their losing all of their retirement savings (along with their jobs) when companies went bankrupt. This law was outdated and overly-restrictive. I am excited that this bill prohibits employers from forcing workers to keep savings in their own company's stock for more than three years. Employees must be given the opportunity to diversify their investments and, where necessary, rescue their savings when the company's fortunes turn bad.

Unfortunately, these changes to pension law fall short of the broad reform needed to adequately protect workers' retirement savings. Workers specifically need legislation today that will protect their pensions when a company converts to a cash balance plan. Many companies are considering adopting these plans without maintaining the benefits upon which many senior workers have planned their retirements. For a company to strip away promised benefits by changing the rules just before workers retire, is unconscionable; moreover, it should be criminal. This bill's failure to address the serious concerns many workers have about their pensions is simply unacceptable.

Furthermore, this body's continued unwillingness to allow sufficient debate on significant issues is a practice that must end—and end soon. By disallowing debate on important amendments, we are failing to live up to our constituents' expectations. Our constituents sent us to Washington to discuss the nation's difficult issues and to debate these issues on their merits. Today, the important issue of whether we would extend unemployment benefits, currently set to expire at the end of the month, was not discussed. When we fail to allow discussion of important issues we are failing the American people.

I vote in opposition of the ''pension security act'' for its failure to address the pressing needs of the American people today. I earnestly hope that consideration of future bills will include substantial debate on all of the issues that warrant attention, not just those that are easy to talk about.

Mr. KIND. Mr. Speaker, the Education and Workforce Committee, of which I am a member, recently passed H.R. 1000, legislation to protect workers hard earned pensions as well as expanding their retirement savings. While the bill will not necessarily end all corruption and abuse in our Nation's pension system, I feel that it is a step in the right direction.

As we all know over the past year, thousands of Enron, Global Crossing and WorldCom employees, stockholders, and their families saw their life savings disappear. While their nest eggs were being crushed, top executives were selling stock at top dollar and the auditors were shredding documents. These recent scandals shook the foundation of our country's private pension system and caused many people to wonder if the same thing could happen to them. Today, 46 million Americans participate in 401(k) and other pension programs with more then $4 trillion invested in the private pension system.

Congress has a responsibility to improve retirement security and restore confidence in the pension system for millions of Americans. In 1974, Congress enacted the Employee Retirement Income Security Act (ERISA) to provide protection of pension benefits for America's private sector employees. While ERISA made great strides, the growth of 401(k) plans and increased participation in the securities markets call for improved safeguards to protect these individually controlled pension accounts.

Our Democratic substitute includes important provisions that should be included in the underlying bill. For example, the Miller bill seeks parity of benefits for executives and rank-in-file workers by closing a current loophole that gives special treatment for executive pension plans. In addition, the substitute requires that executive compensation packages, including pensions, are approved by the board of directors and that shareholders and employees are notified of any new benefits awarded to executives 100 days before their adoption.

While I would prefer that the legislation on the floor today contain some of the provisions included in the Miller substitute, H.R. 1000 ultimately provides employees more control and decisionmaking over their 401(k) plans. Pension reform must be carefully done so as not to impose such onerous new restrictions that employers would be unwilling to offer pension plans, or might be encouraged to discontinue the plans they already offer.

Specifically H.R. 3762 would allow employees to sell their company-contributed stock after three years; ensures that corporate executives are held to the same restrictions as average American workers during ''lockdown'' periods, provide workers quarterly statements about their investments and their rights to diversify them, makes certain that employers assume full fiduciary responsibility during ''lockdown'' periods; and expand workers' access to investment advice.

These are common sense reforms that will help employees make better, more informed investment choices to prepare for their golden years. The recent corporate scandals exposed weaknesses in our pension laws that could jeopardize many workers retirement savings.

Mr. Speaker, hardworking Americans should not lose all of their retirement savings due to the wrong-doing of corporate executives and loopholes in our pension laws. This legislation, while not perfect, will bring much needed improvements to our private pension system and help millions of American workers save for a happy and healthy retirement.

Mr. EVERETT. Mr. Speaker, I rise in support of this legislation to improve pension security for American workers. However, I come to the floor today to express my serious concerns about the actions of some corporate decision makers, which has resulted in the sometimes criminal raiding and robbing of pension funds. I fear that we have not seen the last of the corporate malfeasance exhibited by the Enrons, Worldcoms, Global Crossings and HealthSouths. It is clear to me that consumer confidence in the American economy will not improve until corporate governance in America changes.

I am concerned about what appears to be a growing number of executives in America who do not feel they should be accountable to their shareholders or employees. Moreover, some of these same corporate executives have been walking the halls of Congress looking for a taxpayer bailout for their failing industries. The sad fact is some continue to demand and receive outrageous salaries and perks while their companies flounder and, in some cases, face civil and criminal investigations for fraud and corruption.

One of the most disturbing facts of these misguided or criminal actions by corporate leaders is that their employees see their hard-earned profit sharing plans disappear. The corporate ''rock star'' rides off with his guaranteed benefits package intact, while the workers and shareholders take it on the chin. Their investments and savings, tied to corporate growth and built up over the years, have vanished. Plans of retirement are halted, either permanently or indefinitely; and many workers find themselves forced to work in their golden years.

Mr. Speaker, this legislation will do much to improve the security of private pension funds, but until the actions of corporate boardrooms reflect a new sense of responsibility and accountability to their employees and investors, consumer confidence in our economy will be a long time in coming.

Mr. DAVIS of Illinois. Mr. Speaker, I rise today in opposition to H.R. 1000, the ''Pension Security Act.'' Last year, our country was in disbelief to witness the scandals that occurred in corporate America. We all heard the countless stories of workers who lost everything—from their jobs, their homes to their retirement savings. And then we heard the stories of the executives and the CEOs of the corporations who were still living in their million dollar homes with no change to their luxurious lifestyle.

Not only did America lose confidence in corporations or begin to question their employer, America began to lose confidence in the market, and our economy has paid the price. As Representatives of the American workers, we must ensure that this does not occur again. We must ensure that all of our workers are protected, especially our older workers. Older workers should not be penalized for their dedication and years of hard work. We also need to ensure that workers be active participants on their pension boards, receive independent investment advice, and should not have a significant wait period to diversify their own money.

We all know the Enron story, the Tyco story, the WorldCom story. And America knows of these stories, too. Let's show America that we are putting an end to these sagas! Let's stand strong in support of workers, in obtaining jobs for workers and putting in safeguards that would prevent our workers pensions from disappearing.

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

The SPEAKER pro tempore. All time for debate on the bill has expired.

□ 1430

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. ANDREWS

Mr. ANDREWS. Mr. Speaker, as the designee of the ranking member, I offer an amendment in the nature of a substitute.

The SPEAKER pro tempore (Mr. LINDER). 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. ANDREWS:

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 ''Pension Fairness Act of 2003''.

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

Sec. 1. Short title and table of contents.

TITLE I—IMPROVEMENTS IN DISCLOSURE

Sec. 101. Pension benefit information.
Sec. 102. Immediate warning of excessive stock holdings.
Sec. 103. Report to participants and beneficiaries of trades in employer securities.
Sec. 104. Enforcement of information and disclosure requirements.

TITLE II—FREEDOM TO MAKE INVESTMENT DECISIONS WITH PLAN ASSETS.

Sec. 201. Amendments to the Internal Revenue Code of 1986.
Sec. 202. Amendments to the Employee Retirement Income Security Act of 1974.
Sec. 203. Recommendations relating to nonpublicly traded stock.
Sec. 204. Effective date of title.

TITLE III—EMPLOYEE REPRESENTATION

Sec. 301. Participation of participants in trusteeship of individual account plans.

TITLE IV—INCREASED ACCOUNTABILITY

Sec. 401. Bonding or insurance adequate to protect interest of participants and beneficiaries.
Sec. 402. Liability for breach of fiduciary duty.
Sec. 403. Preservation of rights or claims.
Sec. 404. Office of pension participant advocacy.
Sec. 405. Study regarding insurance system for individual account plans.
Sec. 406. Excise tax on failure of pension plans to provide notice of transaction restriction periods.

TITLE V—INVESTMENT ADVICE FOR PARTICIPANTS AND BENEFICIARIES

Sec. 501. Independent investment advice.
Sec. 502. Tax treatment of qualified retirement planning services.

TITLE VI—PARITY IN EMPLOYEE BENEFITS

Sec. 601. Inclusion in gross income of funded deferred compensation of corporate insiders if corporation funds defined contribution plan with employer stock.
Sec. 602. Performance-based compensation exception to $1,000,000 limitation on deductible compensation not to apply in certain cases.

TITLE VII—PROTECTION OF RETIREMENT EXPECTATIONS

Sec. 701. Protection of participants from conversions to hybrid defined benefit plans.

TITLE VIII—TREATMENT OF CORPORATE INSIDERS

Sec. 801. Special rules for executive perks and retirement benefits.
Sec. 802. Golden parachute excise tax to apply to deferred compensation paid by corporation after major decline in stock value or corporation declares bankruptcy.
Sec. 803. Adequate disclosure regarding executive compensation packages.

TITLE IX—MISCELLANEOUS PROVISIONS

Sec. 901. Corporate deduction for reinvested ESOP dividends subject to deductible limits.
Sec. 902. Credit for elective deferrals and IRA contributions by certain individuals made permanent (saver's tax credit).
Sec. 903. Authority to rescind transfers to plans made for the benefit of highly compensated employees.

TITLE X—GENERAL PROVISIONS

Sec. 1001. General effective date.
Sec. 1002. Plan amendments.

TITLE I—IMPROVEMENTS IN DISCLOSURE

SEC. 101. PENSION BENEFIT INFORMATION.

(a) PENSION BENEFIT STATEMENTS REQUIRED ON PERIODIC BASIS.—

(1) IN GENERAL.—Subsection (a) of section 105 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1025) is amended—

(A) by striking ''shall furnish to any plan participant or beneficiary who so requests in writing,'' and inserting ''shall furnish at least once every 3 years, in the case of a participant in a defined benefit plan who has attained age 35, and annually, in the case of an individual account plan, to each plan participant, and shall furnish to any plan participant or beneficiary who so requests,'', and

(B) by adding at the end the following flush sentence:

''Information furnished under the preceding sentence to a participant in a defined benefit plan (other than at the request of the participant) may be based on reasonable estimates determined under regulations prescribed by the Secretary.''.

(2) MODEL STATEMENT.—Section 105 of such Act (29 U.S.C. 1025) is amended by adding at the end the following new subsection:

''(e)(1) The Secretary of Labor shall develop a model benefit statement which shall be used by plan administrators in complying with the requirements of subsection (a). Such statement shall include—

''(A) the amount of nonforfeitable accrued benefits as of the statement date which is payable at normal retirement age under the plan,

''(B) the amount of accrued benefits which are forfeitable but which may become nonforfeitable under the terms of the plan,

''(C) the amount or percentage of any reduction due to integration of the benefit with the participant's Social Security benefits or similar governmental benefits,

''(D) information on early retirement benefit and joint and survivor annuity reductions, and

''(E) in the case of an individual account plan, the percentage of the net return on investment of plan assets for the preceding plan year (or, with respect to investments directed by the participant, the net return on investment of plan assets for such year so directed), itemized with respect to each type of investment, and, stated separately, the administrative and transaction fees incurred in connection with each such type of investment, and

''(F) in the case of an individual account plan, the amount and percentage of assets in the individual account that consists of employer securities and employer real property (as defined in paragraphs (1) and (2), respectively, of section 407(d)), as determined as of the most recent valuation date of the plan.

''(2) The Secretary shall also develop a separate notice, which shall be included by the plan administrator with the information furnished pursuant to subsection (a), which advises participants and beneficiaries of generally accepted investment principles, including principles of risk management and diversification for long-term retirement security and the risks of holding substantial assets in a single asset such as employer securities.''.

(3) RULE FOR MULTIEMPLOYER PLANS.—Subsection (d) of section 105 of such Act (29 U.S.C. 1025) is amended to read as follows:

''(d) Each administrator of a plan to which more than 1 unaffiliated employer is required to contribute shall furnish to any plan participant or beneficiary who so requests in writing, a statement described in subsection (a).''.

(b) DISCLOSURE OF BENEFIT CALCULATIONS.—

(1) IN GENERAL.—Section 105 of such Act (as amended by subsection (a)) is amended further—

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

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

''(b)(1) In the case of a participant or beneficiary who is entitled to a distribution of a benefit under an employee pension benefit plan, the administrator of such plan shall provide to the participant or beneficiary the information described in paragraph (2) upon the written request of the participant or beneficiary.

''(2) The information described in this paragraph includes—

''(A) a worksheet explaining how the amount of the distribution was calculated and stating the assumptions used for such calculation,

''(B) upon written request of the participant or beneficiary, any documents relating to the calculation (if available), and

''(C) such other information as the Secretary may prescribe.

Any information provided under this paragraph shall be in a form calculated to be understood by the average plan participant.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 101(a)(2) of such Act (29 U.S.C. 1021(a)(2)) is amended by striking ''105(a) and (c)'' and inserting ''105(a), (b), and (d)''.

(B) Section 105(c) of such Act (as redesignated by paragraph (1)(A) of this subsection) is amended by inserting ''or (b)'' after ''subsection (a)''.

(C) Section 106(b) of such Act (29 U.S.C. 1026(b)) is amended by striking ''sections 105(a) and 105(c)'' and inserting ''subsections (a), (b), and (d) of section 105''.

(c) AMENDMENTS TO INTERNAL REVENUE CODE OF 1986.—

(1) IN GENERAL.—Chapter 43 of the Internal Revenue Code of 1986 (relating to qualified

pension, etc., plans) is amended by adding at the end the following new section:

"SEC. 4980G. FAILURE OF APPLICABLE PLANS TO PROVIDE NOTICE OF GENERALLY ACCEPTED INVESTMENT PRINCIPLES.

''(a) IMPOSITION OF TAX.—There is hereby imposed a tax on the failure of any applicable pension plan to meet the requirements of subsection (e) with respect to any applicable individual.

''(b) AMOUNT OF TAX.—The amount of the tax imposed by subsection (a) on any failure with respect to any applicable individual shall be $100 for each day in the noncompliance period with respect to such failure.

''(c) LIMITATIONS ON AMOUNT OF TAX.—

''(1) TAX NOT TO APPLY TO FAILURES CORRECTED WITHIN 30 DAYS.—No tax shall be imposed by subsection (a) on any failure if—

''(A) any person subject to liability for the tax under subsection (d) exercised reasonable diligence to meet the requirements of subsection (e), and

''(B) such person provides the notice described in subsection (e) during the 30-day period beginning on the first date such person knew, or exercising reasonable diligence should have known, that such failure existed.

''(2) OVERALL LIMITATION FOR UNINTENTIONAL FAILURES.—

''(A) IN GENERAL.—If the person subject to liability for tax under subsection (d) exercised reasonable diligence to meet the requirements of subsection (e) and paragraph (1) is not otherwise applicable, the tax imposed by subsection (a) for failures during the taxable year of the employer (or, in the case of a multiemployer plan, the taxable year of the trust forming part of the plan) shall not exceed $500,000. For purposes of the preceding sentence, all multiemployer plans of which the same trust forms a part shall be treated as 1 plan.

''(B) TAXABLE YEARS IN THE CASE OF CERTAIN CONTROLLED GROUPS.—For purposes of this paragraph, if all persons who are treated as a single employer for purposes of this section do not have the same taxable year, the taxable years taken into account shall be determined under principles similar to the principles of section 1561.

''(3) WAIVER BY SECRETARY.—In the case of a failure which is due to reasonable cause and not to willful neglect, the Secretary may waive part or all of the tax imposed by subsection (a) to the extent that the payment of such tax would be excessive or otherwise inequitable relative to the failure involved.

''(d) LIABILITY FOR TAX.—The following shall be liable for the tax imposed by subsection (a):

''(1) In the case of a plan other than a multiemployer plan, the employer.

''(2) In the case of a multiemployer plan, the plan.

''(e) NOTICE OF GENERALLY ACCEPTED INVESTMENT PRINCIPLES.—

''(1) IN GENERAL.—The plan administrator of an applicable pension plan shall provide notice of generally accepted investment principles, including principles of risk management and diversification, to each applicable individual.

''(2) NOTICE.—The notice required by paragraph (1) shall be written in a manner calculated to be understood by the average plan participant and shall provide sufficient information (as determined in accordance with rules or other guidance adopted by the Secretary) to allow applicable individuals to understand generally accepted investment principles, including principles of risk management and diversification.

''(3) TIMING OF NOTICE.—The notice required by paragraph (1) shall be provided upon enrollment of the applicable individual in such plan and at least once per plan year thereafter.

''(4) FORM AND MANNER OF NOTICE.—The notice required by paragraph (1) shall be in writing, except that such notice may be in electronic or other form to the extent that such form is reasonably accessible to the applicable individual.

''(f) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) APPLICABLE INDIVIDUAL.—The term 'applicable individual' means with respect to an applicable pension plan—

''(A) any participant in the applicable pension plan,

''(B) any beneficiary who is an alternate payee (within the meaning of section 414(p)(8)) under an applicable qualified domestic relations order (within the meaning of section 414(p)(1)(A)), and

''(C) any beneficiary of a deceased participant or alternate payee described in subparagraph (A) or (B), as the case may be,

who has an accrued benefit under the plan and who is entitled to direct the investment (or hypothetical investment) of some or all of such accrued benefit.

''(2) APPLICABLE PENSION PLAN.—The term 'applicable pension plan' means—

''(A) a plan described in section 219(g)(5)(A) (other than in clause (iii) thereof), and

''(B) an eligible deferred compensation plan (as defined in section 457(b)) of an eligible employer described in section 457(e)(1)(A),

which permits any participant to direct the investment of some or all of his account in the plan or under which the accrued benefit of any participant depends in whole or in part on hypothetical investments directed by the participant.''.

(1) CLERICAL AMENDMENT.—The table of sections for chapter 43 of such Code is amended by adding at the end the following new item:

''Sec. 4980G. Failure of applicable plans to provide notice of generally accepted investment principles.''.

(3) EFFECTIVE DATE.—

(A) IN GENERAL.—The amendments made by this subsection shall take effect 60 days after the adoption of rules or other guidance to carry out the amendments made by this subsection, which shall include a model notice of generally accepted investment principles, including principles of risk management and diversification.

(B) MODEL INVESTMENT PRINCIPLES.—For purposes of subparagraph (A), not later than 120 days after the date of the enactment of this Act, the Secretary of the Treasury, in consultation with the Secretary of Labor, shall issue rules or other guidance and a model notice which meets the requirements of section 4980G of the Internal Revenue Code of 1986 (as added by this section).

SEC. 102. IMMEDIATE WARNING OF EXCESSIVE STOCK HOLDINGS.

Section 105 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1025) (as amended by section 101 of this Act) is amended further by adding at the end the following new subsection:

''(g)(1) Upon receipt of information by the plan administrator of an individual account plan indicating that the individual account of any participant which had not been excessively invested in employer securities is excessively invested in such securities (or that such account, as initially invested, is excessively invested in employer securities), the plan administrator shall immediately provide to the participant a separate, written statement—

''(A) indicating that the participant's account has become excessively invested in employer securities,

''(B) setting forth the notice described in subsection (e)(7), and

''(C) referring the participant to investment education materials and investment advice which shall be made available by or under the plan.

In any case in which such a separate, written statement is required to be provided to a participant under this paragraph, each statement issued to such participant pursuant to subsection (a) thereafter shall also contain such separate, written statement until the plan administrator is made aware that such participant's account has ceased to be excessively invested in employer securities or the employee, in writing, waives the receipt of the notice and acknowledges understanding the importance of diversification.

''(2) Each notice required under this subsection shall be provided in a form and manner which shall be prescribed in regulations of the Secretary. Such regulations shall provide for inclusion in the notice a prominent reference to the risks of large losses in assets available for retirement from excessive investment in employer securities.

''(3) For purposes of paragraph (1), a participant's account is 'excessively invested' in employer securities if more than 10 percent of the balance in such account is invested in employer securities (as defined in section 407(d)(1)).''.

SEC. 103. REPORT TO PARTICIPANTS AND BENEFICIARIES OF TRADES IN EMPLOYER SECURITIES.

(a) IN GENERAL.—Section 104 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1024) is amended—

(1) by redesignating subsection (d) as subsection (e); and

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

''(d)(1) In any case in which assets in the individual account of a participant or beneficiary under an individual account plan include employer securities, if any person engages in a transaction constituting a direct or indirect purchase or sale of employer securities and—

''(A) such transaction is required under section 16 of the Securities Exchange Act of 1934 to be reported by such person to the Securities and Exchange Commission, or

''(B) such person is a named fiduciary of the plan,

such person shall comply with the requirements of paragraph (2).

''(2) A person described in paragraph (1) complies with the requirements of this paragraph in connection with a transaction described in paragraph (1) if such person provides to the plan administrator of the plan a written notification of the transaction not later than 1 business day after the date of the transaction.

''(3)(A) If the plan administrator is made aware, on the basis of notifications received pursuant to paragraph (2) or otherwise, that the proceeds from any transaction described in paragraph (1), constituting direct or indirect sales of employer securities by any person described in paragraph (1), exceed $100,000, the plan administrator of the plan shall provide to each participant and beneficiary a notification of such transaction. Such notification shall be in writing, except that such notification may be in electronic or other form to the extent that such form is reasonably accessible to the participant or beneficiary.

''(B) In any case in which the proceeds from any transaction described in paragraph (1) (with respect to which a notification has not been provided pursuant to this paragraph), together with the proceeds from any other such transaction or transactions described in paragraph (1) occurring during the preceding one-year period, constituting direct or indirect sales of employer securities

by any person described in paragraph (1), exceed (in the aggregate) $100,000, such series of transactions by such person shall be treated as a transaction described in subparagraph (A) by such person.

''(C) Each notification required under this paragraph shall be provided as soon as practicable, but not later than 3 business days after receipt of the written notification or notifications indicating that the transaction (or series of transactions) requiring such notice has occurred.

''(4) Each notification required under paragraph (2) or (3) shall be made in such form and manner as may be prescribed in regulations of the Secretary and shall include the number of shares involved in each transaction and the price per share, and the notification required under paragraph (3) shall be written in language designed to be understood by the average plan participant. The Secretary may provide by regulation, in consultation with the Securities and Exchange Commission, for exemptions from the requirements of this subsection with respect to specified types of transactions to the extent that such exemptions are consistent with the best interests of plan participants and beneficiaries. Such exemptions may relate to transactions involving reinvestment plans, stock splits, stock dividends, qualified domestic relations orders, and similar matters.

''(5) For purposes of this subsection, the term 'employer security' has the meaning provided in section 407(d)(1).''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to transactions occurring after 90 days after the date of the enactment of this Act.

SEC. 104. ENFORCEMENT OF INFORMATION AND DISCLOSURE REQUIREMENTS.

(a) IN GENERAL.—Section 502(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1132(c)) is amended—

(1) by redesignating paragraph (7) as paragraph (8); and

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

''(7) The Secretary may assess a civil penalty against any person required to provide any notification under the provisions of section 104(d), any statement under the provisions of subsection (a), (d), or (f) of section 105, any information under the provisions of section 404(c)(4), or any notice under the provisions of section 404(e)(1) of up to $1,000 a day from the date of any failure by such person to provide such notification, statement, information, or notice in accordance with such provisions.''.

(b) CONFORMING AMENDMENT.—Section 502(a)(6) of such Act (29 U.S.C. 1132(a)(6)) (as amended by section 102(b)) is amended further by striking ''(5), or (6)'' and inserting ''(5), (6), or (7)''.

TITLE II—FREEDOM TO MAKE INVESTMENT DECISIONS WITH PLAN ASSETS

SEC. 201. AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986.

(a) IN GENERAL.—Subsection (a) of section 401 of the Internal Revenue Code of 1986 (relating to requirements for qualification) is amended by adding at the end the following new paragraph:

''(35) DIVERSIFICATION REQUIREMENTS FOR DEFINED CONTRIBUTION PLANS THAT HOLD EMPLOYER SECURITIES.—

''(A) IN GENERAL.—In the case of a defined contribution plan described in this subsection that includes a trust which is exempt from tax under section 501(a) and which holds employer securities that are readily tradable on an established securities market, such trust shall not constitute a qualified trust under this section unless such plan meets the requirements of subparagraphs (B) and (C).

''(B) ELECTIVE DEFERRALS INVESTED IN EMPLOYER SECURITIES.—

''(i) IN GENERAL.—In the case of the portion of the account attributable to elective deferrals which is invested in employer securities, a plan meets the requirements of this subparagraph if each applicable individual in such plan may elect to direct the plan to divest any portion of such securities in the individual's account and to reinvest an equivalent amount in other investment options which meet the requirements of subparagraph (D). The preceding sentence shall apply to the extent that the amount attributable to reinvested portion exceeds the amount to which a prior election under this subparagraph or paragraph (28) applies.

''(ii) APPLICABLE INDIVIDUAL.—For purposes of this subparagraph, the term 'applicable individual' means—

''(I) any participant in the plan,

''(II) any beneficiary who is an alternate payee (within the meaning of section 414(p)(8)) under an applicable qualified domestic relations order (within the meaning of section 414(p)(1)(A)), and

''(III) any beneficiary of a deceased participant or alternate payee.

''(C) OTHER EMPLOYER CONTRIBUTIONS.—

''(i) IN GENERAL.—In the case of the portion of the account attributable to employer contributions (other than elective deferrals) which is invested in employer securities, a plan meets the requirements of this subparagraph if each qualified participant in the plan may elect to direct the plan to divest any portion of such securities in the participant's account and to reinvest an equivalent amount in other investment options which meet the requirements of subparagraph (E). The preceding sentence shall apply to the extent that the amount attributable to such reinvested portion exceeds the amount to which a prior election under this subparagraph or paragraph (28) applies.

''(ii) QUALIFIED PARTICIPANT.—For purposes of this subparagraph, the term 'qualified participant' means—

''(I) any participant in the plan who has completed at least 3 years of service (as determined under section 411(a)) under the plan,

''(II) any beneficiary who, with respect to a participant who met the service requirement in subclause (I), is an alternate payee (within the meaning of section 414(p)(8)) under an applicable qualified domestic relations order (within the meaning of section 414(p)(1)(A)), and

''(III) any beneficiary of a deceased participant who met the service requirement in subclause (I) or alternate payee described in subclause (II).

''(D) INVESTMENT OPTIONS.—The requirements of this subparagraph are met if the plan offers not less than 3 investment options (not inconsistent with regulations prescribed by the Secretary) other than employer securities.

''(E) PRESERVATION OF AUTHORITY OF PLAN TO LIMIT INVESTMENT.—Nothing in this paragraph shall be construed to limit the authority of a plan to impose limitations on the portion of plan assets in any account which may be invested in employer securities.

''(E) OTHER DEFINITIONS AND RULES.—For purposes of this paragraph—

''(i) EMPLOYER SECURITIES.—The term 'employer securities' shall have the meaning given such term by section 407(d)(1) of the Employee Retirement Income Security Act of 1974.

''(ii) ELECTIVE DEFERRALS.—For purposes of this subparagraph, the term 'elective deferrals' means an employer contribution described in section 402(g)(3)(A) and any employee contribution.

''(iii) ELECTION.—Elections under this paragraph shall be not less frequently than quarterly.

''(iv) EMPLOYEE STOCK OWNERSHIP PLAN.—The term 'employee stock ownership plan' shall have the same meaning given to such term by section 4975(e)(7).''.

(b) CONFORMING AMENDMENTS.—

(1) Section 401(a)(28) of such Code is amended by adding at the end the following new subparagraph:

''(D) APPLICATION.—This paragraph shall not apply with respect to employer securities which are readily tradable on an established securities market.''.

(2) Section 409(h)(7) of such Code is amended by inserting at the end ''or subparagraph (B) or (C) of section 401(a)(35)''.

(3) Section 4975(e)(7) of such Code is amended by adding at the end the following new sentence: ''A plan shall not fail to be treated as an employee stock ownership plan merely because the plan meets the requirements of section 401(a)(35) (or provides greater diversification rights) or because participants in such plan exercise diversification rights under such section (or greater diversification rights available under the plan).''.

(4) Section 4980(c)(3)(A) of such Code is amended by striking ''if—'' and all that follows and inserting ''if the requirements of subparagraphs (B) and (C) are met.''.

(5) Section 407 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1107) is amended by adding at the end the following new subsection:

''(g) Notwithstanding section 408(e) or any other provision of this title, an individual account plan may not include provisions that do not meet the requirements of section 401(a)(35)(B) of the Internal Revenue Code of 1986.''.

SEC. 202. AMENDMENTS TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.

(a) AMENDMENTS TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 404 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104) is amended by adding at the end the following new subsection:

''(e) DIVERSIFICATION OF INVESTMENT OF ACCOUNT ASSETS HELD UNDER INDIVIDUAL ACCOUNT PLANS.—

''(1) IN GENERAL.—In the case of an individual account plan under which a participant or beneficiary is permitted to exercise control over assets in his or her account, with respect to the assets in the account to which the participant or beneficiary has a nonforfeitable right and which consist of employer securities which are readily tradable on an established securities market, the plan shall meet the requirements of paragraphs (2), (3), (4), (5), (6), and (7).

''(2) ASSETS ATTRIBUTABLE TO EMPLOYEE CONTRIBUTIONS.—In the case of any portion of the account assets described in paragraph (1) which is attributable to employee contributions, there shall be no restrictions on the right of a participant or beneficiary to allocate the assets in such portion to any investment option provided under the plan.

''(3) ELECTIVE DEFERRALS INVESTED IN EMPLOYER SECURITIES.—

''(A) IN GENERAL.—In the case of the portion of the account assets described in paragraph (1) which is attributable to elective deferrals and is invested in employer securities, a plan meets the requirements of this paragraph if each applicable individual in such plan may elect to direct the plan to divest any portion of such securities in the individual's account and to reinvest an equivalent amount in other investment options which meet the requirements of paragraph (5). The preceding sentence shall apply to the extent that the amount attributable to such

reinvested portion exceeds the amount to which a prior election under this paragraph or section 401(a)(28) of the Internal Revenue Code of 1986 applies.

''(B) APPLICABLE INDIVIDUAL.—For purposes of this paragraph, the term 'applicable individual' means—

''(i) any participant in the plan,

''(ii) any beneficiary who is an alternate payee (within the meaning of section 206(d)(3)(K)) under an applicable qualified domestic relations order (within the meaning of section 206(d)(3)(B)(i)), and

''(iii) any beneficiary of a deceased participant or alternate payee.

''(4) OTHER EMPLOYER CONTRIBUTIONS.—

''(A) IN GENERAL.—In the case of the portion of the account assets described in paragraph (1) which is attributable employer contributions (other than elective deferrals) and is invested in employer securities, a plan meets the requirements of this paragraph if each qualified participant in the plan may elect to direct the plan to divest any portion of such securities in the participant's account and to reinvest an equivalent amount in other investment options which meet the requirements of paragraph (6). The preceding sentence shall apply to the extent that the amount attributable to such reinvested portion exceeds the amount to which a prior election under this paragraph or section 401(a)(28) of such Code applies.

''(B) QUALIFIED PARTICIPANT.—For purposes of this paragraph, the term 'qualified participant' means—

''(i) any participant in the plan who has completed at least 3 years of service (as determined under section 203(a)) under the plan,

''(ii) any beneficiary who, with respect to a participant who met the service requirement in clause (i), is an alternate payee (within the meaning of section 206(d)(3)(K)) under an applicable qualified domestic relations order (within the meaning of section 206(d)(3)(B)(i)), and

''(iii) any beneficiary of a deceased participant who met the service requirement in clause (i) or alternate payee described in clause (ii).

''(5) INVESTMENT OPTIONS.—The requirements of this paragraph are met if, with respect to the account assets described in paragraph (1), the plan offers not less than 3 investment options (not inconsistent with regulations prescribed by the Secretary) other than employer securities.

''(6) PROMPT COMPLIANCE WITH DIRECTIONS TO ALLOCATE INVESTMENTS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), a plan meets the requirements of this paragraph with respect to plan assets described in paragraph (1) if the plan provides that, within 5 days after the date of any election by a participant or beneficiary allocating any such assets to any investment option provided under the plan, the plan administrator shall take such actions as are necessary to effectuate such allocation.

''(B) SPECIAL RULE FOR PERIODIC ELECTIONS.—In any case in which the plan provides for elections periodically during prescribed periods, the 5-day period described in subparagraph (A) shall commence at the end of each such prescribed period.

''(7) NOTICE OF RIGHTS AND OF IMPORTANCE OF DIVERSIFICATION.—A plan meets the requirements of this paragraph if the plan provides that, not later than 30 days prior to the date on which the right of a participant under the plan to his or her accrued benefit becomes nonforfeitable, the plan administrator shall provide to such participant and his or her beneficiaries a written notice—

''(A) setting forth their rights under this section with respect to the accrued benefit, and

''(B) describing the importance of diversifying the investment of account assets.

''(8) PRESERVATION OF AUTHORITY OF PLAN TO LIMIT INVESTMENT.—Nothing in this subsection shall be construed to limit the authority of a plan to impose limitations on the portion of plan assets in any account which may be invested in employer securities.

''(9) OTHER DEFINITIONS AND RULES.—For purposes of this subsection—

''(A) EMPLOYER SECURITIES.—The term 'employer securities' shall have the meaning given such term by section 407(d)(1) of the Employee Retirement Income Security Act of 1974.

''(B) ELECTIVE DEFERRALS.—The term 'elective deferrals' means an employer contribution described in section 402(g)(3)(A) of such Code and any employee contribution.

''(C) ELECTION.—Elections under this subsection shall be not less frequently than quarterly.

''(D) EMPLOYEE STOCK OWNERSHIP PLAN.—The term 'employee stock ownership plan' shall have the same meaning given to such term by section 4975(e)(7) of such Code.

SEC. 203. RECOMMENDATIONS RELATING TO NON-PUBLICLY TRADED STOCK.

Within 1 year after the date of the enactment of this Act, the Secretary of Labor and the Secretary of the Treasury shall jointly transmit to the Committee on Education and the Workforce and the Committee on Ways and Means of the House of Representatives and the Committee on Health, Education, Labor, and Pensions and the Committee on Finance of the Senate their recommendations regarding legislative changes relating to treatment, under section 404(e) of the Employee Retirement Income Security Act of 1974 and section 401(a)(35) of the Internal Revenue Code of 1986 (as added by this title), of individual account plans under which a participant or beneficiary is permitted to exercise control over assets in his or her account, in cases in which such assets do not include employer securities which are readily tradable under an established securities market.

SEC. 204. EFFECTIVE DATE OF TITLE.

(a) IN GENERAL.—Except as provided in subsection (b), the amendments made by this title shall apply with respect to plan years beginning after December 31, 2003.

(b) EXCEPTION.—The amendments made by this section shall not apply to employer securities held by an employee stock ownership plan which are not subject to section 401(a)(28) of the Internal Revenue Code of 1986 by reason of section 1175(a)(2) of the Tax Reform Act of 1986 (100 Stat. 2519).

(c) DELAYED EFFECTIVE DATE OF EXISTING HOLDINGS.—In any case in which a portion of the nonforfeitable accrued benefit of a participant or beneficiary is held in the form of employer securities (as defined in section 407(d)(1) of the Employee Retirement Income Security Act of 1974) immediately before the first date of the first plan year to which the amendments made by this title apply, such portion shall be taken into account only with respect to plan years beginning on or after January 1, 2005.

TITLE III—EMPLOYEE REPRESENTATION

SEC. 301. PARTICIPATION OF PARTICIPANTS IN TRUSTEESHIP OF INDIVIDUAL ACCOUNT PLANS.

(a) IN GENERAL.—Section 403(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1103(a)) is amended—

(1) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively;

(2) by inserting ''(1)'' after ''(a)''; and

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

''(2)(A) The assets of a single-employer plan which is an individual account plan and under which some or all of the assets are derived from employee contributions shall be held in trust by a joint board of trustees, which shall consist of two or more trustees representing on an equal basis the interests of the employer or employers maintaining the plan and the interests of the participants and their beneficiaries and having equal voting rights.

''(B)(i) Except as provided in clause (ii), in any case in which the plan is maintained pursuant to one or more collective bargaining agreements between one or more employee organizations and one or more employers, the trustees representing the interests of the participants and their beneficiaries shall be designated by such employee organizations.

''(ii) Clause (i) shall not apply with respect to a plan described in such clause if the employee organization (or all employee organizations, if more than one) referred to in such clause file with the Secretary, in such form and manner as shall be prescribed in regulations of the Secretary, a written waiver of their rights under clause (i).

''(iii) In any case in which clause (i) does not apply with respect to a single-employer plan because the plan is not described in clause (i) or because of a waiver filed pursuant to clause (ii), the trustee or trustees representing the interests of the participants and their beneficiaries shall be selected by the plan participants in accordance with regulations of the Secretary.

''(C) An individual shall not be treated as ineligible for selection as trustee solely because such individual is an employee of the plan sponsor, except that the employee so selected may not be a highly compensated employee (as defined in section 414(q) of the Internal Revenue Code of 1986).

''(D) The Secretary shall provide by regulation for the appointment of a neutral individual, in accordance with the procedures under section 203(f) of the Labor Management Relations Act, 1947 (29 U.S.C. 173(f)), to cast votes as necessary to resolve tie votes by the trustees.''.

(b) REGULATIONS.—The Secretary of Labor shall prescribe the initial regulations necessary to carry out the provisions of the amendments made by this section not later than 90 days after the date of the enactment of this Act.

TITLE IV—INCREASED ACCOUNTABILITY

SEC. 401. BONDING OR INSURANCE ADEQUATE TO PROTECT INTEREST OF PARTICIPANTS AND BENEFICIARIES.

Section 412 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1112) is amended by adding at the end the following new subsection:

''(f) Notwithstanding the preceding provisions of this section, each fiduciary of an individual account plan shall be bonded or insured, in accordance with regulations which shall be prescribed by the Secretary, in an amount sufficient to ensure coverage by the bond or insurance of financial losses due to any failure to meet the requirements of this part.''.

SEC. 402. LIABILITY FOR BREACH OF FIDUCIARY DUTY.

(a) ADDITIONAL EQUITABLE OR REMEDIAL RELIEF.—Section 409 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1109) is amended—

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

(2) in subsection (a), by striking '', including removal of such fiduciary''; and

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

''(b) The equitable or remedial relief referred to in subsection (a) may include (but is not limited to) a court order removing the

fiduciary from the plan referred to in subsection (a) and a court order prohibiting, conditionally or unconditionally, and permanently or for such period of time as the court shall determine, the fiduciary from serving—

''(1) as an administrator, fiduciary, officer, trustee, custodian, counsel, agent, employee, or representative in any capacity of any employee benefit plan,

''(2) as a consultant or adviser to an employee benefit plan, including but not limited to any entity whose activities are in whole or substantial part devoted to providing goods or services to any employee benefit plan, or

''(3) in any capacity that involves decision-making authority or custody or control of the moneys, funds, assets, or property of any employee benefit plan.''.

(b) LIABILITY FOR PARTICIPATING IN OR CONCEALING FIDUCIARY BREACH IN CONNECTION WITH INDIVIDUAL ACCOUNT PLANS.—

(1) APPLICATION TO PARTICIPANTS AND BENEFICIARIES OF 401(k) PLANS.—

(A) IN GENERAL.—Part 4 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1101 et seq.) is amended by adding after section 409 the following new section:

''SEC. 409A. LIABILITY FOR BREACH OF FIDUCIARY DUTY IN 401(k) PLANS.

''(a) Any person who is a fiduciary with respect to an individual account plan that includes a qualified cash or deferred arrangement under section 401(k) of the Internal Revenue Code of 1986 who breaches any of the responsibilities, obligations, or duties imposed upon fiduciaries by this title shall be personally liable to make good to each participant and beneficiary of the plan any losses to such participant or beneficiary resulting from each such breach, and to restore to such participant or beneficiary any profits of such fiduciary which have been made through use of assets of the plan by the fiduciary, and shall be subject to such other equitable or remedial relief as the court may deem appropriate, including removal of such fiduciary. A fiduciary may also be removed for a violation of section 411 of this Act.

''(b) The right of participants and beneficiaries under subsection (a) to sue for breach of fiduciary duty with respect to an individual account plan that includes a qualified cash or deferred arrangement under section 401(k) of such Code shall be in addition to all existing rights that participants and beneficiaries have under section 409, section 502, and any other provision of this title, and shall not be construed to give rise to any inference that such rights do not already exist under section 409, section 502, or any other provision of this title.

''(c) No fiduciary shall be liable with respect to a breach of fiduciary duty under this title if such breach was committed before he or she became a fiduciary or after he or she ceased to be a fiduciary.''

(B) CONFORMING AMENDMENT.—The table of contents for part 4 of subtitle B of title I of such Act is amended by inserting the following new item after the item relating to section 409:

''Sec. 409A. Liability for breach of fiduciary duty in 401(k) plans.''

(2) INSIDER LIABILITY.—

(A) IN GENERAL.—Section 409 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1109) is amended by redesignating subsection (b) as subsection (c) and by inserting after subsection (a) the following new subsection:

''(b)(1)(A) If an insider with respect to the plan sponsor of an individual account plan that holds employer securities that are readily tradable on an established securities market—

''(i) knowingly participates in a breach of fiduciary responsibility to which subsection (a) applies, or

''(ii) knowingly undertakes to conceal such a breach,

such insider shall be personally liable under this subsection for such breach in the same manner as the fiduciary who commits such breach.

''(B) For purposes of subparagraph (A), the term 'insider' means, with respect to any plan sponsor of a plan to which subparagraph (A) applies—

''(i) any officer or director with respect to the plan sponsor, or

''(ii) any independent qualified public accountant of the plan or of the plan sponsor.

''(3) Any relief provided under this subsection or section 409A—

''(A) if provided to an individual account plan, shall inure to the individual accounts of the affected participants or beneficiaries, and

''(B) if provided to a participant or beneficiary, shall be payable to the individual account plan on behalf of such participant or beneficiary unless such plan has been terminated.''

(B) CONFORMING AMENDMENT.—Section 409(c) of such Act (29 U.S.C. 1109(c)), as redesignated by subparagraph (A), is amended by inserting before the period the following: '', unless such liability arises under subsection (b)''.

(c) MAINTENANCE OF FIDUCIARY LIABILITY.—Section 404(c)(1)(B) of such Act (29 U.S.C. 1104(c)(1)(B)) is amended by inserting before the period the following: '', except that this subparagraph shall not be construed to exempt any fiduciary from liability for any violation of subsection (e)''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to breaches occurring on or after the date of the enactment of this Act.

SEC. 403. PRESERVATION OF RIGHTS OR CLAIMS.

Section 502 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1132) is amended by adding at the end the following new subsection:

''(n)(1) The rights under this title (including the right to maintain a civil action) may not be waived, deferred, or lost pursuant to any agreement not authorized under this title with specific reference to this subsection.

''(2) Paragraph (1) shall not apply to an agreement providing for arbitration or participation in any other nonjudicial procedure to resolve a dispute if the agreement is entered into knowingly and voluntarily by the parties involved after the dispute has arisen or is pursuant to the terms of a collective bargaining agreement.''.

SEC. 404. OFFICE OF PENSION PARTICIPANT ADVOCACY.

(a) IN GENERAL.—Subtitle A of title III of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 3001 et seq.) is amended by inserting after section 3004 the following new section:

''OFFICE OF PENSION PARTICIPANT ADVOCACY

''SEC. 3005. (a) ESTABLISHMENT.—

''(1) IN GENERAL.—There is established in the Department of Labor an office to be known as the 'Office of Pension Participant Advocacy'.

''(2) PENSION PARTICIPANT ADVOCATE.—The Office of Pension Participant Advocacy shall be under the supervision and direction of an official to be known as the 'Pension Participant Advocate' who shall—

''(A) have demonstrated experience in the area of pension participant assistance, and

''(B) be selected by the Secretary after consultation with pension participant advocacy organizations.

The Pension Participant Advocate shall report directly to the Secretary and shall be entitled to compensation at the same rate as the highest rate of basic pay established for the Senior Executive Service under section 5382 of title 5, United States Code.

''(b) FUNCTIONS OF OFFICE.—It shall be the function of the Office of Pension Participant Advocacy to—

''(1) evaluate the efforts of the Federal Government, business, and financial, professional, retiree, labor, women's, and other appropriate organizations in assisting and protecting pension plan participants, including—

''(A) serving as a focal point for, and actively seeking out, the receipt of information with respect to the policies and activities of the Federal Government, business, and such organizations which affect such participants,

''(B) identifying significant problems for pension plan participants and the capabilities of the Federal Government, business, and such organizations to address such problems, and

''(C) developing proposals for changes in such policies and activities to correct such problems, and communicating such changes to the appropriate officials,

''(2) promote the expansion of pension plan coverage and the receipt of promised benefits by increasing the awareness of the general public of the value of pension plans and by protecting the rights of pension plan participants, including—

''(A) enlisting the cooperation of the public and private sectors in disseminating information, and

''(B) forming private-public partnerships and other efforts to assist pension plan participants in receiving their benefits,

''(3) advocating for the full attainment of the rights of pension plan participants, including by making pension plan sponsors and fiduciaries aware of their responsibilities,

''(4) giving priority to the special needs of low and moderate income participants,

''(5) developing needed information with respect to pension plans, including information on the types of existing pension plans, levels of employer and employee contributions, vesting status, accumulated benefits, benefits received, and forms of benefits, and

''(6) pursuing claims on behalf of participants and beneficiaries and providing appropriate assistance in the resolution of disputes between participants and beneficiaries and pension plans, including assistance in obtaining settlement agreements.

''(c) REPORTS.—

''(1) ANNUAL REPORT.—Not later than December 31 of each calendar year, the Pension Participant Advocate shall report to the Committee on Education and the Workforce and the Committee on Ways and Means of the House of Representatives and the Committee on Health, Education, Labor, and Pensions and the Committee on Finance of the Senate on its activities during the fiscal year ending in the calendar year. Such report shall—

''(A) identify significant problems the Advocate has identified,

''(B) include specific legislative and regulatory changes to address the problems, and

''(C) identify any actions taken to correct problems identified in any previous report.

The Advocate shall submit a copy of such report to the Secretary and any other appropriate official at the same time it is submitted to the committees of Congress.

''(2) SPECIFIC REPORTS.—The Pension Participant Advocate shall report to the Secretary or any other appropriate official any time the Advocate identifies a problem which may be corrected by the Secretary or such official.

''(3) REPORTS TO BE SUBMITTED DIRECTLY.—The report required under paragraph (1) shall be provided directly to the committees of Congress without any prior review or comment by the Secretary or any other Federal officer or employee.

''(d) SPECIFIC POWERS.—

''(1) RECEIPT OF INFORMATION.—Subject to such confidentiality requirements as may be appropriate, the Secretary and other Federal officials shall, upon request, provide such information (including plan documents) as may be necessary to enable the Pension Participant Advocate to carry out the Advocate's responsibilities under this section.

''(2) APPEARANCES.—The Pension Participant Advocate may represent the views and interests of pension plan participants before any Federal agency, including, upon request of a participant, in any proceeding involving the participant.

''(3) CONTRACTING AUTHORITY.—In carrying out responsibilities under subsection (b)(5), the Pension Participant Advocate may, in addition to any other authority provided by law—

''(A) contract with any person to acquire statistical information with respect to pension plan participants, and

''(B) conduct direct surveys of pension plan participants.''

(b) CONFORMING AMENDMENT.—The table of contents in section 1 of such Act is amended by inserting after the item relating to section 3004 the following new item:

''Sec. 3051. Office of Pension Participant Advocacy.''.

(c) EFFECTIVE DATE.—The amendment made by this section shall take effect on January 1, 2004.

SEC. 405. STUDY REGARDING INSURANCE SYSTEM FOR INDIVIDUAL ACCOUNT PLANS.

(a) STUDY.—As soon as practicable after the date of the enactment of this Act, the Pension Benefit Guaranty Corporation shall contract to carry out a study relating to the establishment of an insurance system for individual account plans. In conducting such study, the Corporation shall consider—

(1) the feasibility and impact of such a system, and

(2) options for developing such a system.

(b) REPORT.—Not later than 3 years after the date of the enactment of this Act, the Corporation shall report the results of its study, together with any recommendations for legislative changes, to the Committee on Education and the Workforce and the Committee on Ways and Means of the House of Representatives and the Committee on Health, Education, Labor, and Pensions and the Committee on Finance of the Senate.

SEC. 406. EXCISE TAX ON FAILURE OF PENSION PLANS TO PROVIDE NOTICE OF TRANSACTION RESTRICTION PERIODS.

(a) IN GENERAL.—Chapter 43 of the Internal Revenue Code of 1986 (relating to qualified pension, etc., plans) is amended by adding at the end the following new section:

''SEC. 4980H. FAILURE OF APPLICABLE PLANS TO PROVIDE NOTICE OF TRANSACTION RESTRICTION PERIODS.

''(a) IMPOSITION OF TAX.—There is hereby imposed a tax on the failure of any applicable pension plan to meet the requirements of subsection (e) with respect to any applicable individual.

''(b) AMOUNT OF TAX.—The amount of the tax imposed by subsection (a) on any failure with respect to any applicable individual shall be $100 for each day in the noncompliance period with respect to such failure.

''(c) LIMITATIONS ON AMOUNT OF TAX.—

''(1) TAX NOT TO APPLY TO FAILURES CORRECTED AS SOON AS REASONABLY PRACTICABLE.—No tax shall be imposed by subsection (a) on any failure if—

''(A) any person subject to liability for the tax under subsection (d) exercised reasonable diligence to meet the requirements of subsection (e), and

''(B) such person provides the notice described in subsection (e) as soon as reasonably practicable after the first date such person knew, or exercising reasonable diligence should have known, that such failure existed.

''(2) OVERALL LIMITATION FOR UNINTENTIONAL FAILURES.—

''(A) IN GENERAL.—If the person subject to liability for tax under subsection (d) exercised reasonable diligence to meet the requirements of subsection (e) and paragraph (1) is not otherwise applicable, the tax imposed by subsection (a) for failures during the taxable year of the employer (or, in the case of a multiemployer plan, the taxable year of the trust forming part of the plan) shall not exceed $500,000. For purposes of the preceding sentence, all multiemployer plans of which the same trust forms a part shall be treated as 1 plan.

''(B) TAXABLE YEARS IN THE CASE OF CERTAIN CONTROLLED GROUPS.—For purposes of this paragraph, if all persons who are treated as a single employer for purposes of this section do not have the same taxable year, the taxable years taken into account shall be determined under principles similar to the principles of section 1561.

''(3) WAIVER BY SECRETARY.—In the case of a failure which is due to reasonable cause and not to willful neglect, the Secretary may waive part or all of the tax imposed by subsection (a) to the extent that the payment of such tax would be excessive or otherwise inequitable relative to the failure involved.

''(d) LIABILITY FOR TAX.—The following shall be liable for the tax imposed by subsection (a):

''(1) In the case of a plan other than a multiemployer plan, the employer.

''(2) In the case of a multiemployer plan, the plan.

''(e) NOTICE OF TRANSACTION RESTRICTION PERIODS.—

''(1) DUTIES OF PLAN ADMINISTRATOR.—In advance of the commencement of any transaction restriction period with respect to an applicable pension plan, the plan administrator shall notify the plan participants and beneficiaries who are affected by such action in accordance with this subsection.

''(2) NOTICE REQUIREMENTS.—

''(A) IN GENERAL.—The notices described in paragraph (1) shall be written in a manner calculated to be understood by the average plan participant and shall include—

''(i) the reasons for the transaction restriction period,

''(ii) an identification of the investments and other rights affected,

''(iii) the expected beginning date and length of the transaction restriction period,

''(iv) in the case of investments affected, a statement that the applicable individual should evaluate the appropriateness of their current investment decisions in light of their inability to direct or diversify assets credited to their accounts during the transaction restriction period, and

''(v) such other matters as the Secretary may require by regulation.

''(B) NOTICE TO PARTICIPANTS AND BENEFICIARIES.—Except as otherwise provided in this subsection, notices described in paragraph (1) shall be furnished to all participants and beneficiaries under the plan to whom the transaction restriction period applies at least 30 days in advance of the transaction restriction period.

''(C) EXCEPTION TO 30-DAY NOTICE REQUIREMENT.—In any case in which—

''(i) a deferral of the transaction restriction period would violate the requirements of subparagraph (A) or (B) of section 404(a)(1) of the Employee Retirement Income Security Act of 1974, and a fiduciary (within the meaning of section 3(21) of such Act) of the plan reasonably so determines in writing, or

''(ii) the inability to provide the 30-day advance notice is due to events that were unforeseeable or circumstances beyond the reasonable control of the plan administrator, and a fiduciary of the plan reasonably so determines in writing,

subparagraph (B) shall not apply, and the notice shall be furnished to all participants and beneficiaries under the plan to whom the transaction restriction period applies as soon as reasonably possible under the circumstances unless such a notice in advance of the termination of the transaction restriction period is impracticable.

''(D) WRITTEN NOTICE.—The notice required to be provided under this subsection shall be in writing, except that such notice may be in electronic or other form to the extent that such form is reasonably accessible to the recipient.

''(E) NOTICE TO ISSUERS OF EMPLOYER SECURITIES SUBJECT TO TRANSACTION RESTRICTION PERIOD.—In the case of any transaction restriction period in connection with an applicable pension plan, the plan administrator shall provide timely notice of such transaction restriction period to the issuer of any employer securities subject to such transaction restriction period.

''(3) EXCEPTION FOR TRANSACTION RESTRICTION PERIODS WITH LIMITED APPLICABILITY.—In any case in which the transaction restriction period applies to 1 or more participants or beneficiaries in connection with a merger, acquisition, divestiture, or similar transaction involving the plan or plan sponsor and occurs solely in connection with becoming or ceasing to be an applicable individual under the plan by reason of such merger, acquisition, divestiture, or transaction, the requirement of this subsection that the notice be provided to all participants and beneficiaries shall be treated as met if the notice required under paragraph (1) is provided to such participants or beneficiaries to whom the transaction restriction period applies as soon as reasonably practicable.

''(4) CHANGES IN LENGTH OF TRANSACTION RESTRICTION PERIOD.—If, following the furnishing of the notice pursuant to this subsection, there is a change in the beginning date or length of the transaction restriction period (specified in such notice pursuant to paragraph (2)(A)(iii)), the administrator shall provide affected participants and beneficiaries notice of the change as soon as reasonably practicable. In relation to the extended transaction restriction period, such notice shall meet the requirements of paragraph (2)(D) and shall specify any material change in the matters referred to in clauses (i) through (v) of paragraph (2)(A).

''(5) REGULATORY EXCEPTIONS.—The Secretary may provide by regulation for additional exceptions to the requirements of this subsection which the Secretary determines are in the interests of participants and beneficiaries.

''(6) GUIDANCE AND MODEL NOTICES.—The Secretary shall issue guidance and model notices which meet the requirements of this subsection.

''(7) TRANSACTION RESTRICTION PERIOD.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'transaction restriction period' means, in connection with an applicable pension plan, any period for which any ability of participants or beneficiaries under the plan, which is otherwise available under the terms of such plan, to direct or diversify assets credited to their accounts, to obtain loans from the plan, or to

obtain distributions from the plan is temporarily suspended, limited, or restricted, if such suspension, limitation, or restriction is for any period of more than 3 consecutive business days.

''(B) EXCLUSIONS.—The term 'transaction restriction period' does not include a suspension, limitation, or restriction—

''(i) which occurs by reason of the application of the securities laws (as defined in section 3(a)(47) of the Securities Exchange Act of 1934),

''(ii) which is a change to the plan which provides for a regularly scheduled suspension, limitation, or restriction which is disclosed to participants or beneficiaries through any summary of material modifications, any materials describing specific investment alternatives under the plan, or any changes thereto, or

''(iii) which applies to 1 or more individuals, each of whom is the participant, an alternate payee (as defined in section 414(p)(8)), or any other beneficiary pursuant to a qualified domestic relations order (as defined in section 414(p)(1)).

''(8) APPLICABLE INDIVIDUAL.—For purposes of this section, the term 'applicable individual' means—

''(A) any participant in the applicable pension plan,

''(B) any beneficiary who is an alternate payee (within the meaning of section 414(p)(8)) under an applicable qualified domestic relations order (within the meaning of section 414(p)(1)(A)), and

''(C) any beneficiary of a deceased participant or alternate payee,

who has an accrued benefit under the plan and who is entitled to direct the investment (or hypothetical investment) of some or all of such accrued benefit.

''(9) APPLICABLE PENSION PLAN.—For purposes of this subsection, the term 'applicable pension plan' means—

''(A) a plan described in section 219(g)(5)(A) (other than in clause (iii) thereof), and

''(B) an eligible deferred compensation plan (as defined in section 457(b)) of an eligible employer described in section 457(e)(1)(A),

which permits any participant to direct the investment of some or all of his account in the plan or under which the accrued benefit of any participant depends in whole or in part on hypothetical investments directed by the participant.''.

(b) CLERICAL AMENDMENT.—The table of sections for chapter 43 of such Code is amended by adding at the end the following new item:

''Sec. 4980H. Failure of applicable plans to provide notice of transaction restriction periods.''.

(c) EFFECTIVE DATE AND RELATED RULES.—

(1) EFFECTIVE DATE.—The amendments made by this section shall take effect 180 days after the date of the enactment of this Act. Good faith compliance with the requirements of such amendments in advance of the issuance of applicable regulations thereunder shall be treated as compliance with such provisions.

(2) ISSUANCE OF INITIAL GUIDANCE AND MODEL NOTICE.—The Secretary of the Treasury shall, in consultation with the Secretary of Labor, issue initial guidance and a model notice pursuant to section 4980H(e)(6) of the Internal Revenue Code of 1986 (as added by this section) not later than January 1, 2005. Not later than 75 days after the date of the enactment of this Act, the Secretary shall promulgate interim final rules necessary to carry out the amendments made by this section.

(3) PLAN AMENDMENTS.—If any amendment made by this section requires an amendment to any plan, such plan amendment shall not be required to be made before the first plan year beginning on or after the effective date of this section, if—

(A) during the period after such amendment made by this section takes effect and before such first plan year, the plan is operated in good faith compliance with the requirements of such amendment made by this section, and

(B) such plan amendment applies retroactively to the period after such amendment made by this section takes effect and before such first plan year.

TITLE V—INVESTMENT ADVICE FOR PARTICIPANTS AND BENEFICIARIES

SEC. 501. INDEPENDENT INVESTMENT ADVICE.

(a) IN GENERAL.—Section 404(c)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104(c)(1)) (as amended by section 102(c)) is amended further—

(1) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively, and by inserting ''(A)'' after ''(c)(1)''; and

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

''(B)(i) In the case of a pension plan described in subparagraph (A) which provides investment in employer securities as at least one option for investment of plan assets at the direction of the participant or beneficiary, such plan shall make available to the participant or beneficiary the services of a qualified fiduciary adviser for purposes of providing investment advice described in section 3(21)(A)(ii) regarding investment in such securities.

''(ii) No person who is otherwise a fiduciary shall be liable by reason of any investment advice provided by a qualified fiduciary adviser pursuant to a request under clause (i) if—

''(I) the plan provides for selection and monitoring of such adviser in a prudent and effective manner,

''(II) such adviser is a named fiduciary under the plan in connection with the provision of such advice, and

''(III) in the provision of the advice, such adviser is not conflicted in connection with the provision of the advice, in accordance with subparagraph (C).

''(C) A qualified fiduciary adviser is not conflicted in the provision of investment advice if, with respect to any product taken into account in determining the asset allocation with respect to which such advice is provided—

''(i) the adviser has no material interest in such product, or

''(ii) the adviser discloses any material interest the adviser has in such product to the recipient of the advice and refers the recipient to an alternative qualified fiduciary adviser made available by the plan under subparagraph (B)(i) who has no material interest in any product taken into account in the recommended asset allocation.

''(D) For purposes of subparagraph (B)—

''(i) The term 'qualified fiduciary adviser' means, with respect to a plan, a person who—

''(I) is a fiduciary of the plan by reason of the provision of qualified investment advice by such person to a participant or beneficiary,

''(II) has no material interest in, and no material affiliation or contractual relationship with any third party having a material interest in, the employer (other than such person's relationship with the employer in the capacity of a qualified fiduciary adviser),

''(III) meets the independence requirements of clause (ii) in connection with investment advice provided by such person pursuant to services rendered pursuant to clause (i),

''(IV) meets the qualifications of clause (iii), and

''(V) meets the additional requirements of clause (iv).

''(ii) A person meets the independence requirements of this clause if—

''(I) the amount of compensation payable to any entity in connection with the provision of the advice is not dependent on any particular product with respect to which the advice is rendered or the value of any such product,

''(II) no recordkeeping is maintained by such person, the plan, the plan sponsor, or any other fiduciary with respect to the plan with respect to which products are recommended by such person,

''(III) such person has no material interest in, and no material affiliation or contractual relationship with any third party having a material interest in, any other person whose analysis, with respect to any security or other property with respect to which the advice is being provided, is employed in developing recommendations included in such advice, and

''(IV) the plan provides for prompt disclosure of material interests and for the services of alternative qualified fiduciary advisers, sufficient to meet the requirements of subparagraph (C).

''(iii) A person meets the qualifications of this subparagraph if such person—

''(I) is registered as an investment adviser under the Investment Advisers Act of 1940 (15 U.S.C. 80b–1 et seq.),

''(II) if not registered as an investment adviser under such Act by reason of section 203A(a)(1) of such Act (15 U.S.C. 80b–3a(a)(1)), is registered under the laws of the State in which the fiduciary maintains its principal office and place of business, and, at the time the fiduciary last filed the registration form most recently filed by the fiduciary with such State in order to maintain the fiduciary's registration under the laws of such State, also filed a copy of such form with the Secretary,

''(III) is registered as a broker or dealer under the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.),

''(IV) is a bank or similar financial institution referred to in section 408(b)(4),

''(V) is an insurance company qualified to do business under the laws of a State, or

''(VI) is any other comparable entity which satisfies such criteria as the Secretary determines appropriate.

''(iv) A person meets the additional requirements of this clause if every individual who is employed (or otherwise compensated) by such person and whose scope of duties includes the provision of qualified investment advice on behalf of such person to any participant or beneficiary is—

''(I) a registered representative of such person,

''(II) an individual described in subclause (I), (II), or (III) of clause (i), or

''(III) such other comparable qualified individual as may be designated in regulations of the Secretary.''.

(b) MAINTENANCE OF FIDUCIARY LIABILITY.—Section 404(c)(1)(B) of such Act (29 U.S.C. 1104(c)(1)(B)) is amended by inserting before the period the following: '', except that this subparagraph shall not be construed to exempt any fiduciary from liability for any violation of this section''.

SEC. 502. TAX TREATMENT OF QUALIFIED RETIREMENT PLANNING SERVICES.

(a) IN GENERAL.—Subsection (m) of section 132 of the Internal Revenue Code of 1986 (defining qualified retirement services) is amended by adding at the end the following new paragraph:

''(4) NO CONSTRUCTIVE RECEIPT.—No amount shall be included in the gross income of any

employee solely because the employee may choose between any qualified retirement planning services provided by a qualified investment advisor and compensation which would otherwise be includible in the gross income of such employee. The preceding sentence shall apply to highly compensated employees only if the choice described in such sentence is available on substantially the same terms to each member of the group of employees normally provided education and information regarding the employer's qualified employer plan.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 403(b)(3)(B) of such Code is amended by inserting ''132(m)(4),'' after ''132(f)(4),''.

(2) Section 414(s)(2) of such Code is amended by inserting ''132(m)(4),'' after ''132(f)(4),''.

(3) Section 415(c)(3)(D)(ii) of such Code is amended by inserting ''132(m)(4),'' after ''132(f)(4),''.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2003.

TITLE VI—PARITY IN EMPLOYEE BENEFITS

SEC. 601. INCLUSION IN GROSS INCOME OF FUNDED DEFERRED COMPENSATION OF CORPORATE INSIDERS IF CORPORATION FUNDS DEFINED CONTRIBUTION PLAN WITH EMPLOYER STOCK.

(a) IN GENERAL.—Subpart A of part I of subchapter D of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

''SEC. 409A. DENIAL OF DEFERRAL FOR FUNDED DEFERRED COMPENSATION OF CORPORATE INSIDERS IF CORPORATION FUNDS DEFINED CONTRIBUTION PLAN WITH EMPLOYER STOCK.

''(a) IN GENERAL.—If an employer maintains a defined contribution plan to which employer contributions are made in the form of employer stock and such employer maintains a funded deferred compensation plan—

''(1) compensation of any corporate insider which is deferred under such funded deferred compensation plan shall be included in the gross income of the insider or beneficiary for the 1st taxable year in which there is no substantial risk of forfeiture of the rights to such compensation, and

''(2) the tax treatment of any amount made available under the plan to a corporate insider or beneficiary shall be determined under section 72 (relating to annuities, etc.).

''(b) FUNDED DEFERRED COMPENSATION PLAN.—For purposes of this section—

''(1) IN GENERAL.—The term 'funded deferred compensation plan' means any plan providing for the deferral of compensation unless—

''(A) the employee's rights to the compensation deferred under the plan are no greater than the rights of a general creditor of the employer, and

''(B) all amounts set aside (directly or indirectly) for purposes of paying the deferred compensation, and all income attributable to such amounts, remain (until made available to the participant or other beneficiary) solely the property of the employer (without being restricted to the provision of benefits under the plan), and

''(C) the amounts referred to in subparagraph (B) are available to satisfy the claims of the employer's general creditors at all times (not merely after bankruptcy or insolvency).

Such term shall not include a qualified employer plan.

''(2) SPECIAL RULES.—

''(A) EMPLOYEE'S RIGHTS.—A plan shall be treated as failing to meet the requirements of paragraph (1)(A) unless, under the written terms of the plan—

''(i) the compensation deferred under the plan is paid only upon separation from service, death, or at a specified time (or pursuant to a fixed schedule), and

''(ii) the plan does not permit the acceleration of the time such deferred compensation is paid by reason of any event.

If the employer and employee agree to a modification of the plan that accelerates the time for payment of any deferred compensation, then all compensation previously deferred under the plan shall be includible in gross income for the taxable year during which such modification takes effect and the taxpayer shall pay interest at the underpayment rate on the underpayments that would have occurred had the deferred compensation been includible in gross income in the taxable years deferred.

''(B) CREDITOR'S RIGHTS.—A plan shall be treated as failing to meet the requirements of paragraph (1)(B) with respect to amounts set aside in a trust unless—

''(i) the employee has no beneficial interest in the trust,

''(ii) assets in the trust are available to satisfy claims of general creditors at all times (not merely after bankruptcy or insolvency), and

''(iii) there is no factor (such as the location of the trust outside the United States) that would make it more difficult for general creditors to reach the assets in the trust than it would be if the trust assets were held directly by the employer in the United States.

''(c) CORPORATE INSIDER.—For purposes of this section, the term 'corporate insider' means, with respect to a corporation, any individual who is subject to the requirements of section 16(a) of the Securities Exchange Act of 1934 with respect to such corporation.

''(d) OTHER DEFINITIONS.—For purposes of this section—

''(1) PLAN INCLUDES ARRANGEMENTS, ETC.—The term 'plan' includes any agreement or arrangement.

''(2) SUBSTANTIAL RISK OF FORFEITURE.—The rights of a person to compensation are subject to a substantial risk of forfeiture if such person's rights to such compensation are conditioned upon the future performance of substantial services by any individual.''

(b) CLERICAL AMENDMENT.—The table of sections for such subpart A is amended by adding at the end the following new item:

''Sec. 409A. Denial of deferral for funded deferred compensation of corporate insiders if corporation funds defined contribution plan with employer stock.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts deferred after the date of the enactment of this Act.

SEC. 602. PERFORMANCE-BASED COMPENSATION EXCEPTION TO $1,000,000 LIMITATION ON DEDUCTIBLE COMPENSATION NOT TO APPLY IN CERTAIN CASES.

(a) IN GENERAL.—Paragraph (4) of section 162(m) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

''(G) CERTAIN FACTORS NOT PERMITTED TO BE TAKEN INTO ACCOUNT IN DETERMINING WHETHER PERFORMANCE GOALS ARE MET.—Subparagraph (C) shall not apply if, in determining whether the performance goals are met, any of the following are taken into account:

''(i) Cost savings as a result of changes to any qualified employer plan (as defined in section 4972(d)).

''(ii) Excess assets of such a plan or earnings thereon.

''(iii) Any excess of the amount assumed to be the return on the assets of such a plan over the actual return on such assets.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

TITLE VII—PROTECTION OF RETIREMENT EXPECTATIONS

SEC. 701. PROTECTION OF PARTICIPANTS FROM CONVERSIONS TO HYBRID DEFINED BENEFIT PLANS.

(a) AMENDMENTS TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

(1) ELECTION TO MAINTAIN RATE OF ACCRUAL IN EFFECT BEFORE PLAN AMENDMENT.—Section 204(b)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(b)(1)) is amended by adding at the end the following new subparagraph:

''(I)(i) Notwithstanding the preceding subparagraphs, in the case of a plan amendment to a defined benefit plan—

''(I) which has the effect of converting the plan to a plan under which the accrued benefit is expressed to participants and beneficiaries as an amount other than an annual benefit commencing at normal retirement age (or which has a similar effect as determined under regulations issued under clause (iii)), and

''(II) which has the effect of reducing the rate of future benefit accrual of 1 or more participants,

such plan shall be treated as not satisfying the requirements of this paragraph unless such plan meets the requirements of clause (ii).

''(ii) A plan meets the requirements of this clause if the plan provides each participant who has attained 10 years of service (as determined under section 203) under the plan at the time such amendment takes effect with—

''(I) notice of the plan amendment indicating that it has such effect, including a comparison of the present and projected values of the accrued benefit determined both with and without regard to the plan amendment, and

''(II) an election, on the date of the conversion, to either receive benefits under the terms of the plan as in effect on or after the effective date of such plan amendment or to receive benefits under the terms of the plan as in effect immediately before the effective date of such plan amendment (taking into account all benefit accruals under such terms since such date).

''(iii) The Secretary shall issue regulations under which any plan amendment which has an effect similar to the effect described in clause (i)(I) shall be treated as a plan amendment described in clause (i)(I). Such regulations may provide that if a plan sponsor represents in communications to participants and beneficiaries that a plan amendment has an effect described in the preceding sentence, such plan amendment shall be treated as a plan amendment described in clause (i)(I).''.

(2) EARLY RETIREMENT SUBSIDY TAKEN INTO ACCOUNT FOR PURPOSES OF OPENING BALANCE OF HYBRID DEFINED BENEFIT PLAN.—Section 204(g) of such Act (29 U.S.C. 1054(g)) is amended by adding at the end the following new paragraph:

''(6) In the case of a plan amendment to a defined benefit plan which has the effect of converting the plan to a plan under which the accrued benefit is expressed to participants and beneficiaries as an amount other than an annual benefit commencing at normal retirement age (or a plan amendment to such plan having a similar effect as determined under regulations issued under subsection (b)(1)(I)(iii)), such amendment shall not be treated as reducing accrued benefits merely because under such amendment any early retirement benefit or retirement-type subsidy (within the meaning of paragraph (2)(A)) is taken into account for purposes of the opening balance of the amended plan.''.

(3) INTEREST RATE FOR DETERMINATIONS RELATING TO PLAN CONVERSIONS.—Section 204(g) of such Act (as amended by paragraph (2)) is amended further by adding at the end the following new paragraph:

''(7) INTEREST RATE.—For purposes of this paragraph—

''(A) in the case of an amendment described in paragraph (1) which takes effect on or after the enactment of this paragraph, the interest rate and mortality tables to be used in determining the present value of the accrued benefit under such amendment shall be the applicable rate and tables under section 417(e)(3) of the Internal Revenue Code of 1986 as of the date on which such amendment takes effect, and

''(B) in the case of amendments described in paragraph (1) which took effect before the enactment of this paragraph, the interest rate and mortality tables to be used in determining the present value of the accrued benefit under such amendments shall be the applicable rate and tables which were in effect under section 412(l) of the Internal Revenue Code of 1986 as of the effective date of the respective amendment.''.

(b) AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986.—

(1) ELECTION TO MAINTAIN RATE OF ACCRUAL IN EFFECT BEFORE PLAN AMENDMENT.—Section 411(b)(1) of the Internal Revenue Code of 1986 (relating to accrued benefit requirements for defined benefit plans) is amended by adding at the end the following new subparagraph:

''(I) ELECTION TO MAINTAIN RATE OF ACCRUAL IN EFFECT BEFORE CERTAIN PLAN AMENDMENTS.—

''(i) IN GENERAL.—Notwithstanding the preceding subparagraphs, in the case of a plan amendment to a defined benefit plan—

''(I) which has the effect of converting the plan to a plan under which the accrued benefit is expressed to participants and beneficiaries as an amount other than an annual benefit commencing at normal retirement age (or which has a similar effect as determined under regulations issued under clause (iii)), and

''(II) which has the effect of reducing the rate of future benefit accrual of 1 or more participants,

such plan shall be treated as not satisfying the requirements of this paragraph unless such plan meets the requirements of clause (ii).

''(ii) REQUIREMENTS.—A plan meets the requirements of this clause if the plan provides each participant who has attained 10 years of service (as determined under section 203) under the plan at the time such amendment takes effect with—

''(I) notice of the plan amendment indicating that it has such effect, including a comparison of the present and projected values of the accrued benefit determined both with and without regard to the plan amendment, and

''(II) an election, on the date of the conversion, to either receive benefits under the terms of the plan as in effect on or after the effective date of such plan amendment or to receive benefits under the terms of the plan as in effect immediately before the effective date of such plan amendment (taking into account all benefit accruals under such terms since such date).

''(iii) REGULATIONS.—The Secretary shall issue regulations under which any plan amendment which has an effect similar to the effect described in clause (i)(I) shall be treated as a plan amendment described in clause (i)(I). Such regulations may provide that if a plan sponsor represents in communications to participants and beneficiaries that a plan amendment has an effect described in the preceding sentence, such plan amendment shall be treated as a plan amendment described in clause (i)(I).''.

(2) EARLY RETIREMENT SUBSIDY TAKEN INTO ACCOUNT FOR PURPOSES OF OPENING BALANCE OF HYBRID DEFINED BENEFIT PLAN.—Paragraph (6) of section 411(d) (relating to accrued benefit not to be decreased by amendment) is amended by adding at the end the following new subparagraph:

''(F) EARLY RETIREMENT SUBSIDY TAKEN INTO ACCOUNT FOR PURPOSES OF OPENING BALANCE OF HYBRID DEFINED BENEFIT PLAN.—In the case of a plan amendment to a defined benefit plan which has the effect of converting the plan to a plan under which the accrued benefit is expressed to participants and beneficiaries as an amount other than an annual benefit commencing at normal retirement age (or a plan amendment to such plan having a similar effect as determined under regulations issued under subsection (b)(1)(I)(iii)), such amendment shall not be treated as reducing accrued benefits merely because under such amendment any early retirement benefit or retirement-type subsidy (within the meaning of section subparagraph (B)(i)) is taken into account for purposes of the opening balance of the amended plan.''.

(3) INTEREST RATE FOR DETERMINATIONS RELATING TO PLAN CONVERSIONS.—

Paragraph (6) of section 411(d) of such Code (as amended by paragraph (2)) is amended further by adding at the end the following new subparagraph:

''(G) INTEREST RATE.—For purposes of this paragraph—

''(i) in the case of an amendment described in subparagraph (A) which takes effect on or after the enactment of this subparagraph, the interest rate and mortality tables to be used in determining the present value of the accrued benefit under such amendment shall be the applicable rate and tables under section 417(e)(3) as of the date on which such amendment takes effect, and

''(ii) in the case of amendments described in subparagraph (A) which took effect before the enactment of this subparagraph, the interest rate and mortality tables to be used in determining the present value of the accrued benefit under such amendments shall be the applicable rate and tables which were in effect under section 412(l) as of the effective date of the respective amendment.''.

(b) EFFECTIVE DATE AND RELATED RULES.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan amendments taking effect after the date of the enactment of this Act.

(2) PLAN AMENDMENTS SUBJECT TO LITIGATION.—The amendments made by this section also shall apply to any plan amendment taking effect on or before such date if—

(A) no determination letter is issued on or before such date by the Internal Revenue Service which has the effect of approving the plan amendment, and

(B) such plan amendment is, on April 8, 2003, subject to a court action based on age discrimination.

(3) SPECIAL RULE.—In the case of a plan amendment taking effect before 90 days after the date of the enactment of this Act, the requirements of section 204(b)(1)(I) of the Employee Retirement Income Security Act of 1974 (as added by this section) and section 411(b)(1)(I) of the Internal Revenue Code of 1986 (as added by this section) shall be treated as satisfied in connection with such plan amendment, in the case of any participant described in such sections 204(b)(1)(I) and 411(b)(1)(I) in connection with such plan amendment, if, as of the end of such 90-day period—

(A) the notice described in clause (i)(I) of such section 204(b)(1)(I) and clause (i)(I) of such section 411(b)(1)(I) in connection with such plan amendment has been provided to such participant, and

(B) the plan provides for the election described in clause (i)(II) of such section 204(b)(1)(I) and clause (i)(II) of such section 411(b)(1)(I) in connection with such participant's retirement under the plan.

TITLE VIII—TREATMENT OF CORPORATE INSIDERS

SEC. 801. SPECIAL RULES FOR EXECUTIVE PERKS AND RETIREMENT BENEFITS.

(a) IN GENERAL.—Part I of subchapter D of chapter 1 of the Internal Revenue Code of 1986 (relating to pension, profit-sharing, stock bonus plans, etc.) is amended by adding at the end the following new subpart:

''SUBPART F—SPECIAL RULES FOR EXECUTIVE PERKS AND RETIREMENT BENEFITS

''Sec. 420A. Holding period requirement for stock acquired through exercise of option.

''Sec. 420B. Additional tax on nondisclosed retirement perks.

''Sec. 420C. Definitions and special rule.

''SEC. 420A. HOLDING PERIOD REQUIREMENT FOR STOCK ACQUIRED THROUGH EXERCISE OF OPTION.

''(a) IN GENERAL.—In the case of a corporate insider with respect to a corporation, the tax imposed by this chapter on a corporate insider for any taxable year shall be increased by 50 percent of the amount realized by such insider from the disqualified disposition during such year of stock acquired by the corporate insider upon the exercise of a stock option granted by the corporation with respect to which such individual is a corporate insider.

''(b) DISQUALIFIED DISPOSITION OF STOCK.—

''(1) IN GENERAL.—For purposes of subsection (a), the term 'disqualified disposition of stock' means any sale, exchange, or other disposition of stock which, if such stock were employer securities held in a qualified cash or deferred arrangement (as defined in section 401(k)(2)), would violate any restriction imposed on the sale or other disposition of such securities by the plan of which such arrangement is a part.

''(2) SPECIAL RULE FOR 2 OR MORE CASH OR DEFERRED ARRANGEMENTS.—If a corporation has more than 1 qualified cash or deferred arrangement (as so defined), the restrictions which apply for purposes of paragraph (1) shall be the most restrictive provisions relating to the disposition of employer securities held pursuant to any such arrangements.

''SEC. 420B. ADDITIONAL TAX ON NONDISCLOSED RETIREMENT PERKS.

''(a) IN GENERAL.—In the case of a publicly traded corporation, the tax imposed by this chapter for the taxable year shall be increased by 50 percent of the net cost to the corporation for the taxable year of personal perks provided to a retired executive of the corporation.

''(b) WAIVER IF PERKS PROVIDED PURSUANT TO SHAREHOLDER APPROVAL.—Subsection (a) shall not apply with respect to any personal perks provided pursuant to a contract if—

''(1) all of the material terms of such contract (including a description of the benefits to be provided to the executive and the extent of such benefits) are disclosed to shareholders, and

''(2) such contract is approved by a majority of the vote in a separate shareholder vote before any benefits are provided under the contract.

''(c) NET COST OF PERSONAL PERKS.—

''(1) IN GENERAL.—For purposes of subsection (a), the net cost of personal perks provided to a retired executive is the excess of—

''(A) the cost to the corporation of such perks, over

''(B) the amount paid in cash during the taxable year by the executive to reimburse the corporation for the cost of such perks.

''(2) PERSONAL PERKS.—For purposes of paragraph (1), the term 'personal perks' means—

''(A) the use of corporate-owned property,

''(B) travel expenses, including meals and lodging, unless such expenses are directly related to the performance of services by the executive for the corporation and the business relationship of such expenses is substantiated under the requirements of section 274,

''(C) tickets to sporting or other entertainment events,

''(D) amounts paid or incurred for membership in any club organized for business, pleasure, recreation, or other social purpose, and

''(E) other personal services, including services related to maintenance or protection of any personal residence of the executive.

''(3) COST RELATING TO USE OF CORPORATE-OWNED PROPERTY.—For purposes of this subsection—

''(A) IN GENERAL.—The cost taken into account with respect to the use of corporate-owned property shall be the allocable portion of the total cost of operating such property.

''(B) ALLOCABLE PORTION.—For purposes of subparagraph (A), the allocable portion of total cost is—

''(i) the portion of the total cost (including depreciation) incurred by the corporation for operating and maintaining such property during the corporation's taxable year in which such use occurred,

''(ii) which is allocable to the use (determined on the basis of the relationship of such use to the total use of the property during the taxable year).

''SEC. 420C. DEFINITIONS AND SPECIAL RULE.

''(a) DEFINITIONS.—For purposes of this subpart—

''(1) CORPORATE INSIDER.—The term 'corporate insider' means, with respect to a corporation, any individual—

''(A) who is subject to the requirements of section 16(a) of the Securities Exchange Act of 1934 with respect to such corporation, or

''(B) who would be subject to such requirements if such corporation were an issuer of equity securities referred to in such section.

''(2) RETIRED EXECUTIVE.—The term 'retired executive' means any corporate insider who is no longer performing services on a substantially full time basis in the capacity that resulted in being subject to the requirements of section 16(a) of the Securities Exchange Act of 1934.

''(3) PUBLICLY TRADED CORPORATION.—The term 'publicly traded corporation' means any corporation issuing any class of securities required to be registered under section 12 of the Securities Exchange Act of 1934.

''(4) CORPORATE-OWNED PROPERTY.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'corporate-owned property' means any of the following property owned by a corporation—

''(i) planes,

''(ii) apartments or other residences,

''(iii) vacation, sports, and entertainment facilities, and

''(iv) cars.

Such term includes any such property which is leased or chartered by the corporation.

''(B) EXCEPTIONS.—Such term does not include any property used directly by the corporation in providing transportation, lodging, or entertainment services to the general public.

''(b) ADDITIONS TO TAX NOT TREATED AS TAX FOR CERTAIN PURPOSES.—The tax imposed by sections 420A and 420B shall not be treated as a tax imposed by this chapter for purposes of determining—

''(1) the amount of any credit allowable under this chapter, or

''(2) the amount of the minimum tax imposed by section 55.''.

(b) CLERICAL AMENDMENT.—The table of subparts for part I of subchapter D of chapter 1 of such Code is amended by adding at the end the following new item:

''Subpart F. Special Rules for Executive Perks and Retirement Benefits.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as follows:

(1) Section 420A of the Internal Revenue Code of 1986 (as added by this section) shall apply to stock acquired pursuant to the exercise of an option after the date of the enactment of this Act.

(2)(A) Except as provided by subparagraph (B), section 420B of such Code (as so added) shall apply to perks provided after the date of the enactment of this Act.

(B) In the case of perks provided pursuant to a contract in existence on the date of the enactment of this Act, such section 420B shall apply to such perks after the date of the first annual shareholders meeting after the date of the enactment of this Act.

SEC. 802. GOLDEN PARACHUTE EXCISE TAX TO APPLY TO DEFERRED COMPENSATION PAID BY CORPORATION AFTER MAJOR DECLINE IN STOCK VALUE OR CORPORATION DECLARES BANKRUPTCY.

(a) IN GENERAL.—Section 4999 of the Internal Revenue Code of 1986 (relating to golden parachute payments) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

''(c) TAX TO APPLY TO DEFERRED COMPENSATION PAID AFTER MAJOR STOCK VALUE DECLINE OR BANKRUPTCY.—

''(1) IN GENERAL.—For purposes of this section, the term 'excess parachute payment' includes severance pay, and any other payment of deferred compensation, which is received by a corporate insider after the date that the insider ceases to be employed by the corporation if—

''(A) there is at least a 75-percent decline in the value of the stock in such corporation during the 1-year period ending on such date, or

''(B) such corporation becomes a debtor in a title 11 or similar case (as defined in section 368(a)(3)(A)) during the 180-day period beginning 90 days before such date.

Such term shall not include any payment from a qualified employer plan.

''(2) CORPORATE INSIDER.—For purposes of paragraph (1), the term 'corporate insider' means, with respect to a corporation, any individual who is subject to the requirements of section 16(a) of the Securities Exchange Act of 1934 with respect to such corporation.''

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

SEC. 803. ADEQUATE DISCLOSURE REGARDING EXECUTIVE COMPENSATION PACKAGES.

(a) IN GENERAL.—Section 402 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1102) is amended by inserting after subsection (c) the following new subsection:

''(d) DISCLOSURE REGARDING EXECUTIVE COMPENSATION PACKAGES.—

''(1) IN GENERAL.—In any case in which an employer takes any action to establish or substantially improve an executive compensation package with respect to any employee, such action may not take effect unless the employer has met the requirements of paragraph (2).

''(2) REQUIREMENTS.—An employer meets the requirements of this paragraph if—

''(A) not less than 100 days prior to the effective date of the action described in paragraph (1), the employer provides written notification of the action to—

''(i) each employee of the employer,

''(ii) each employee organization representing employees of the employer (if any), and

''(iii) in the case of an employer that is a corporation, the board of directors, and

''(B) in the case of an employer that is a corporation, the board of directors has approved such action.

Any such written notification shall be written in language calculated to be understood by the average plan participant.

''(3) DEFINITIONS.—For purposes of this subsection—

''(A) EXECUTIVE COMPENSATION PACKAGE.—The term 'executive compensation package' means a combination of pay, benefits under employee benefit plans, and other forms of compensation provided by an employer primarily for employees who are members of a select group of management or highly compensated employees.

''(B) SUBSTANTIAL IMPROVEMENT.—An executive compensation package is 'substantially improved' if the present value of such package is increased by not less than 10 percent.''.

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

TITLE IX—MISCELLANEOUS PROVISIONS

SEC. 901. CORPORATE DEDUCTION FOR REINVESTED ESOP DIVIDENDS SUBJECT TO DEDUCTIBLE LIMITS.

(a) IN GENERAL.—Subsection (a) of section 404 of the Internal Revenue Code of 1986 (relating to general rule) is amended by adding at the end the following new paragraph:

''(13) CERTAIN DIVIDENDS REINVESTED IN EMPLOYEE STOCK OWNERSHIP PLANS SUBJECT TO DEDUCTIBLE LIMITS.—For purposes of this subsection, an applicable dividend described in subsection (k)(2)(A)(iii)(I) shall be treated as compensation.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2003.

SEC. 902. CREDIT FOR ELECTIVE DEFERRALS AND IRA CONTRIBUTIONS BY CERTAIN INDIVIDUALS MADE PERMANENT (SAVER'S TAX CREDIT).

Section 25B of the Internal Revenue Code of 1986 is amended by striking subsection (h) (relating to termination).

SEC. 903. AUTHORITY TO RESCIND TRANSFERS TO PLANS MADE FOR THE BENEFIT OF HIGHLY COMPENSATED EMPLOYEES.

Section 403 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1103) is amended by adding at the end the following new subsection:

''(e) The plan administrator or any person acting as the plan administrator may avoid a transfer of an interest in property to any trust or similar arrangement for the benefit of any insider or other management employee to fund supplemental retirement benefits or other deferred compensation.''.

TITLE X—GENERAL PROVISIONS

SEC. 1001. GENERAL EFFECTIVE DATE.

(a) IN GENERAL.—Except as otherwise provided in this Act, the amendments made by this Act shall apply with respect to plan years beginning on or after January 1, 2004.

(b) SPECIAL RULE FOR COLLECTIVELY BARGAINED PLANS.—In the case of a plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and 1 or more employers ratified on or before the date of the enactment of

this Act, subsection (a) shall be applied to benefits pursuant to, and individuals covered by, any such agreement by substituting for ''January 1, 2004'' the date of the commencement of the first plan year beginning on or after the earlier of—

(1) the later of—

(A) January 1, 2005, or

(B) the date on which the last of such collective bargaining agreements terminates (determined without regard to any extension thereof after the date of the enactment of this Act), or

(2) January 1, 2006.

SEC. 1002. PLAN AMENDMENTS.

If any amendment made by this Act requires an amendment to any plan, such plan amendment shall not be required to be made before the first plan year beginning on or after the effective date specified in section 601, if—

(1) during the period after such amendment made by this Act takes effect and before such first plan year, the plan is operated in accordance with the requirements of such amendment made by this Act, and

(2) such plan amendment applies retroactively to the period after such amendment made by this Act takes effect and before such first plan year.

The SPEAKER pro tempore. Pursuant to House Resolution 230, the gentleman from New Jersey (Mr. ANDREWS) and the gentleman from Ohio (Mr. BOEHNER) each will control 30 minutes.

The Chair recognizes the gentleman from New Jersey (Mr. ANDREWS).

Mr. ANDREWS. Mr. Speaker, I yield myself 2 minutes.

I would urge our colleagues to support this well-reasoned and well-thought-out Democratic substitute. It differs in many ways, and it is an improvement in many ways from the underlying bill. I would like to highlight a few of those improvements, first in the area of investment advice.

This substitute does provide for investment advice for workers and pensioners, but it clearly favors independent investment advice. It provides that workers and pensioners will receive advice from qualified individuals who do not have an interest in the outcome of the advice that they are giving.

Second, this substitute, unlike the underlying bill, deals with the problem of cash balance plans. Cash balance plans, which I believe have been improperly used in many cases, have become a nightmare for pensioners, where people who thought that they had a guaranteed income at a set level for the rest of their lives have confronted the nightmare scenario where they, in fact, have much less, sometimes as much as 50 percent less than they thought they had in their pensions.

This substitute contains a very simple provision that empowers each employee to choose between conversion of his or her pension to a cash balance plan or retention of his or her pension in its more traditional form. This bill puts a stop to the secret transactions involving executive pension compensation and pension provisions. This substitute also requires that in collective bargaining negotiations, that companies be candid and comprehensive in their disclosures to bargaining units with whom they are negotiating.

Very recently in the problems regarding American Airlines, we saw the situation where unions received significant misrepresentations as to the financial provisions of their employers and agreed to massive cutbacks in their compensation packages based upon those misrepresentations. This substitute would outlaw such a provision.

In summary, the substitute addresses the underlying problems and causes of the Enron scandal. I would urge its adoption.

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

Mr. BOEHNER. Mr. Speaker, I yield 10 minutes to the gentleman from Texas (Mr. SAM JOHNSON) and ask unanimous consent that he be permitted to control that time.

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

There was no objection.

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

Mr. Speaker, today we have before us a pension security bill that passed the House last year with broad bipartisan support. That is the underlying bill, with two exceptions, two issues that were contained in last year's Sarbanes-Oxley bill, the 30-day notice of a blackout period and the prohibition on company insiders selling stock during a blackout period. Those issues have been signed into law. But the balance of that bill is what we have before us today. It is a reasonable and responsible approach to address the problems that were identified during our investigation of Enron, WorldCom and others. More specifically and more importantly, it does not overreach and begin to delve into areas where there are likely to be very serious unintended consequences.

The substitute that is being offered by my friends on the other side is well-meaning, well-intentioned, and we have worked closely on these issues for many years, but the fact is that if Members look at the substitute that we have before us, it will cause serious concern in the employer community, and I would suggest many employees across the country will no longer have pensions because of the onerous regulations and excessive litigation that would result if the substitute that is offered were, in fact, adopted and signed into law.

Specifically, it does, in fact, increase liability for employers under ERISA, new rights to sue, additional penalties that I think are unnecessary. The current protections within ERISA provide a solid framework for addressing grievances from employees.

Secondly, it would require every plan fiduciary to have insurance to meet whatever the size of the pension plan is. It would be expensive, costly, and would create a situation where no one will want to serve as the fiduciary; and if, in fact, they can find someone, the cost of providing the insurance will drive up the cost of providing pensions.

We have worked for years in this body to try to make it easier for businesses to set up pensions. We have tried to encourage businesses to cover more employees with pensions. The last thing we want to do is to dump cold water on this movement by again increasing cost and increasing regulation. We could talk about the regulatory bombardment in here when it comes to company insiders selling stock, regardless of what the reason is. Under this bill they would have to report it within 1 day. Employees would be getting these notices on an ongoing basis, and to what purpose? I do not know.

But, more importantly, the substitute tries to regulate corporate salaries and corporate governance issues, but through the pension system. The Congress passed the Sarbanes-Oxley bill last year that dealt with large corporate governance issues. Most all Members of this body on both sides of the aisle supported it. It was a very good bill. One could argue it might be overreaching in some areas, but by and large addressing the serious issues that were uncovered during Enron and WorldCom. I do not think that we need to readdress corporate governance issues and executive pay issues in a pension bill.

But most importantly, the substitute that we have before us guts the serious investment advice language that we have in the underlying bill. We have heard a lot today about the need for investment advice for the 61, 62 million Americans who have self-directed accounts who have been so protected by this law passed in 1974 that their ability to get investment advice is almost nil. As I have said before, the only place they can really get investment advice is from Bob at the coffee shop. What we seek to do in the underlying bill is to provide a framework and safeguards for them to get investment advice from the real experts in the industry. If they do not want to take employer-provided investment advice, the Committee on Ways and Means as part of this bill provides a tax deduction, an above-the-line tax deduction for them to go out and get their own investment advice. But I think all of us agree that having real investment advice in the marketplace for those with self-directed accounts has to happen, and the sooner it happens, the better.

But under the bill that we have before us, it says you can only get third-party independent investment advice. There is no reason to even have it in the bill because that is what you can get today. And you do not get real investment advice because, one, employees do not want to have to pay for it; and, secondly, the so-called independent advice that is out there today is generic, very generic, whatever your

age is, whatever your income is, whatever the assets in your plan are.

I would suggest to my colleagues that if we are serious about having real investment advice in the marketplace today for America's employees, that this will not get there. I would ask my colleagues and urge them to look at the substitute and vote against it.

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

Mr. ANDREWS. Mr. Speaker, I yield such time as he may consume to the distinguished gentleman from California (Mr. GEORGE MILLER), the author of the substitute.

(Mr. GEORGE MILLER of California asked and was given permission to revise and extend his remarks.)

Mr. GEORGE MILLER of California. Mr. Speaker, the Democratic substitute that we offer today is based on a very simple principle. It is a principle that we all grew up with. It was a principle that was articulated by the President of the United States just days after the Enron catastrophe when America saw that so many people who worked for Enron were trapped in a system during the meltdown of that company, during the corruption in that company, during the unlawfulness in that company, that they were trapped in that system and unable to protect their retirement while corporate executives in the penthouse suites were unloading stock, getting golden parachutes, getting secured pension plans, getting insured pension plans, having pension plans put into trusts. They took good care of themselves even though they took the company over the edge. But down below, just like in the Titanic, just like in the Lusitania, the poor people were trapped as the ship was going down. They were trapped because of a class system.

That very simple principle that has been articulated by the President was that if it is okay for the sailor, it ought to be okay for the captain. What the President was saying there was those protections that are in place for the executives should have been in place for the employees, that employees' pensions ought to be treated as executive pensions are treated.

We grew up with this. Our parents told us when you got into a fight with our brothers and sisters and maybe it did not go our way, they said, ''What's good for the goose is good for the gander.'' What is good for the captain is good for the sailor. We have said it to our spouse, we have said it to our children, we have said it to our partners in business, we have said it to our staff. It is about fairness.

What the Democratic alternative recognizes is the basic dignity of the American worker and the right of that worker to control the pension plan, which is their money. This is money that was given to them for the work that they gave to the corporation. It was figured out by the corporation, how much they would pay them an hour, how much they would give them in health care, how much they would give them in pension benefits, and they went to work for them. When they gave it to them each month, it is theirs. But now they do not want to have them have any control over it. They do not want them to have the same protections as the corporate elite. They do not want them to have the same rights as those individuals. Why?

Enron was not just built on the back of Ken Lay. Big parts of that company were built on the utility workers in the Pacific Northwest, the pipeline workers in the Southwest, the power plant workers in California and everybody in between. Why were they not entitled to these protections? Why were they not entitled to these rights?

But the Republican bill today, as the Republican bill last year, keeps in place that class system, that the corporate elites will get taken care of, these great captains of capitalists, these crusaders of the free enterprise system, the people who come to Congress and talk about risk, that they take risk. What we now see is the CEO of Delta Airlines, we see the CEO of American Airlines, we see the CEOs of so many companies and the board of directors, they do not want any risk, they want their compensation guaranteed, they want their golden parachute guaranteed, and they want their pension plan guaranteed. Even if they drive the company into the ground, even if they take it into bankruptcy, they will be protected.

That is what has so incensed the American public, and the pilots, and the flight attendants, and the machinists, and the workers at American Airlines that they were willing to risk their whole future to say, that is unfair. And America recognized it like that, Wall Street recognized it like that, and the chairman of American Airlines resigned, admitting that he had made a tragic mistake in being so selfish on behalf of the board of directors and himself at a time he was asking workers to give back billions of dollars.

So what do we say? We say that workers are entitled to advice about the selling and the coming and going in the corporate suites when they are selling their stock because they do not think the corporation is doing so well; we are entitled to know that on those inside sales. We say that workers are entitled, if they have their pensions guaranteed, that the crew, the workers, will have their pensions guaranteed just like the people in the corporate suites. We are saying for those workers, that they should be represented on the boards of the retirement plan so that they will have the information, because as we saw in Enron, the executive representative on the retirement plan, the captain, so to speak, never told the crew that she was selling her stock because she had investment advice to get out of the company. Those people lost their fortune. She walked away with hundreds and hundreds of thousands of dollars because she did not tell them.

We are simply saying, you must tell them, that you must be on the board so you have a chance. That is what this bill does. It is about the equity for the worker, it is about the dignity of the worker, and it is about the rights of the worker to be protected.

They say this will cause trouble in corporations, this will cause concern. A little democracy? A little democracy in the corporation? A little recognition that the corporate body is more than just the CEOs and the executives, that it is also the workers? That causes concern?

Ladies and gentlemen, that is what we are talking about spreading to the rest of the world, the free enterprise system. We are talking about spreading the democratic system. But somehow when it comes to carving up billions of dollars, we cannot have too much democracy in the workplace.

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It is simply unfair to the workers. This bill also closes a loophole of having conflicted advice that the Republican bill opens for the first time, and this bill responds to the concerns of the Attorney General of New York, who just settled a case for $1.4 billion, when he said that this bill would open up a huge loophole, a huge loophole for conflicted advice, and put at risk the pensions of these individuals, that this bill goes too far. That conflicted advice, Jane Bryant Quinn, the financial columnist in Newsweek magazine, says they might as well give their money to an Olympic ice-skating judge as give it to this conflicted advice. These are the very same people who just agreed to pay a $1.4 billion fine for their activity. They did not admit that they did anything wrong, but they put up $1.4 billion. We have got to understand that we cannot turn the pension assets, the retirement assets of those workers over to those individuals. The workers in this country and their families and their future and their children and their retirement plans deserve better. They deserve the Democratic substitute.

Mr. BOEHNER. Mr. Speaker, I yield 3 minutes to the gentleman from Sacramento, California (Mr. OSE).

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

Mr. OSE. Mr. Speaker, I rise today to support the legislation that the gentleman from Ohio (Mr. BOEHNER) has brought forward, and I thank him for yielding me this time to come to the floor and speak to it.

I am opposed to the substitute. I did want to come down and talk about one issue here in particular, and that is this issue of highly compensated individuals within corporate America and the treatment that their retirement plans and retirement planning get versus the run-of-the-mill pension plans that the everyday worker gets.

We have asked, and unfortunately the Committee on Rules ruled out of order, to place an amendment in that would have directed the Department of Labor to do a study as to the broad variety of plans that are available to highly compensated individuals and the manner in which they are funded and then compare that with the manner in which the pension plans for ordinary Americans who might work in corporate America might be receiving. And the reason we asked for that is that there is significant anecdotal evidence that while retirement plans in corporate America for the run-of-the-mill worker are in many cases underfunded, this cafeteria of plans for highly compensated individuals may well be getting fully funded using corporate assets.

As I said, I did propose an amendment that was unfortunately ruled out of order by the Committee on Rules to this, and I will be introducing a bill entitled The Employees' Pension Equity Act of 2003 to address this situation. I think we are all concerned here on the floor of the House that Americans be treated equitably. This particular proposal that I will be putting forward will do that.

We do need to look at the manner in which highly compensated individuals as defined under ERISA, how they take care of their pension planning as compared with the regular American retirement programs that the corporation provides under the pension plans that occur. We need to make sure that both groups are treated equitably. We need to make sure that if the regular American, the regular Joe and the regular Jane, if their pension plans are funded to a 60 percent level, then the highly compensated individuals cannot take corporate assets and fund their retirement programs at a 100 percent level and the like. We are looking for equity here. We are looking for some means of leveling the playing field so that the corporate assets cannot be used disproportionately to benefit employees of corporate America.

In my travels around my district, I hear about this regularly. It sticks in people's craw that the occasion arises where highly compensated individuals get to take corporate assets and use them to secure their retirements using any one of the vehicles identified under the ERISA plan act for their purpose and regular Joes cannot do the same thing.

Mr. Speaker, I rise today to support this legislation, which will provide greater security for the pensions of American workers, and to oppose the substitute. In this time of economic instability in the world, it is essential that our hard-working constituents know that their financial future is safe.

Today's bill is focused on securing employee pensions. This is a truly noble cause.

However, many Americans are skeptical about the security of their pension funds. They are also concerned with reports that the managers, whose actions may have damaged the stability of their retirement, walk away with a ''golden parachute'' package of guaranteed money. In short, American workers want to make sure that they are treated fairly and that their funds are equally capable of meeting liabilities as the pension plans of the highly compensated individuals who run their companies.

I recently began investigating just how often employees are left holding the bag while senior executives are fully compensated. I was surprised to learn how little data there is on this topic.

There have been numerous reports on the instability of employee pensions and other retirement plans in recent years. Such reports helped spur the legislation currently before us. There has also been research into the variety of compensation vehicles for corporate executives. However, little of the research compares the two systems or examines why one side may face a shortfall while other employees in the same company are assured of their compensation.

Last night, I proposed an amendment to this bill which the rules, unfortunately, does not allow us to consider. It was quite simple: it called for the Secretary of Labor to conduct a study on the funding and under-funding of pension plans and similar arrangements for both employee plans and the plans of highly compensated individuals.

Most American workers simply want to be treated fairly. When they succeed, they are pleased that their coworkers also benefit. When they fall short, they recognize that everyone gave their best. But, what really sticks in their ''craw'' is when they lose out and the people in charge don't care because they are paid either way. We need to look carefully at situations where employees and executives face different results in the same situation. This report would help us better understand such occurrences.

It is for this reason that I recently introduced ''The Employees' Pension Equity Act of 2003,'' a bill that will prevent executives from walking away with ''golden parachutes'' while employees are left holding the bag.

How does it happen that the ''highly compensated individuals,'' an actual legal term, do not suffer when their decisions leave a business floundering while the foot-soldiers of the business are left unemployed and facing financial hardships?

My legislation seeks to right that wrong.

The Employees' Pension Equity Act requires that the employee funds be just as sound as executive funds. Employees need to know that their pensions will not be left to ''wither on the vine'' while executives walk away with big, guaranteed checks in their pockets.

This legislation is another straightforward bill that requires an annual comparison of employees' and executives' plans, and an annual additional contribution to the employees' fund when they are not in the same fiscal shape as their executives' counterparts.

Mr. Speaker, H.R. 1000 is a good bill that will help protect our constituents. I am pleased to support this legislation and hope the House will take the next step in passing my Employees' Pension Equity Act in the near future.

Mr. ANDREWS. Mr. Speaker, I yield 3 minutes to the gentleman from Vermont (Mr. SANDERS), who is the author of a key provision of the substitute regarding the prevention of the abuse of cash balance plans.

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

Mr. SANDERS. Mr. Speaker, I thank the gentleman for yielding me this time.

I rise in strong support of the George Miller-Rangel substitute, and this substitute includes legislation that I introduced last month that now has 133 co-sponsors and has been endorsed by the 35 million members of the AARP and the 13 million workers in the AFL-CIO. And this legislation is a very simple piece of legislation included in this amendment, and it says that when a company converts to a cash balance plan after promising its workers a certain pension benefit that one cannot simply, like that, cut somebody's pension by up to 50 percent.

They cannot renege on the promise that they made to that worker and one of the reasons why that worker worked at that company for 10, 20 or 30 years. I ran into this experience in Vermont when hundreds of IBM workers called me up and they said that the promise that the company had made to them was rescinded and the pensions that they had been promised were now out the window. In Vermont, the IBM workers fought back, and they fought back all over the country; and as a result, IBM partially withdrew what they did, and they ended up protecting the older workers and Kodak protected older workers and Motorola protected older workers. But the reality is that millions of American workers today are at risk in seeing huge reductions in the pensions that they were expecting.

Pension anxiety is running rampant all over this country, and if we do not pass this amendment, workers will have good reason to worry that the pensions promised to them will not be there. What this amendment says is very simple. It says that if one is 40 years of age or if one has been with a company for 10 years and is on a defined benefit plan and the company goes to cash balance, they have got to give them a choice. What is wrong with giving workers a choice and not taking away the benefits that they had worked their whole lives for? I would like my Republican friends to tell me that. Some of the good companies have given workers a choice. We should give workers a choice right here. That is the amendment that I have included in this bill.

But there is another issue that was not included. The Members of the United States Congress have a defined benefit pension plan. And the amendment that I offered said if they think cash balance is such a good idea, why do we not adopt it in the Congress? If they want to tell millions of American workers to see a substantial reduction in their pensions, why do we not do the same thing? If it is good for the workers of America, surely it must be good for the Members of the Congress. I offered that amendment. Everyone will be shocked to know the Republican leadership denied it.

Mr. ANDREWS. Mr. Speaker, may I inquire how much time we have left on our side.

The SPEAKER pro tempore (Mr. LINDER). The gentleman from New Jersey (Mr. ANDREWS) has 17 minutes remaining. The gentleman from Ohio (Mr. BOEHNER) has 11½ minutes remaining, and the gentleman from Texas (Mr. SAM JOHNSON) has 10 minutes remaining.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we just heard about IBM and some of the other large companies. But guess what? They fixed the problem; so there is no longer a problem. Why are we talking about it? Because all of this stuff is voluntary anyway.

The Democrat substitute proposes to limit the types of defined benefit plans that companies can offer. Specifically, the substitute limits companies in converting to cash balance plans even though there is substantial evidence that 80 percent of workers fare better under a cash balance plan. The Democrats are attempting to force companies to stay with an outdated, arcane pension system that does not really work in today's market.

We need to allow companies the freedom to provide the best possible benefits to their employees with advice.

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

Mr. ANDREWS. Mr. Speaker, I yield 30 seconds to the gentleman from Vermont (Mr. SANDERS).

Mr. SANDERS. Mr. Speaker, my friend said that we do not have to do anything. My friend said that it should be voluntary. What happened at IBM is that thousands of workers stood up and fought back. Unfortunately, hundreds of thousands, if not millions, of other workers did not even know what was happening to them. They could not fight back. If the gentleman thinks that giving people a choice is a bad idea, why do the 35 million members of AARP think it is a good idea and the 13 million members of the AFL-CIO? Choice is right.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I reserve the balance of my time.

Mr. ANDREWS. Mr. Speaker, I yield 2 minutes to the gentlewoman from California (Ms. SOLIS), who speaks with passion and conviction for people struggling to get ahead around our country.

(Ms. SOLIS asked and was given permission to revise and extend her remarks.)

Ms. SOLIS. Mr. Speaker, I also rise today in opposition. Almost a year ago I recall as a member of the Committee on Education and the Workforce voting against this similar proposal that is now before us. H.R. 1000 is really an act; and when I say that, it is an act by the Members on the other side of the aisle to give the impression that this piece of legislation will protect working men and women's pensions, and it will not do that, in my opinion. It puts their pensions at risk by allowing self-interested accounting firms to advise employees. That sounds to me like the fox guarding the hen house. This does not work; and if we did not learn from Enron, then we do have some serious problems in this House.

This bill allows high-living executives to continue to skirt pension rules, have their pensions, and ride off into the sunset, while their companies fall into bankruptcy and lay off workers every single day. And I see it happening in my district in Los Angeles County. For the millions of people who have worked hard to put aside money so that one day that little token of security would be there for them is long gone, and it is really unfortunate because I would like to tell the Members that in my own district where many union members thought that they had their pensions protected have now found themselves bankrupt as well, and they are having to borrow from their own family members. This is the wrong thing to do.

In my district people have lost their jobs. Unemployment is above 9 percent; and we are not even talking about that. We are not even talking about those people that are really hurting. President Bush seems to have closed his ears to the concerns and the voice of America, working America. I urge my colleagues to support the George Miller-Rangel substitute, and I thank the gentleman from California (Mr. GEORGE MILLER) for offering this true Pension Security and Fairness Act because it provides fairness and equity for all workers. I oppose H.R. 1000 and support the Miller substitute.

Mr. BOEHNER. Mr. Speaker, I yield 2 minutes to the gentleman from Nebraska (Mr. OSBORNE).

Mr. OSBORNE. Mr. Speaker, I come from a family that has been in a small business operation for the last 100 years, and the biggest concern that I hear in small businesses is government regulation; and I agree with many of the gentleman's proposals here. Some are good, but it does add complexity. It adds cost. And right now what we are seeing is a huge exodus from the retirement plan operations of so many companies. I am afraid that this would exacerbate the problem.

For example, expanding the remedies of ERISA will quite likely lead to more litigation and more expense. Requiring 401(k) insurance is already provided by many plans but adds cost. Making it mandatory will cause people to exit the system. Reporting of insider sales is already governed by the Securities and Exchange Commission; so we think this is somewhat redundant.

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1500 I am as embarrassed as the author of this substitute with some of the compensation plans that we have seen by various executives, and I agree this needs to be addressed. However, when we are dealing with something that has to do with pension reform, I do not believe that this is the appropriate vehicle to use at this time.

So overall what I am saying is I believe the base bill provides sound pension reform without promoting so much complexity and expense that we would eliminate retirement plans. If we do so, we simply throw out the baby with the bath water; and I think as a result, we cause more problems than we solve.

So, Mr. Speaker, I urge passage of this base bill and rejection of the substitute.

Mr. ANDREWS. Mr. Speaker, I yield 2 minutes to the gentleman from Oregon (Mr. BLUMENAUER).

Mr. BLUMENAUER. Mr. Speaker, I listened to the comments about some increased complexity and efforts that may be required. I find it ironic that as we look at some of the complexity we have now for the protection of those who need it the least, we do not get too upset about it; but when we are talking about ordinary working men and women, a little bit of complexity, a little bit of regulation I think is not only in order, but I represent thousands of people in my community who would welcome it today.

Enron purchased a locally owned electric utility in my community called Portland General Electric, a straightforward organization that had been working providing service in our community for generations.

In a few short years, because of the manipulation, the lack of complexity, the lack of oversight, these people had their lives turned upside down. Men and women who had been investing for years took the representations of what you can only regard as corporate bandits at face value and ended up losing hundreds of thousands of dollars, pushing back their retirement for years.

We found the manipulation of Texas-based Enron wash through the West. It has raised utility rates dramatically in our community, putting people out of work and some companies out of business.

I welcome the Miller substitute that would make sure that everybody plays by the same rules; that everybody has perhaps a little bit of complexity, but a whole lot of security. It will protect older employees with a choice on pension conversion, and it will provide more freedom and better information about how their money is managed.

Mr. Speaker, if this had been in place 5 years ago, there would be thousands of Oregonians that could retire today in dignity, not having their lives turned upside down.

I urge support of the Miller substitute.

The SPEAKER pro tempore. The Chair would inform the managers that the gentleman from New Jersey (Mr. ANDREWS) has 12½ minutes remaining, the gentleman from Ohio (Mr. BOEHNER) has 9½ minutes remaining, and the gentleman from Texas (Mr. SAM JOHNSON) has 9 minutes remaining.

Mr. ANDREWS. Mr. Speaker, I yield such time as he may consume to the

gentleman from California (Mr. GEORGE MILLER), the author of the substitute.

Mr. GEORGE MILLER of California. Mr. Speaker, the suggestion again has been made on the other side of the aisle that somehow this would be a burden or somehow this would be complex if we required that workers be treated the same as executives.

They do very complex things in the corporate suites. They create various accounts to pay for the pension benefit of executives. They go out and buy various insurance schemes to pay for the benefit of executives. They create special tax treatment. They come to Congress and get special tax treatment for the pension plans of executives. All very complex. But at the end of the day, it means that that executive will know, no matter what happens to that company, that they and their family and their children will be protected forever into the future because it will be outside of the bankruptcy, it will be outside of the corporate failure.

So complexity is not a problem when the executives want to protect their income. They have been doing it for years. But somehow now to say that we ought to send notice, send an e-mail to your employees and tell them that the president is selling 100,000 shares, that the President is doing an inside deal on a stock option, send an e-mail, you send them all day long, there is nothing complex about it, you type it out and push send; it is not complex. But they do not want the employees to know this. That is why so many people have been trapped in the financial collapse of these companies.

In the middle of the negotiations with the flight attendants, the pilots, the machinists, the ramp workers, when American Airlines was asking those people for $2.3 billion in givebacks from their vacation time, from their pay, from their health benefits, give it back to help the company fly, they were secretly, quietly and in a very complex fashion protecting and guaranteeing hundreds of millions of dollars in compensation for the executives; and they got caught. Once the light was shined on them, they scrambled like rats for the door, because they knew they could not sustain it; and the CEO resigned and they had to give back the compensation package, and then the flight attendants and others agreed to try to help the company stay out of bankruptcy.

That is all this bill does. It says that you ought to know about that when they are negotiating your union contract, what they are doing for the executives. That is why the pension story today is no longer a back-page story. That is why it is on the cover of Fortune Magazine, not exactly a left-wing journal. But Fortune Magazine captured the context when it said oink, the pigs in the suits are jeopardizing your corporation, your compensation and your pension plans. Oink.

Earlier, Fortune Magazine asked America, is your retirement at risk, and why? Because of what is going on in terms of corporate financial gimmickry. It is why millions and millions of Americans have left the stock market and why the stock market laments that they have not returned. They do not have confidence in this system. They do not have confidence in this system any longer. They understand it is rigged on Wall Street against them and it is rigged in the Congress of the United States against them.

Where do these families go to get justice? Where do these families go to get equity? Where do these families go to get fairness, if they cannot come to the Congress of the United States?

So now what we say in the Republican bill is we are going to give them additional advice about what to do with their savings, and we are going to give that advice from the very same people that just had an out-of-court settlement of $1.4 billion because they lied to their clients. They had financial arrangements that prevented them from being independent. They had financial arrangements, so they misrepresented how a stock was doing, how a company was doing, because they were getting fees, they were getting commissions, they were getting percentages of deals. Those are the very same people the Republicans say now that Mr. and Mrs. JONES and Mr. and Mrs. Smith ought to go to and trust that they are going to give them independent advice.

The Democratic bill says you can go to those people, you can make them available, but you also must make an independent adviser available to these people as they plan for their retirements.

When things go wrong for people in their retirement plans, as they did over the last couple of years, and you are 50 or 55 years old, you do not have much chance to make it up.

Again, we have all heard from our constituents about people who thought they were going to retire a year ago, a year and a half ago. From Pacific Gas and Electric, the Portland company, not the California one, a person came before our committee, the Committee on Education and the Workforce, who had $650,000 in Enron stock. He and his wife bought a small farm that they were going to use to run a care center for retarded children. By the time they got to our committee, he had $6,000 in stock. He is 60 years old. Where does he go to get back his money? Where does he go to get made whole?

Well, unless we want that to happen to another generation of workers planning for their retirement, planning for their families, unless we want that to happen again, we have got to support the Democratic substitute, because it is about justice, it is about fairness and it is about getting away from the conflicted advice, from the manipulation, from the dishonesty, from the criminal activity of the financial markets.

Mr. Speaker, $7 trillion was lost in the markets, $7 trillion. These are the people who want to take you out of Social Security and put you into that market. Social Security did not lose a dime. Wall Street lost $7 trillion, and hundreds and thousands and millions of Americans had their entire retirement future changed overnight.

We thought, well, that is the free enterprise system. That is the market system. But what we find out now every day is, no, like the California energy crisis, that was a manipulated system, that was a dishonest system, that was a criminal system.

All the Democratic bill says is give people some notice, give people some rights, give people control over their money so they can escape the ship. The CEOs, the board presidents, the presidents of companies, they are heading for the lifeboats. They do not even have the decency to hit the alarm bell to tell you the ship is going down.

We say at least you have to sound the alarm and tell the workers that they may want to jump too. That is the decent thing to do if you care about your workers, if you respect them, if you appreciate what they have done for the corporations. But that is not what is going on in America today, and that is not what will go on in America under the Republican bill.

Mr. Speaker, you must vote for the Democratic substitute if you believe that workers and their families are entitled to the decent protections for their retirement funds. I urge Members to vote for the Democratic substitute.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am glad that was brought out. All of the reasons to not vote for this substitute, we just heard them. The Democrat substitute unwisely expands remedies available under ERISA. Under the Democrat substitute, employers, administrators and service providers can expect a wave of new litigation from participants alleging economic and noneconomic losses stemming from ERISA violations. It can only lead to higher costs. Employers will become more reluctant to offer retirement savings plans to their workers. ERISA already provides for comprehensive penalties and enforcement mechanisms in the case of wrongdoing.

The Democrat substitute also tries to reform salaries and corporate governance through the guise of pension reform. These provisions regarding corporate compensation are not really about pensions; they are about punishment for corporations.

The Democrat punitive corporate provision will not enhance pension coverage or protection for one rank-and-file member. Instead, it will only make it likely that corporations will be discouraged from offering pensions because of the complex and heavy-handed pension rules.

Mr. Speaker, I urge a vote against the Democrat substitute.

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

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

Mr. Speaker, I would urge our colleagues to vote in favor of the Miller substitute. If there is one asset that should be sacrosanct, if there is one asset that should be solid as a rock, it is our pensions. Prior to 1974, there were numerous problems with pensions as corrupt or incompetent boards of trustees mismanaged workers' funds.

Twenty-nine years ago this Congress did something about that by passing the ERISA law. Since then, scandals and misappropriation of pension funds have been few and far between. They have been rare, and pensions have been largely safe.

But there is a new kind of pension. It is a self-directed pension account, commonly called a 401(k). The problem with the 401(k) has admittedly been that workers who do not have sound advice have sometimes made unsound decisions and lost their money.

There is no dispute that there is a need to provide solid and sound investment advice, but there is a strong dispute about how to do so. The substitute provides for advice; but frankly, it favors independent advice so the advice given is not given from the point of view of self-interest. The substitute provides a remedy.

□ 1515

When someone entrusted with fiduciary responsibility under the ERISA law does wrong by the pensioner or by the worker, there are consequences. My friend from Texas a few minutes ago said that there would be an expansion of remedies under ERISA. He is absolutely correct, because as the workers at Enron can tell us, the remedies that the present law contains do not do them very much good at all when they see their future security evaporate in the new pension scandals of our time.

The Miller substitute provides for sound investment advice, it ceases the practice of fraudulent misrepresentation during collective bargaining, it stops secret pension deals on behalf of highly compensated employees and executives, and it provides for meaningful remedies for those who have been wronged. It stops the abuse of cash balance plans and makes sure that every American pensioner is made whole. It is a realistic and meaningful response to the scandals of the last 24 to 36 months.

Mr. Speaker, I would urge all of my colleagues to vote ''yes'' in favor of the Miller substitute.

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

Mr. BOEHNER. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, there is a lot that has been said here today about the need for pension reform. Certainly, in the wake of the Enron and WorldCom scandals and the collapse of the stock market, Congress had a duty and a responsibility to look at our pension system, and we did. That was over a year ago. Out of that we learned that there were some deficiencies in our current pension system, such as the fact that company insiders could sell the company stock during a blackout period, while employees could not sell stock in their 401(k) plan. That has been fixed and signed into law. We found that there was no notice of a potential blackout period, not enough notice to employees of these blackout periods. Again, that has been fixed, both issues signed into law in the Sarbanes-Oxley bill.

But there are other issues out there that need to be addressed, and I think the underlying bill addresses them in a fair and expansive way. With all due respect to my friends on the other side, the substitute that we have before us is nothing more than overkill.

Now, if we are worried about people's pensions in America, then people who have pensions in America ought to be really worried about the substitute that we have before us, because if the substitute were to become law, virtually no employer in America could offer their employees pensions. And that is not an exaggeration at all.

Pension plans are voluntary plans offered by employers to their employees, and the fact that they are voluntary means that we have to walk a delicate line. All one has to do is look at the regulatory impact, the legislative impact, well-meaning, well-intentioned during the 1980s that Congress and the agencies imposed on defined benefit plans. We nearly are making them extinct because of the cost, the litigation, and the regulatory nightmare that is involved with offering a traditional defined benefit plan. That is why we see this huge conversion from defined benefit plans, the traditional plan, to defined contribution plans like 401(k) plans. And nothing that we do here today, in my view, is going to slow that conversion down.

And for many of us who are concerned about defined benefit plans, the traditional benefit plans, we ought not take up the issue that is contained in the substitute that would defy the conversion to a cash balance plan. A cash balance pension plan is a defined benefit plan. Those employers and those employees are covered under the Pension Benefit Guaranty Corporation. They pay premiums to the employer, and the employee's pension is protected, and the cash balance plan is protected there. And there has been no convergence of these over the last 2 years, as there is a moratorium in effect as the Treasury Department and others try to determine what the appropriate rules should be for conversions.

Well, let us be honest. There have been over 500 conversions over the last 15 years. In virtually every single one of them, the employer made every employee whole. And it is almost impossible to find a case where an employer did not keep an employee whole. And, as we have heard before from the gentleman from Texas (Mr. JOHNSON), 80 percent of workers do better under cash balance plans than under traditional plans. Let us not forget, under a traditional plan, if you are a younger worker and you leave, you take nothing with you, zero. Under a cash balance plan, if you are a younger worker and you change jobs, you can take the net benefits that you have got vested and move them just like you can with a 401(k) account.

So we can sit here and castigate one or two examples of companies who tried to do it the wrong way, who fixed it, but let us not castigate the other 500 plus employers across the country who made these conversions and did them successfully, working with their employees.

When it is all said and done, Mr. Speaker, we want to encourage more employers to cover more of their employees with pension plans. We will not accomplish that goal, and that is a bipartisan goal, if we overregulate and drive up the cost of operating these plans. The substitute offered by my friends across the aisle will do just that. It is overkill. It should be defeated, and we should pass the underlying bill.

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

The SPEAKER pro tempore (Mr. QUINN). Pursuant to House Resolution 230, the previous question is ordered on the bill, as amended, and on the further amendment by the gentleman from New Jersey (Mr. ANDREWS).

The question is on the amendment in the nature of a substitute offered by the gentleman from New Jersey (Mr. ANDREWS).

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

Mr. ANDREWS. 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 193, nays 236, not voting 5, as follows:

[Roll No. 187]

YEAS—193

Abercrombie	Brown (OH)	Davis (TN)
Ackerman	Brown, Corrine	DeFazio
Allen	Brown-Waite, Ginny	DeGette
Andrews	Capps	Delahunt
Baca	Capuano	DeLauro
Baird	Cardin	Deutsch
Baldwin	Cardoza	Dicks
Ballance	Carson (IN)	Dingell
Becerra	Case	Doggett
Bell	Clay	Doyle
Bereuter	Clyburn	Edwards
Berkley	Conyers	Emanuel
Berman	Cooper	Engel
Berry	Costello	Eshoo
Bilirakis	Crowley	Etheridge
Bishop (GA)	Cummings	Evans
Bishop (NY)	Davis (AL)	Farr
Blumenauer	Davis (CA)	Fattah
Boswell	Davis (FL)	Filner
Boucher	Davis (IL)	Ford
Brady (PA)		Frank (MA)

Frost
Gonzalez
Gordon
Green (TX)
Grijalva
Gutierrez
Harman
Hastings (FL)
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Honda
Hooley (OR)
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
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
Lynch
Majette
Maloney
Markey
Marshall
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McDermott
McGovern
McIntyre
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Michaud
Millender-McDonald
Miller (NC)
Miller, George
Mollohan
Moran (VA)
Murtha
Nadler
Napolitano
Neal (MA)
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Petri
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
Strickland
Stupak
Tauscher
Taylor (MS)
Thompson (MS)
Tierney
Towns
Udall (CO)
Udall (NM)
Van Hollen
Velazquez
Visclosky
Waters
Watson
Watt
Waxman
Weiner
Wexler
Woolsey
Wu
Wynn

NAYS—236

Akin
Alexander
Bachus
Baker
Ballenger
Barrett (SC)
Bartlett (MD)
Barton (TX)
Bass
Beauprez
Biggert
Bishop (UT)
Blackburn
Blunt
Boehlert
Boehner
Bonilla
Bonner
Bono
Boozman
Boyd
Bradley (NH)
Brady (TX)
Brown (SC)
Burgess
Burns
Burr
Burton (IN)
Buyer
Calvert
Camp
Cannon
Cantor
Capito
Carson (OK)
Carter
Castle
Chabot
Chocola
Coble
Cole
Collins
Combest
Cox
Cramer
Crane
Crenshaw
Cubin
Culberson
Cunningham
Davis, Jo Ann
Davis, Tom
Deal (GA)
DeLay
DeMint
Diaz-Balart, L.
Diaz-Balart, M.
Dooley (CA)
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
Hall
Harris
Hart
Hastings (WA)
Hayes
Hayworth
Hefley
Hensarling
Herger
Hill
Hobson
Hoekstra
Hostettler
Houghton
Hulshof
Hunter
Hyde
Isakson
Issa
Istook
Janklow
Jenkins
John
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 (KY)
Lucas (OK)
Manzullo
Matheson
McCotter
McCrery
McHugh
McInnis
McKeon
Mica
Miller (FL)
Miller (MI)
Moore
Moran (KS)
Murphy
Musgrave
Myrick
Nethercutt
Ney
Northup
Norwood
Nunes
Nussle
Osborne
Ose
Otter
Oxley
Paul
Pearce
Pence
Peterson (MN)
Peterson (PA)
Pickering
Pitts
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
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simmons
Simpson
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Stearns
Stenholm
Sullivan
Sweeney
Tancredo
Tanner
Tauzin
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thornberry
Tiahrt
Tiberi
Toomey
Turner (OH)
Turner (TX)
Upton
Vitter
Walden (OR)
Walsh
Wamp
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Young (AK)

NOT VOTING—5

Aderholt
Gephardt
Miller, Gary
Schrock
Young (FL)

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. QUINN) (during the vote). The Chair would remind Members there are 2 minutes remaining in this vote.

□ 1542

Messrs. SOUDER, FRANKS of Arizona, GINGREY, SHAW, CARSON of Oklahoma, TAUZIN and LEWIS of California changed their vote from ''yea'' to ''nay.''

Messrs. BILIRAKIS, PETRI, THOMPSON of Mississippi, SNYDER and CROWLEY 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.

Stated against:

Mr. ADERHOLT. Mr. Speaker, on rollcall No. 187 I was inadvertently detained. Had I been present, I would have voted ''nay.''

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.

MOTION TO RECOMMIT OFFERED BY MR. GEORGE MILLER OF CALIFORNIA

Mr. GEORGE MILLER of California. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. GEORGE MILLER of California. I am, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. GEORGE MILLER of California moves to recommit the bill H.R. 1000 to the Committee on Education and the Workforce with instructions to report the same back to the House forthwith with the following amendment:

Page 92, insert after line 21 the following new section:

SEC. 217. PROTECTION OF PARTICIPANTS FROM CONVERSIONS TO HYBRID DEFINED BENEFIT PLANS.

(a) AMENDMENTS TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

(1) ELECTION TO MAINTAIN RATE OF ACCRUAL IN EFFECT BEFORE PLAN AMENDMENT.—Section 204(b)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(b)(1)) is amended by adding at the end the following new subparagraph:

''(I)(i) Notwithstanding the preceding subparagraphs, in the case of a plan amendment to a defined benefit plan—

''(I) which has the effect of converting the plan to a plan under which the accrued benefit is expressed to participants and beneficiaries as an amount other than an annual benefit commencing at normal retirement age (or which has a similar effect as determined under regulations issued under clause (iii)), and

''(II) which has the effect of reducing the rate of future benefit accrual of 1 or more participants,

such plan shall be treated as not satisfying the requirements of this paragraph unless such plan meets the requirements of clause (ii).

''(ii) A plan meets the requirements of this clause if the plan provides each participant who has attained 10 years of service (as determined under section 203) under the plan at the time such amendment takes effect with—

''(I) notice of the plan amendment indicating that it has such effect, including a comparison of the present and projected values of the accrued benefit determined both with and without regard to the plan amendment, and

''(II) an election, on the date of the conversion, to either receive benefits under the terms of the plan as in effect on or after the effective date of such plan amendment or to receive benefits under the terms of the plan as in effect immediately before the effective date of such plan amendment (taking into account all benefit accruals under such terms since such date).

''(iii) The Secretary shall issue regulations under which any plan amendment which has an effect similar to the effect described in clause (i)(I) shall be treated as a plan amendment described in clause (i)(I). Such regulations may provide that if a plan sponsor represents in communications to participants and beneficiaries that a plan amendment has an effect described in the preceding sentence, such plan amendment shall be treated as a plan amendment described in clause (i)(I).''.

(2) EARLY RETIREMENT SUBSIDY TAKEN INTO ACCOUNT FOR PURPOSES OF OPENING BALANCE OF HYBRID DEFINED BENEFIT PLAN.—Section 204(g) of such Act (29 U.S.C. 1054(g)) is amended by adding at the end the following new paragraph:

''(6) In the case of a plan amendment to a defined benefit plan which has the effect of converting the plan to a plan under which the accrued benefit is expressed to participants and beneficiaries as an amount other than an annual benefit commencing at normal retirement age (or a plan amendment to such plan having a similar effect as determined under regulations issued under subsection (b)(1)(I)(iii)), such amendment shall not be treated as reducing accrued benefits merely because under such amendment any early retirement benefit or retirement-type subsidy (within the meaning of paragraph (2)(A)) is taken into account for purposes of the opening balance of the amended plan.''.

(3) INTEREST RATE FOR DETERMINATIONS RELATING TO PLAN CONVERSIONS.—Section 204(g) of such Act (as amended by paragraph (2)) is amended further by adding at the end the following new paragraph:

''(7) For purposes of this subsection—

''(A) in the case of an amendment described in paragraph (1) which takes effect on or after the enactment of this paragraph,

the interest rate and mortality tables to be used in determining the present value of the accrued benefit under such amendment shall be the applicable rate and tables under section 417(e)(3) of the Internal Revenue Code of 1986 as of the date on which such amendment takes effect, and

''(B) in the case of amendments described in paragraph (1) which took effect before the enactment of this paragraph, the interest rate and mortality tables to be used in determining the present value of the accrued benefit under such amendments shall be the applicable rate and tables which were in effect under section 412(l) of the Internal Revenue Code of 1986 as of the effective date of the respective amendment.''.

(b) EFFECTIVE DATE AND RELATED RULES.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan amendments taking effect after the date of the enactment of this Act.

(2) PLAN AMENDMENTS SUBJECT TO LITIGATION.—The amendments made by this section also shall apply to any plan amendment taking effect on or before the date of the enactment of this Act if—

(A) no determination letter is issued on or before such date by the Internal Revenue Service which has the effect of approving the plan amendment, and

(B) such plan amendment is, on April 8, 2003, subject to a court action based on age discrimination.

(3) SPECIAL RULE.—In the case of a plan amendment taking effect before 90 days after the date of the enactment of this Act, the requirements of section 204(b)(1)(I) of the Employee Retirement Income Security Act of 1974 (as added by this section) shall be treated as satisfied in connection with such plan amendment, in the case of any participant described in such section 204(b)(1)(I) in connection with such plan amendment, if, as of the end of such 90-day period—

(A) the notice described in clause (i)(I) of such section 204(b)(1)(I) in connection with such plan amendment has been provided to such participant, and

(B) the plan provides for the election described in clause (i)(II) of such section 204(b)(1)(I) in connection with such participant's retirement under the plan.

□ 1545

Mr. GEORGE MILLER of California (during the reading). Mr. Speaker, I ask unanimous consent that the motion to recommit be considered as read and printed in the RECORD.

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

There was no objection.

The SPEAKER pro tempore. The gentleman from California (Mr. GEORGE MILLER) is recognized for 5 minutes in support of his motion to recommit.

Mr. GEORGE MILLER of California. Mr. Speaker, this motion to recommit provides that workers with 10 years of service with a company would have the choice of whether or not to accept a cash balance retirement plan or a defined benefit plan when a corporation decides that they want to switch from a defined benefit plan to a cash balance plan.

We do nothing about the corporation's right to do so. That is simply up to the corporations. Many corporations are doing this in an attempt to save money. The question that my colleagues must answer is should they be able to save that money by dramatically jeopardizing the retirement nest egg and the retirement benefits of older workers in that corporation.

The last time corporations did this before the moratorium, workers lost somewhere up to 50 percent. Last time, according to the GAO, older workers lost up to 50 percent of their retirement benefits. Individuals that were 50, 55, 60 years old, they had no ability to recapture those benefits. They could not work long enough. They could not make enough money. They could not save enough in those jobs.

The question is whether we will allow them the election. Secretary Treasurer Snow said that when he was chairman of the board at CSX Corporation, he recommended and the corporation did this because it was fair. He reminded us that when Congress switched its retirement plan, we allowed every Member in Congress at that time to have an election. He said that was the fair thing to do.

He said when he was on the board of Verizon, that he insisted that they allow workers to have a choice in that plan to see which one they would do better under. The company could save the money for all new workers, and older workers would be made whole.

The gentleman from Ohio will tell my colleagues that some 500 corporations have converted, and they have made workers whole. That is because that is the law. They are changing the law. They will no longer be required to do that under the law.

When Jesse James and Billy the Kid and Bonnie and Clyde stole the life savings of people in this country, we hunted them down like dogs. Right now there are 300 corporations that have filed notice all over the country, all different sizes, affecting thousands of workers, that they are going to convert immediately upon the new Treasury ruling to a cash balance system. The question is whether or not we will protect these people against having their retirement benefits looted.

After a person gives this kind of service to a company, and they are too old to recoup it, they ought to make sure that they do not lose that benefit. That is what this amendment does, and I am going to tell my colleagues, for those who do not think this will affect them, several years ago we had this operation before the moratorium, IBM, Kodak and others, and it blew up. On a bipartisan vote of over 300 Members of Congress, we sought to end that practice.

The Clinton administration put on a moratorium. Those companies ended up giving their workers an election. It is the just and fair thing to do. There is no other remedy other than this amendment for those workers if the Treasury Department decides, as their original proposal did, that it did not matter whether we gave workers a choice or not.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield to the gentleman from Illinois (Mr. EMANUEL).

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

Mr. EMANUEL. Mr. Speaker, I rise in strong support of the Democratic substitute to H.R. 1000, the Pension Security Act.

The Republican bill just does not do enough to take care of retirement security for American families. In particular, I support the substitute's fight against cash balance conversion, which pulls the rug out from under employees midcareer.

I worked on the moratorium that my colleague talked about when I was in the White House. Today 500 companies have converted to cash balance. There have been more than 1,000 age discrimination claims filed with the EEOC over these plans. Three hundred fifty companies are on the sidelines waiting to convert, which affects thousands upon thousands of employees.

Cash balance conversion can be done right. They are a good financial instrument if done effectively, but if we create winners and losers, that is the wrong approach.

The right approach is to include a grandfather clause to ensure workers who are 55 or older have a choice, that can work both for the employees and the employers. There is a right way and a wrong way to go about this.

I want to also speak about another situation in the bill. Even worse than the cash balance, the bill fails to require companies to notify employees when executives dump company stock or provide adequate notice to employees of excessive stock holdings. This bill treats the CEO retirement one way and treats employees' retirement another way: Two sets of books, two sets of standards and two sets of values.

Mr. Speaker, in contrast, the Democratic substitute does two important things. It protects workers when their pensions are converted to cash balance plans, and it ensures that workers' and executives' pension plans are treated equally.

Mr. BOEHNER. Mr. Speaker, I am opposed to the motion.

The SPEAKER pro tempore. The gentleman from Ohio is recognized for 5 minutes.

Mr. BOEHNER. Mr. Speaker, I appreciate the indulgence of the Members.

We all know that pension plans are voluntarily offered by employers to their employees. For those of us that have worked in the pension area for some time, we know that we have to walk a very delicate line in terms of the regulations that we put around these plans so that we do not drive employers and their employees out of the system.

We spend a lot of time on a bipartisan basis here trying to find ways to encourage more companies to offer plans to their employees. Most of those plans today would be defined contribution plans, like 401(k) plans.

The traditional defined benefit plan that we would have and all Federal employees would have is in serious trouble in America today. In 1986, we had

176,000 defined benefit plans in America. Today, we have less than 50,000, and the conversion from traditional pension plans to 401(k)-type plans is going to continue. Why? We have so overregulated and driven up the cost of offering defined benefit plans that these conversions continue.

The whole issue of cash balance plans boils down to this: Cash balance plans are a way to save defined benefit plans. Cash balance plans are those where employers pay premiums into the Pension Benefit Guaranty Corporation. Employees who have cash balance plans are protected by the Pension Benefit Guaranty Corporation. So for those of us who have tried to find ways to help save the traditional defined benefit plan, the cash balance conversions are a way to save them.

There have been over 500 conversions over the last 15 years. Virtually every single one of them have been successful, where employers have found ways to make sure that all employees are made whole. But do not be misunderstood. Eighty percent of employees benefit greater under a cash balance plan than they would under a defined benefit plan, and for younger workers who change jobs under a defined benefit plan, a traditional plan, they do not get to move anything with them, zero, but if they are vested in their cash balance plan, they can move that, and it is much more portable than a traditional plan.

What the gentleman from California (Mr. GEORGE MILLER) seeks to do is to require employers to offer two plans, the traditional plan and the cash balance plan. What this means is that the employer has to continue offering both plans, which will mean we will not have conversions, and if we do not have conversions, here is what will happen: The defined benefit plans will continue to be scrapped. Let us watch when the market begins to recover and the plans are healthier, companies will eliminate their defined benefit plan and move to a defined contribution plan, like a 401(k) plan. I do not think that is what most employees in America want.

I would ask all of my colleagues, because on a bipartisan basis we have worked to make sure that these cash balance plans worked, and they worked fairly, my colleagues should also know there have been no conversions the last 2 years, and that is because there is a moratorium in effect. The Treasury Department had regulations out for comment. They got lots of comments. They withdrew them. They are continuing to work to find the right set of regulations to regulate these conversions to cash balance plans. Let us let them do the technical work.

For Members on both sides of the aisle who have worked on these pension issues in a bipartisan way, we understand that these conversions will help save these plans. The underlying bill passed this House with 209 Republican votes and 46 Democrat votes a year ago. The underlying bill is a good bill that would help protect the pensions of American workers. Let us stand up for American workers today.

Defeat the motion to recommit and vote for the underlying bill.

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.

Mr. GEORGE MILLER of California. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were 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—yeas 202, nays 226, not voting 6, as follows:

[Roll No. 188]

YEAS—202

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
Crowley
Cummings
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (TN)
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
Goode
Gordon
Green (TX)
Grijalva
Gutierrez
Harman
Hastings (FL)
Hill
Hinchey
Hinojosa
Hoeffel
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
Lewis (GA)
Lipinski
Lofgren
Lowey
Lynch
Majette
Maloney
Markey
Marshall
Matheson
Matsui
McCarthy (MO)
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
Ose
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Petri
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
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Tierney
Turner (TX)
Udall (CO)
Udall (NM)
Van Hollen
Velazquez
Visclosky
Waters
Watson
Watt
Waxman
Weiner
Wexler
Whitfield
Woolsey
Wu
Wynn

NAYS—226

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
Combest
Cox
Cramer
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
Goodlatte
Goss
Granger
Graves
Green (WI)
Greenwood
Gutknecht
Hall
Harris
Hart
Hastings (WA)
Hayes
Hayworth
Hefley
Hensarling
Herger
Hobson
Hoekstra
Hostettler
Houghton
Hulshof
Hunter
Hyde
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 (KY)
Lucas (OK)
Manzullo
McCotter
McCrery
McHugh
McInnis
McKeon
Mica
Miller (FL)
Miller (MI)
Moran (KS)
Murphy
Musgrave
Myrick
Nethercutt
Ney
Northup
Norwood
Nunes
Nussle
Osborne
Otter
Oxley
Paul
Pearce
Pence
Peterson (MN)
Peterson (PA)
Pickering
Pitts
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
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simmons
Simpson
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Stearns
Stenholm
Sullivan
Sweeney
Tancredo
Tauzin
Taylor (NC)
Terry
Thomas
Thornberry
Tiahrt
Tiberi
Toomey
Turner (OH)
Upton
Vitter
Walden (OR)
Walsh
Wamp
Weldon (FL)
Weldon (PA)
Weller
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Young (AK)

NOT VOTING—6

Gephardt
Jefferson
Miller, Gary
Schrock
Towns
Young (FL)

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. QUINN) (during the vote). There are 2 minutes remaining in this vote.

□ 1612

Messrs. SMITH of Michigan, GALLEGLY, and CRAMER changed their vote from ''yea'' to ''nay.''

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

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. GEORGE MILLER of California. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. This is a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 271, nays 157, not voting 6, as follows:

[Roll No. 189]

YEAS—271

Aderholt
Akin
Bachus
Baker
Ballenger
Barrett (SC)
Bartlett (MD)
Barton (TX)
Bass
Beauprez
Bell
Bereuter
Berry
Biggert
Bilirakis
Bishop (UT)
Blackburn
Boehlert
Boehner
Bonilla
Bonner
Bono
Boozman
Boswell
Boyd
Bradley (NH)
Brady (TX)
Brown (SC)
Brown-Waite, Ginny
Burgess
Burns
Burr
Burton (IN)
Buyer
Calvert
Camp
Cannon
Cantor
Capito
Cardoza
Carson (IN)
Carson (OK)
Carter
Castle
Chabot
Chocola
Coble
Cole
Collins
Combest
Costello
Cox
Cramer
Crane
Crenshaw
Crowley
Cubin
Culberson
Cunningham
Davis, Jo Ann
Davis, Tom
Deal (GA)
DeLay
DeMint
Diaz-Balart, L.
Diaz-Balart, M.
Dooley (CA)
Doolittle
Dreier
Duncan
Dunn
Edwards
Ehlers
Emerson
English
Everett
Feeney
Ferguson
Flake
Fletcher
Foley
Forbes
Fossella
Franks (AZ)
Frelinghuysen
Frost
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Gonzalez
Goode
Goodlatte
Goss
Granger
Green (TX)
Green (WI)
Greenwood
Hall
Harman
Harris
Hart
Hastings (WA)
Hayes
Hayworth
Hefley
Hensarling
Herger
Hill
Hobson
Hoekstra
Holden
Holt
Hooley (OR)
Hostettler
Houghton
Hulshof
Hunter
Hyde
Isakson
Israel
Issa
Istook
Janklow
Jenkins
John
Johnson (CT)
Johnson (IL)
Johnson, Sam
Jones (NC)
Keller
Kelly
Kennedy (MN)
Kind
King (IA)
King (NY)
Kingston
Kirk
Kline
Knollenberg
Kolbe
LaHood
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (KY)
Lucas (OK)
Maloney
Manzullo
Marshall
Matheson
McCarthy (NY)
McCotter
McCrery
McHugh
McInnis
McIntyre
McKeon
Mica
Miller (FL)
Miller (MI)
Moore
Moran (KS)
Murphy
Musgrave
Myrick
Neal (MA)
Nethercutt
Ney
Northup
Norwood
Nunes
Nussle
Osborne
Ose
Otter
Oxley
Paul
Pearce
Pence
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Platts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Putnam
Quinn
Radanovich
Ramstad
Regula
Rehberg
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Ross
Royce
Ruppersberger
Ryan (WI)
Ryun (KS)
Sabo
Sandlin
Saxton
Scott (GA)
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simmons
Simpson
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Snyder
Souder
Stearns
Stenholm
Sullivan
Sweeney
Tancredo
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thornberry
Tiahrt
Tiberi
Toomey
Turner (OH)
Turner (TX)
Upton
Vitter
Walden (OR)
Walsh
Wamp
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Wu
Young (AK)

NAYS—157

Abercrombie
Ackerman
Alexander
Allen
Andrews
Baca
Baird
Baldwin
Ballance
Becerra
Berkley
Berman
Bishop (GA)
Bishop (NY)
Blumenauer
Boucher
Brady (PA)
Brown (OH)
Brown, Corrine
Capps
Capuano
Cardin
Case
Clay
Clyburn
Conyers
Cooper
Cummings
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (TN)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Doggett
Doyle
Emanuel
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Ford
Frank (MA)
Gordon
Grijalva
Gutierrez
Gutknecht
Hastings (FL)
Hinchey
Hinojosa
Hoeffel
Honda
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson, E. B.
Jones (OH)
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kilpatrick
Kleczka
Kucinich
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Levin
Lewis (GA)
Lofgren
Lowey
Lynch
Majette
Markey
Matsui
McCarthy (MO)
McCollum
McDermott
McGovern
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Michaud
Millender-McDonald
Miller (NC)
Miller, George
Mollohan
Moran (VA)
Murtha
Nadler
Napolitano
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Rahall
Rangel
Reyes
Rodriguez
Rothman
Roybal-Allard
Rush
Ryan (OH)
Sanchez, Linda T.
Sanchez, Loretta
Sanders
Schakowsky
Schiff
Scott (VA)
Serrano
Sherman
Slaughter
Smith (WA)
Solis
Spratt
Stark
Strickland
Stupak
Thompson (CA)
Thompson (MS)
Tierney
Towns
Udall (CO)
Udall (NM)
Van Hollen
Velazquez
Visclosky
Waters
Watson
Watt
Waxman
Weiner
Wexler
Woolsey
Wynn

NOT VOTING—6

Blunt
Gephardt
Graves
Miller, Gary
Schrock
Young (FL)

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. QUINN) (during the vote). Members are advised that less than 2 minutes remain in this vote.

□ 1619

Mr. WYNN changed his 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.

CONCERNING PARTICIPATION OF TAIWAN IN THE WORLD HEALTH ORGANIZATION

Mr. ROHRABACHER. Mr. Speaker, I ask unanimous consent that the Committee on International Relations be discharged from further consideration of the Senate bill (S. 243) concerning participation of Taiwan in the World Health Organization, and ask for its immediate consideration in the House.

The Clerk read the title of the Senate bill.

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

There was no objection.

The Clerk read the Senate bill, as follows:

S. 243

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

SECTION 1. CONCERNING THE PARTICIPATION OF TAIWAN IN THE WORLD HEALTH ORGANIZATION (WHO).

(a) FINDINGS.—The Congress makes the following findings:

(1) Good health is important to every citizen of the world and access to the highest standards of health information and services is necessary to improve the public health.

(2) Direct and unobstructed participation in international health cooperation forums and programs is beneficial to all parts of the world, especially with today's greater potential for the cross-border spread of various infectious diseases such as the human immunodeficiency virus (HIV), tuberculosis, and malaria.

(3) Taiwan's population of 23,500,000 people is greater than that of three-fourths of the member states already in the World Health Organization (WHO).

(4) Taiwan's achievements in the field of health are substantial, including one of the highest life expectancy levels in Asia, maternal and infant mortality rates comparable to those of western countries, the eradication of such infectious diseases as cholera, smallpox, and the plague, and the first to eradicate polio and provide children with hepatitis B vaccinations.

(5) The United States Centers for Disease Control and Prevention and its Taiwan counterpart agencies have enjoyed close collaboration on a wide range of public health issues.

(6) In recent years Taiwan has expressed a willingness to assist financially and technically in international aid and health activities supported by the WHO.

(7) On January 14, 2001, an earthquake, registering between 7.6 and 7.9 on the Richter scale, struck El Salvador. In response, the Taiwanese government sent 2 rescue teams, consisting of 90 individuals specializing in firefighting, medicine, and civil engineering. The Taiwanese Ministry of Foreign Affairs also donated $200,000 in relief aid to the Salvadoran Government.

(8) The World Health Assembly has allowed observers to participate in the activities of the organization, including the Palestine Liberation Organization in 1974, the Order of Malta, and the Holy See in the early 1950s.

(9) The United States, in the 1994 Taiwan Policy Review, declared its intention to support Taiwan's participation in appropriate international organizations.

(10) Public Law 106–137 required the Secretary of State to submit a report to the Congress on efforts by the executive branch to support Taiwan's participation in international organizations, in particular the WHO.

(11) In light of all benefits that Taiwan's participation in the WHO can bring to the state of health not only in Taiwan, but also regionally and globally, Taiwan and its 23,500,000 people should have appropriate and meaningful participation in the WHO.

(12) On May 11, 2001, President Bush stated in his letter to Senator Murkowski that the United States 'should find opportunities for Taiwan's voice to be heard in international organizations in order to make a contribution, even if membership is not possible', further stating that his Administration 'has focused on finding concrete ways for Taiwan to benefit and contribute to the WHO'.

(13) In his speech made in the World Medical Association on May 14, 2002, Secretary of Health and Human Services Tommy Thompson announced 'America's work for a healthy world cuts across political lines. That is why my government supports Taiwan's efforts to gain observership status at the World Health Assembly. We know this is a controversial issue, but we do not shrink from taking a public stance on it. The people of Taiwan deserve the same level of public health as citizens of every nation on earth, and we support them in their efforts to achieve it'.

(14) The Government of the Republic of China on Taiwan, in response to an appeal from the United Nations and the United States for resources to control the spread of HIV/AIDS, donated $1,000,000 to the Global Fund to Fight AIDS, Tuberculosis and Malaria in December 2002.

(b) PLAN.—The Secretary of State is authorized—

(1) to initiate a United States plan to endorse and obtain observer status for Taiwan at the annual week-long summit of the World Health Assembly in May 2003 in Geneva, Switzerland; and

(2) to instruct the United States delegation to Geneva to implement that plan.

(c) REPORT.—Not later than 14 days after the date of the enactment of this Act, the Secretary of State shall submit a report to Congress in unclassified form describing the action taken under subsection (b).

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Ms. Wanda Evans, one of his secretaries.

REPORT ON NATIONAL EMERGENCY WITH RESPECT TO IRAN—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 108–71)

The SPEAKER pro tempore (Ms. GINNY BROWN-WAITE of Florida) laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on International Relations and ordered to be printed:

To the Congress of the United States:

Consistent with section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c), I transmit herewith a 6-month periodic report prepared by my Administration on the national emergency with respect to Iran that was declared in Executive order 12170 of November 14, 1979.

GEORGE W. BUSH.

The White House, *May 14, 2003.*

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Monahan, one of its clerks, announced that the Senate has agreed to the following resolution:

S. RES. 142

Whereas Russell B. Long served in the United States Navy from 1942 to 1945;

Whereas Russell B. Long succeeded both his parents as members of the United States Senate;

Whereas Russell B. Long served the people of Louisiana with distinction for 38 years in the United States Senate;

Whereas Russell B. Long served as Chairman of the Committee on Finance of the United States Senate form 1965 to 1981; and

Whereas Russell B. Long was a tireless and effective champion for the poor, the disabled, and the elderly: Now, therefore, be it

Resolved, That the Senate has heard with profound sorrow and deep regret the announcement of the death of the Honorable Russell B. Long, former member of the United States Senate.

Resolved, That the Secretary of the Senate communicate these resolutions to the House of Representatives and transmit an enrolled copy thereof to the family of the deceased.

Resolved, That when the Senate adjourns today, it stand adjourned as a further mark of respect to the memory of the Honorable Russell B. Long.

The message also announced that, pursuant to sections 276d–276g of title 22, United States Code, as amended, the Chair, on behalf of the Vice President, appoints the following Senator as a member of the Senate Delegation to the Canada-United States Interparliamentary Group during the First Session of the One Hundred Eighth Congress, to be held in Canada, May 15–19, 2003: The Senator from Ohio (Mr. VOINOVICH).

SAUDI AMBASSADOR TO APPEAR ON ''HARDBALL'' TONIGHT

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

Mr. BURTON of Indiana. Madam Speaker, tonight on the program ''Hardball'' on MSNBC, Chris Matthews, who is a very expert interviewer, will be interviewing Prince Bandar, who is the Saudi Ambassador to the United States of America. I hope tonight Chris will ask him some of these questions that are very, very important that need to be answered for the American people. Here are a few of them:

Why were 15 of the 19 hijackers that attacked us on 9/11 from Saudi Arabia?

Why does the Saudi Government provide financial aid to families of suicide bombers?

Why does the Saudi Government support Wahabi clerics and institutions that preach hate and call for suicide attacks against Christians and Jews? They are teaching these children in their schools with the help of the Saudi Government on a daily basis.

According to a Royal Canadian Mounted Police report, through phony charities, huge sums of Saudi money are sent to terrorists; $1- to $2 million a month went to al Qaeda.

Why did the Saudi Embassy provide travel documents to Maha Marri, the wife of a terrorism suspect, and her five children so they could escape the United States even though a grand jury had demanded testimony from that lady and the FBI had confiscated her passport? They helped her leave the country.

And why was Prince Bandar's wife, Princess Haifa, providing $130,000 to a Saudi woman in Virginia, who in turn gave some of this money to a family who gave shelter to two of the September 11 hijackers?

And how is it that 19 al Qaeda operatives who battled the Saudi police in a gunfight just days ago escaped?

These are things that must be answered. Tonight Chris Matthews has the opportunity to put it right to the Saudi Ambassador. I hope he will do that.

UNBORN VICTIMS OF VIOLENCE ACT

(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. Madam Speaker, expecting a baby should be a joyous time, but tragically some mothers and their preborn children are being attacked. Often the express purpose is to kill the baby. To make matters worse, the preborn child is not protected under Federal law.

Most of my colleagues know the story of Laci and Conner Peterson. Laci and her preborn son, Conner, were both killed in California last December. Conner was then in the 8th month of development. Twenty-six States have fetal homicide laws. California is one of them. Unthinkably, had this attack occurred on Federal property or in a State without a fetal homicide law, prosecutors would not have been able to press charges for the murder of little Conner.

While this Chamber has considered the Unborn Victims of Violence Act before, a Federal provision to protect both victims has yet to be enacted. We must change this inconsistency in our law.

At the request of Laci and Conner's family, the Unborn Victims of Violence Act is now appropriately called Laci and Conner's Law. Now is the time to act. Support Laci and Conner's Law.

SPECIAL ORDERS

The SPEAKER pro tempore. 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.

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.)

EXCHANGE OF SPECIAL ORDER TIME

Mr. DEFAZIO. Madam Speaker, I ask unanimous consent to proceed out of order in place of the gentleman from New Jersey (Mr. PALLONE).

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

There was no objection.

ADMINISTRATION UNVEILS TRANSPORTATION FUNDING PLAN

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, today the Bush administration unveiled its transportation funding plan for the next 6-year surface transportation bill. It is pathetically inadequate. If you look at the inventory of needs across the United States of America, the crumbling bridges, the crumbling highways, the congestion, the need for investment, the President and his staff believe that this budget should be flat-lined. We can't afford the investment, they tell us. We can't afford to invest more in roads, bridges and highways, in high-speed rail and congestion mitigation. We just can't afford it. Oh, we can afford massive tax cuts for the wealthy, but if we are going to have massive tax cuts for the wealthy, his number one job creation proposal, we can't afford to create real jobs, jobs in the construction industry.

By his own measure, by the measure of the Bush administration Department of Transportation, every $1 billion spent on transportation infrastructure and construction produces 47,000 jobs in the United States of America. If the President would just increase his proposal to come close to that being made by the Republican Chair of the Committee on Transportation and Infrastructure, they would create 705,000 new jobs a year in the United States of America; real jobs, construction jobs and related jobs in small businesses, and suppliers for those construction companies.

□ 1630

Instead, they want to engage in the charade of producing jobs through trickle-down economics and tax cuts. It did not work in the 1980's for Ronald Reagan. It did not work for George Bush the First, and it is not going to work for this George Bush. In fact, his first tax cuts, which were record tax cuts, have not produced any jobs. We have lost nearly a million jobs since his first tax cuts. They have lots of excuses why we have lost those jobs since his record tax cuts went into effect. Mostly Bill Clinton, a few other things, world events; but they have got people to blame, and they are saying since those tax cuts did not work, let us borrow money from the Social Security trust Fund, from the Medicare trust fund; let us borrow money to fund more tax cuts because that is what we have to do now.

When we did that first set of tax cuts, we supposedly had a surplus. We no longer have a surplus. We have a huge and growing deficit. We are accumulating debt by more than $1 billion a day; $1 billion a day we are adding to the future debt of the young people of this country. And they want to borrow more money to finance tax cuts for woefully few people, an average of $105,000 for every millionaire. But somehow they think that $105,000 granted to every millionaire in this country in tax cuts will put more people to work than $1 billion invested in crumbling bridges, roads, and highways.

It is pretty simple. We could put people back to work. We could make this a more productive country. We could make our transportation system work better. But, no. Tax cuts for precious few political campaign contributors are more important to this administration.

The SPEAKER pro tempore (Ms. GINNY BROWN-WAITE of Florida). Under a previous order of the House, the gentlewoman from Colorado (Mrs. MUSGRAVE) is recognized for 5 minutes.

(Mrs. MUSGRAVE addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

EXCHANGE OF SPECIAL ORDER TIME

Mr. DUNCAN. Madam Speaker, I ask unanimous consent to take the Special Order time of the gentlewoman from Colorado (Mrs. MUSGRAVE).

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

There was no objection.

NATURE CONSERVANCY AND PUTTING AMERICAN WORKERS FIRST

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

Mr. DUNCAN. Madam Speaker, I rise today to briefly mention two very unrelated topics, but two things very important to the national scene. The front page of The Washington Post a few days ago had this headline: ''Nonprofit Sells Scenic Acreage to Allies at a Loss. Buyers Gain Tax Breaks with Few Curbs on Land Use.'' And I would like for the Members to listen to the first few paragraphs of this story from the front page of The Washington Post. It says: ''On New York's Shelter Island, the Nature Conservancy 3 years ago bought an undeveloped, 10-acre tract overlooking the Mashomack Preserve, an oasis of hardwoods and tidal pools located just a stone's skip from the exclusive Hamptons. Cost to the charity: $2.1 million.'' That is what the Nature Conservancy purchased this land for.

''Seven weeks later it resold the land, with some development restrictions, to James Dougherty, former chairman of the charity's regional chapter, and his wife, Nancy, a trustee of the conservancy's preserve. Cost to the Doughertys: $500,000.

''The transaction follows a pattern seen in conservancy land deals across the Nation. Time and again the nonprofit has bought raw land and resold it at a loss to a trustee or supporter.''

And what this article tells about, it tells about similar deals in Massachusetts, Kentucky, and other places across the country where the Nature Conservancy has bought land at a huge cost, $2.1 million in this case, and resold it to a member of their board or a strong supporter at a great loss, $500,000, for instance, in this $2.1 million deal, some of the most beautiful land in this Nation. People across this country need to know that the Nature Conservancy is doing these types of sweetheart deals for its board members and other favored people around the country.

The other unrelated topic, Madam Speaker, another very important concern of mine is the fact that we keep on sending so many jobs to other countries. Just before the break, I spoke about another story from The Washington Post which told that one of the biggest exports we have in this country now is with the white collar or technical-type jobs, and it told that over the next decade we are going to lose at least 3 million or more white collar or technical jobs to places like India, China, and other countries.

The gurus or the supporters of high tech told us for years that we did not need to worry about losing the factory jobs and the lower-wage jobs to other countries, that we would be a service economy or that we would have the more educated type of jobs. Now we are losing those at a very alarming pace. And when I graduated from college, people could get good jobs with bachelor's degrees. Now young people are being forced to go to graduate school and sometimes are not even finding jobs when they have master's degrees or Ph.D. degrees, and that is why we find so many people in graduate school or even with graduate degrees working as waiters and waitresses around the country. And if we do not stop this, we are going to have a real problem in this country.

And Paul Craig Roberts, who is a nationally syndicated columnist, one of our most respected columnists and was a former assistant Secretary of the Treasury under President Reagan, a very conservative Republican, he wrote a few days ago, he said in the last 27 months: ''The U.S. economy has lost 2.6 million private sector jobs. Much of this loss is from the fall in profits and subsequent downsizing after the high-tech bust. Some lost jobs, however, are from a new development: America's export of high-wage jobs to low-wage countries.

''The collapse of the Soviet Union, China's 'capitalist road,' and privatizations in formerly socialist economies made it reasonably safe for U.S. firms to locate capital and technology abroad to employ foreign labor to produce for the U.S. market. The main incentive to take production offshore is the availability of labor at wages far below the U.S. rate.

''Foreign labor can be hired at a fraction of U.S. cost, because the standard of living is much lower in China, India, and other Asian countries. These countries have a labor supply that is large relative to demand, making it possible to employ people at wages considerably less than the value of their contribution to output.''

And it goes on in this column, Madam Speaker, and says: ''Thus the very process that helps U.S. firms become more profitable and price competitive worsens the U.S. trade deficit, lowers U.S. employment and GDP growth and puts pressure on the value of the dollar.

''The growing ability of U.S. employers to substitute cheaper foreign labor for U.S. labor is putting pressure on U.S. wages and salaries. On April 26 The New York Times reported that real earnings of those in the top 10 percent fell 1.4 percent over the last year. The real weekly pay for the median worker fell 1.5 percent.

''Another indication of the pressure on U.S. employment is the growing number of discouraged job seekers who have dropped out of the labor force. The 6 percent unemployment rate does not include those too discouraged to seek jobs.''

If we do not start putting American workers first once again, Madam Speaker, we are going to have a real problem in this country.

A DEMOCRATIC SOCIETY MUST RELY ON DIVERSITY OF OPINION

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

Mr. HINCHEY. Madam Speaker, I would like this evening once again to bring to the attention of the Members of the House of Representatives an action which will be taken by the Federal Communications Commission on June 2, now just a little more than 2 weeks away. This is a very critical action, and it will be a controversial one. It will be controversial within the Federal Communications Commission itself in that the vote is likely to be three to two. The three Republican members of the Communications Commission will vote for this measure, and the two Democrats will vote against it. This measure will continue a program that was advanced initially in the 1980's which is bringing about the increasing consolidation of the American Communications System into the hands of fewer and fewer people.

For example, as a result of actions taken during the Reagan administration and subsequent actions taken, we now have a situation in the United States where 80 percent of the radio audience is listening to stations that are owned by just several companies. One company owns radio stations, 1,220 of them, all across America. This situation is critical because it is antithetical to a democratic society.

When the Federal Communications Commission was established back in the 1930's, it was established in order to ensure that there would be a broad diversity of opinion expressed on radio, which was at that time of course the principal electronic means of communication. This position taken by the FCC and by the Congress which established it was informed by events that took place in Europe in the 1930's. Fascist governments in Germany, in Spain, and Italy had come to power by increasingly consolidating the means of communication; and once they were in power, they completed that consolidation, and it was through that consolidation that they remained in power in those countries.

We here in the United States, recognizing that situation, set up a program whereby we would ensure there would be local voices first on radio and then subsequently on television when that developed into the next important electronic medium of communication. But beginning in the 1980's, the Reagan administration advanced principles which allowed a handful of companies to increasingly own more and more radio stations, more and more television stations, and to dominate the public discourse, the public discussion, that was taking place in specific areas around the country. As a result of that, we have less local news on many local radio stations and television stations; people have a difficult time finding out what is going on in their community by listening to their local radio stations. Often the programming in those radio stations takes place thousands of miles away and has no relationship whatsoever to what is happening in those communities. There is no local voice, no local news voice, no local voice about what is happening in those communities as a result. And also, of course, we are finding uniformity in these communications media.

Now the Federal Communications Commission is taking the next step, or they want to take the next step. That is the Republican-dominated communications commission, the three members, want to take the next step, and that is to allow in addition to the radio stations and the television stations in a broadcast area to be owned by a single entity, a single corporation, they now want to allow a system which will also allow for the newspaper in that media market to be owned by the same company.

This is a very dangerous situation. A democratic society must rely upon diversity of opinion. No one single person, no one corporation, no one entity has a patent on the truth. The way that we arrive at the truth in the United States of America is by the conflux of voices, by people expressing their opinions, expressing their views, and those views being heard and then people being elected on the basis of those diverse opinions. All of that is increasingly in jeopardy as a result of the actions that have been and continue to be taken by the Federal Communications Commission.

I am introducing a resolution to the House of Representatives sponsored by 72 Members of the House. That resolution calls upon the FCC to halt this process. I urge Members to come forward and support that resolution.

THE HIGH COST OF PRESCRIPTION DRUGS

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

Mr. GUTKNECHT. Madam Speaker, I come to the well of the House again tonight to talk about an issue that is an enormous issue particularly for seniors and that is the high cost of prescription drugs here in the United States. Today I received a copy of a new book by Katharine Greider, and the title of the book is ''The Big Fix, How the Pharmaceutical Industry Rips Off American Consumers.'' Ms. Greider has done amazing research in terms of what is happening in the prescription industry here in the United States, and it is not a pretty picture. In fact, one of the most troubling statistics she came up with as she did her research is that 29 percent of the prescriptions written in the United States are not filled because people cannot afford them. And here we have our own FDA, the Food and Drug Administration, which literally is treating law-abiding citizens like common criminals simply because they want to go to a foreign country to buy drugs that they need.

Let me give an example. We talked about this before. There is a drug called Tamoxifen. Tamoxifen is a miracle drug and I sort of have a love-hate relationship with some of the people in the pharmaceutical industry because Tamoxifen is a miracle drug, and it has saved lots of American women from breast cancer.

□ 1645

It is the most effective drug we have found. But the interesting thing is

much of the research was paid for by the American taxpayers through the NIH.

What is more troubling than that is that we bought this box of Tamoxifen a few weeks ago at the pharmacy at the Munich airport in Germany, and we bought this Tamoxifen for $59.05 American. This same box of drugs in the same label under the same everything, the same dosage, here in Washington, DC, sells for $360; $59.05 in Munich, Germany; $360 in the United States. It is outrageous.

Then you hear that 29 percent of Americans fail to have their prescriptions filled because they cannot afford the drugs. Our own FDA is standing between Americans and the drugs that they need.

We hear all the time that we have to pay a lot of money for prescription drugs because it is for research. She begins to break down in her book how much actually goes to research. Of the $100 that we might spend for a typical prescription in the United States, use, for example, Lipitor, 35 percent of the cost that you pay is for marketing, advertising and administration; 26 percent is for what they call ''other,'' such as manufacturing, executive pay, worker costs, labor and so forth; 24 percent is pure profit; and only 15 percent actually goes to research.

Madam Speaker, as I have said before, I am not here to say, shame on the pharmaceutical industry, although more and more people are. People who are doing the research are saying, shame on the pharmaceutical industry. The truth of the matter is it is shame on us, because we have created an environment where we literally hold American consumers hostage.

Imagine, for example, if there were two stores in town. One consistently had dramatically lower prices on the same products, and then there was another store that had dramatically higher prices. But yet your own government said you have to shop at the higher-priced store.

In an era with bar-coding technology and all the new technology we can use in terms of counterfeit-proofing these packages, we can come as close as humanly possible in guaranteeing this is, in fact, Tamoxifen, and whether you get it from Geneva, Switzerland, or Munich, Germany, or the local drugstore, your local pharmacist ought to have the ability to shop around and get you the best price.

Finally, let me explain how big a problem this is. Our own Congressional Budget Office tells us over the next 10 years seniors, just seniors, will spend $1.8 trillion on prescription drugs. Conservatively we are spending 35 percent more than the rest of the G–7 countries on average. Thirty-five percent of $1.8 trillion works out to $630 billion.

Then some people say we cannot afford a prescription drug benefit. Of course we cannot afford a prescription drug benefit if we make American consumers pay the highest prices in the world, not just a little higher.

Do not take my word for it. There are several groups that are now doing the research. I do not know why the FDA does not do the research, because a drug you cannot afford is neither safe nor effective. Americans deserve world-class drugs at world-market prices.

FCC SHOULD ALLOW PUBLIC REVIEW AND COMMENT

The SPEAKER pro tempore (Ms. GINNY BROWN-WAITE of Florida.) Under a previous order of the House, the gentlewoman from California (Ms. WOOLSEY) is recognized for 5 minutes.

Ms. WOOLSEY. Madam Speaker, this past Monday I hosted a forum in my district with Federal Communications Commissioner Michael Copps about his agency's rules on media ownership. We had nearly 400 of my constituents packed into an auditorium at Dominican University in San Rafael. As their attendance testified, the FCC rules on media ownership is an extremely important issue and an issue that, unfortunately, has been underreported by the very media that will be most affected.

In fact, as proof of that, as proof of underreporting, today, just an hour or so ago, over a dozen concerned Democratic Members of Congress held a press conference on this very issue, the issue of media consolidation, and not one member of the press showed up, until, that is, a member of Roll Call, our newspaper here on the Hill, came to experience a press conference without press. We were glad that that individual showed, but that was as far as it went.

So, what is this all about? Well, on June 2, the Federal Communications Commission has scheduled a vote on new regulations that have the potential to drastically change the face of broadcasting and newspaper ownership, and, in so doing, the flow of free information.

First, the proposed changes to FCC rules would break down the decades-long firewall between media ownership in single markets. Gone will be the prohibitions against corporations owning newspapers and TV stations in the same town, or cable TV stations and TV stations in the same town. Gone also will be the limits on the number of TV stations and cable TV stations a corporation can own nationally. Also allowed would be cross-ownership of print media and broadcast media in the same media market.

In the 1996 Telecommunications Act, similar rules were proposed, but they were stopped by the threat of a veto by President Clinton. Now, under the Bush administration, the FCC Chairman, Michael Powell, who is an avowed free marketer, has said that these proposed rules should come back. Chairman Powell has scheduled a vote on the rule changes in less than a month, and, with a Republican majority on the Commission, these changes are pretty certain to pass.

It is a sham, and it is a shame, that the FCC has not scheduled official hearings across the Nation like the official one that Commissioner Copps and I hosted Monday in my district. The FCC has held only one, only one, official hearing on this subject, just outside the Beltway in Virginia.

If it was not for FCC Commissioners Copps and Jonathan Adelstein, it is doubtful that this discussion would have gone beyond a few lobbyists and public interest activists in the first place.

I am against the proposed deregulation, and I believe we should look back to the relaxation of radio ownership under the Telecommunications Act of 1996. We should use that for our guidance, because virtual elimination of radio ownership restrictions has resulted in a reduction of radio ownership by at least one-third across our Nation. In the San Francisco market alone, seven stations are now owned by Clear Channel Communications, seven by Infinity Broadcasting and three by ABC. Across the Nation, 10 companies broadcast to two-thirds of the Nation's radio audience and receive two-thirds of the broadcast revenues.

Let me say that again: Since the 1996 Telecommunications Act, 10 companies broadcast to two-thirds of the radio audience and receive two-thirds of the broadcast revenues nationwide.

Has the quality of radio broadcasting improved because of these changes? Is there more local programming, more local news, a greater variety of programming? Is there free flow of information, or is there censorship? Ask the Dixie Chicks.

Madam Speaker, my colleagues and I are cosponsoring House Resolution 218 that calls on the FCC to examine and inform the public of the consequences of the new round of deregulation. It asks that the FCC allow for extensive public review and comment on any proposed changes to media ownership rules before issuing a final rule.

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

(Mr. ROHRABACHER addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

MAKING AMERICA'S ECONOMIC PROBLEMS WORSE

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

Mr. RYAN of Ohio. Madam Speaker, May 31 is going to be quite a sad day in the history of the United States Congress, but I believe that the real tragedy is for 36,500 Ohioans and over 2 million Americans whose unemployment benefits will expire on May 31.

I do not understand how we can look these people in the eye. I think it is

disgraceful. I think it is shameful. How do we look those Americans in the eye who are struggling to feed their kids, who do not have work, and we tell them that we have a solution to the problem?

What is the solution? I do not believe it is adopting the President's leave-no-millionaire-behind plan. Ever since this President has taken office, we have said we are going to cut taxes. We have a recession, we are going to cut taxes; the economy is down, we are going to cut taxes; you want to go to war, we are going to cut taxes; if tuition goes up, we are going to cut taxes; if health care goes up, we need to cut taxes; and if schools are cutting the year short because they cannot afford to educate their kids, we are going to cut taxes.

We hear a lot, Madam Speaker, about compassionate conservatism, when it seems the only thing being conserved in the United States Capitol is compassion.

I do not understand what is compassionate for the 8.8 million unemployed people in this country. To me, leaving them hanging is cruel. I do not understand what is compassionate for the 80,000 workers who are exhausting their unemployment benefits every week. To me, Madam Speaker, that is cruel. And I do not understand what is compassionate for the 360,000 Ohioans who cannot find a job. I think it is cruel. I do not think it is compassionate.

During our country's last major recession, in the early 1990s, Congress kept the extended unemployment benefits program in place for 27 months; 27 months. Earlier this year, we had to beg and plead just to get the current program extended to 15 months, and the unemployment problem is worse today than it was then.

I must say, Madam Speaker, what I really have a problem with and what I am really not understanding, there was an article today in the Washington Post, and it talked about deflation and how the Fed and the policy advisers of the Federal Reserve are starting now to worry seriously about deflation. They are saying that there are too many goods in the marketplace, there is too much labor in the marketplace, and the prices are going to be driven down because of the oversupply.

There are three job seekers for every job opening. This is one of the worst labor markets since the Great Depression, and we have too many goods, and we have too many workers, too much supply, and the answer is to go back to the supply-side economics of the 1980s.

We have enough supply. We do not need to cut taxes for the wealthiest people. We need demand-side economics, and the greatest stimulus that we can give is to extend these unemployment benefits.

One study says that each dollar spent on unemployment benefits would boost the economy by $1.73. We need people to buy products. There are enough products trying to be sold. If you cut taxes for the top 1 percent, they are not going to produce anything, because there are enough goods already in the marketplace.

We need to take care of the 2 million people and the 36,500 Ohioans, give the money to them, let them feed their families, let them clothe their families, and let them stimulate the economy. We have tried the supply-side economics once in the 1980s. It did not work. We ran tremendous deficits. We increased the burden on future generations. What we need to do is put the money in the pockets of the people who need it, average, middle-class Americans.

Again, Madam Speaker, this is voodoo economics, it is smoke and mirrors, it is bait and switch, and it does not work, and I do not think we should try it again.

□ 1700

CONGRESS SHOULD EXTEND UNEMPLOYMENT INSURANCE BENEFITS IMMEDIATELY

The SPEAKER pro tempore (Ms. GINNY BROWN-WAITE of Florida). Under a previous order of the House, the gentleman from Maine (Mr. MICHAUD) is recognized for 5 minutes.

Mr. MICHAUD. Madam Speaker, I stand before my colleagues today to call on this Congress to pass an extension of unemployment benefits immediately. Just listen to the unemployment numbers from labor market areas in my congressional district; they are glaring: 30 percent in the Millinocket and East Millinocket area, 13 percent in Calais, 12 percent in Jonesport-Millbridge, 11 percent in Dexter-Pittsfield, 11 percent in Machias-Eastport.

The fact is behind those figures are real people and real families, and they go to bed every night with the uncertainty that hangs over their beds.

As a mill worker in northern Maine myself for nearly 30 years, I know the stories of those who have lost their jobs. I know the people. They are my neighbors, they are my friends, they are my relatives. They are the very men and women whose hard work fueled a decade of economic expansion, which they barely enjoyed, and they have now become the victims of a fallen economy.

The Federal Government reported that 8.8 million Americans are out of work and that our country's unemployment has risen to 6 percent. Over the past 2 years, the economy has lost over 2.7 million private sector jobs, and our economy has suffered a net loss, on average, of more than 74,000 jobs a month.

In Maine, over the last 8 years, we have lost over 22,000 manufacturing jobs alone from companies like Georgia-Pacific to Dexter Shoes to Fraser Paper Company to Great Northern Paper Company to Hathaway Shirts to Foster Manufacturing, just to name a few. Almost every week my office receives news of yet another company that has shut its doors or has laid off people.

By the end of May, over 2,700 workers in Maine will have exhausted their benefits, and 10,600 workers in Maine could be helped by an extension, not to mention the nearly 4 million jobless Americans.

How can this Congress turn its back on them?

An extension would also do much more than provide just aid. At a time when we are trying to get this economy moving again, putting money in the hands of people who will spend it on consumption is one of the best investments that we can make.

According to an independent research group, each dollar devoted to UI extension would boost the economy by $1.73. By contrast, each dollar that is connected with the tax reduction dividends would boost the economy by just 9 cents. I think the choice is very clear.

But, despite these facts, last Friday this House passed a so-called recovery plan that is centered around reducing taxes on capital gains and dividends. Madam Speaker, 94 percent of the people in my district will get an average tax cut totaling only $52 from the cuts on capital gains and dividend taxes. How will that plan put money in their hands to spend and consume so they can stimulate the economy? How will this help get them jobs?

After nearly 30 years working in a paper mill, I know what working people need, and the bill that was passed last Friday will not help working people at all. It will not help the people in Millinocket, Jonesport, Dexter or Bangor.

By contrast, an alternative plan that I supported would actually deliver billions of new tax relief. It would give incentives so companies will hire the long-term unemployed, it would deliver $44 billion in aid to struggling States like Maine, and it would also extend unemployment assistance to those struggling to find a job. This would deliver over 1.1 million new jobs.

We could do all of this in 10 years at zero cost, nothing; no additional budget deficits, no more borrowing from Social Security. This is the best course for the State of Maine. This is the best course for America.

So let us take the first step, and that first step is we must pass an unemployment insurance extension today so those areas with high unemployment such as 30 percent unemployment in the Millinocket area will be able to benefit and get the economy moving again.

EXCHANGE OF SPECIAL ORDER TIME

Ms. HARRIS. Mr. Speaker, I ask unanimous consent to take the time of the gentleman from Texas (Mr. BARTON).

The SPEAKER pro tempore (Mr. CHOCOLA). Is there objection to the request of the gentlewoman from Florida?

There was no objection.

BUSH JOBS AND GROWTH PACKAGE PROMISES RECOVERY FOR ECONOMY

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Florida (Ms. HARRIS) is recognized for 5 minutes.

Ms. HARRIS. Mr. Speaker, I am amazed by the revisionist history that continues to accompany these arguments against the jobs and growth package. We continue to hear the accusations that the President's 2001 economic plan has not worked. Against what benchmark are we evaluating the success of this policy?

President Bush inherited a speculative bubble that had burst into the Clinton-Gore recession when this body first passed that plan. September 11, of course, worsened our economic outlook even more dramatically. What was the result, then, of the President's 2001 economic plan? A potential depression became one of the shortest recessions on record.

Now the economy is growing again, but the American people continue to fear for their own economic security and for the dreams they nurture for their children and their grandchildren. The recovery remains sluggish because the temporary nature of the 2001 tax cuts has restrained businesses from fully returning to an investment and growth mode. An unpredictable and ever-changing Federal tax policy is inimical to the long-term, predictable model that businesses require. Thus, this year's jobs and growth package finishes the job that President Bush and Congress started in 2001.

Mr. Speaker, President Bush's plan to revitalize our economy is rooted in values instead of expediency. It reflects the belief and the genius of the American people instead of the power of government. It follows the principle that the American people are better than Washington bureaucrats when it comes to creating jobs and wealth.

John F. Kennedy and Ronald Reagan understood the power of this idea. They featured tax cuts as the centerpiece of their economic agenda, launching two of the longest economic booms in American history. When Ronald Reagan inherited a shattered economy wracked by double-digit inflation, 20 percent interest rates, long gas lines, and stagnant productivity, he turned the conventional economic wisdom on its head. At the time, the so-called experts told us that high inflation was a necessary evil of a growing economy. They also said that the Reagan tax cut plan would not fix the economy; it would only worsen inflation. They were wrong.

President Reagan once quipped that when a friend of his was asked to a costume ball, he slapped some egg on his face and went as a liberal economist.

President Bush's plan will rescue us from the economic morass the last administration left behind, just as Ronald Reagan's visionary leadership accomplished more than 20 years ago.

The jobs and growth package the gentleman from California (Mr. THOMAS) has proposed includes all of the President's priorities, including the acceleration of individual rate cuts, marriage penalty relief, an increase in the child care tax credit, and a dividend cut. It also includes a capital gains tax cut that our economy desperately needs. Balancing the budget remains a very important objective, and growing the economy while controlling spending is the best way I know how to achieve that goal. I am concerned about deficits, but I am much more concerned about making certain that Americans have jobs.

The Federal Government's tax revenues increased after the 1981 Reagan tax cuts. The deficits of the 1980s occurred because spending increased at a more rapid pace than revenue. Thus, we must keep spending in check.

This legislation will provide immediate stimulus to the economy and to the stock market, creating more jobs and opportunity. Moreover, this bill will produce the prosperity over the long term, providing desperately needed tax relief for every American who pays our bills.

HEAVY-HANDED GOP PARTISANSHIP CAUSES SHUT-DOWN IN TEXAS LEGISLATURE

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

Mr. FROST. Mr. Speaker, there is a very important event occurring in the State of Oklahoma right now. Fifty-one very brave, patriotic Texans are in Ardmore, Oklahoma, and they are there for a reason. They are there to protest the heavy-handed actions by Washington political leaders in trying to impose a new set of congressional districts on the State of Texas.

Now, redistricting is done every 10 years. It was done 2 years ago in Texas. That is not good enough for some people here in Washington. They want to require the State of Texas to do it again, even though the plan that was implemented 2 years ago was specifically approved by the U.S. Supreme Court.

So these 51 brave Texans have traveled to Ardmore, Oklahoma, to deny a quorum to the Texas Legislature. They are prepared to return immediately if the Speaker of the State House will simply say, we are not going to do redistricting. We did that. It was done 2 years ago. We do not need to do it again. They are prepared to come back and vote on all of the important pending measures before the State House that are important for the State of Texas. They will vote to change procedural rules to permit important bills to come up; everything except redistricting.

So the business of the State of Texas can go forward if the Speaker will simply say, yes, we do not have to do redistricting again. We are not going to be forced to do redistricting by the gentleman from Texas (Mr. DELAY) and the people from Washington. It was done 2 years ago; it does not need to be done again right now, simply for political reasons.

I would like to read to the House, Mr. Speaker, a number of editorials around the State. Almost every leading newspaper in the State, almost every newspaper has sided with these brave, patriotic Texans and against the power grab by Washington Republicans. Let me start with the Waco Tribune: ''Speaker Craddick has no one to blame but himself. He helped write history when he was one of 30 members of the Texas House who disappeared during the 1971 legislative session. Craddick and his ''Dirty Thirty'' colleagues were protesting the heavy-handed actions of then House Speaker Gus Mutscher and his cronies who were involved in the Sharpstown bribery-conspiracy scandal. What Craddick has done is put his friendship with U.S. House Majority Leader TOM DELAY over the lessons of history and his own promises to run a bipartisan house.''

The Dallas Morning News: ''House Speaker Tom Craddick can halt the work stoppage in Austin. Mr. Craddick should resist pressure from Congress to contaminate a generations-old, census-based exercise by converting it into an ill-considered, purely partisan power grab. He should commit to leave Texas' political boundaries alone, and protesting Democrats should promptly return to the hive.''

The Houston Chronicle: ''. . . if they believe their principles are worth fighting for, and they have only one means to fight for them, it's difficult to fault them for it. Particularly in a fight that was thrust upon them by Washington-driven partisan politics. At the very least, Republicans pushing the redistricting effort bear a large share of the responsibility for this legislative standstill. We and many others have been saying since before the session began that Texas has too many important pieces of business to conduct to get bogged down in a needlessly partisan and divisive political and legal catfight over redistricting.''

The Austin American-Statesman: ''It's sad that it came to this, but the Speaker has been tested and found wanting on a number of issues. The one that sent the quorum-busters towards the exits was the grossly partisan congressional redistricting bill and how Craddick let it advance in the hasty, backroom way that it did. . . . The villain in the Democrats' statement is not Craddick, but U.S. House Majority Leader TOM DELAY of Sugar Land, an extremely partisan Republican who wants more members of his party elected to the U.S. House from Texas. . . . Refusing to show up for a legislative session is a desperate measure, and the

fact that more than 50 Democrats, one-third of the house's total membership of 150, did so is a sign of just how trampled they feel. This isn't a few disgruntled members sulking in their tents.''

The Corpus Christi Caller Times: ''Instead of seeking conciliation and appeasement of opponents, Craddick and Governor Rick Perry have chosen to run roughshod over their opposition, all but ending any semblance of bipartisanship. The other 'heavy' in this drama is TOM DELAY, the U.S. House Majority Leader, whose attempt to muscle a redistricting bill through the legislature triggered the revolt. Doesn't DELAY have more pressing business in Washington?''

The San Antonio Express News: ''The Gingrichian hubris of the Republican-led House prompted Monday's revenge of the 'House Flies.' ''

Now, why are all of the newspapers in the State of Texas siding with the 51 who went to Oklahoma rather than siding with the leadership down in the legislature? It is because the leadership is wrong; because they are abusing their position. They are requiring, they would require Texas to redistrict 2 years after it already drew the lines.

Now, if this were to happen, and I do not believe it will, but if it should happen, then what would prevent every State in the country from redrawing congressional lines every 2 years? That would be chaos, and that was not intended by the Framers of the Constitution nor the Members of this body who drafted legislation requiring that redistricting be done every 2 years.

Let us end this chaos. Let us restore order.

□ 1715

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. CHOCOLA). The Chair would remind Members to refrain from wearing communicative badges while under recognition.

THE REST OF THE TEXAS REDISTRICTING STORY

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

Mr. BARTON of Texas. Mr. Speaker, as Paul Harvey says in his radio broadcasts, Let us hear the rest of the story.

My good friend from the State of Texas (Mr. FROST) from the 24th district has been expounding on potentially how unfair that particular redistricting plan that is pending before the Texas House is so I want to talk about the rest of the story.

Back in 1980, the redistricting process was controlled by the Democratic legislature in Austin as it should have been because they were in the majority in both the Texas House and the Texas Senate. We did have a Republican Governor at that time. I believe Governor Clements . But the legislative process was dominated by the Democrats. And a map that was put out had 27 congressional districts in it. And I believe, I want to say four of them, four of the 27 elected Republicans, when all the dust had settled, in at least one of those districts was an upset; Congressman Jack Fields upset long-time incumbent Democrat Bob Eckhardt down along the Houston ship channel that was really drawn to be a Democratic district.

So we had a situation where Republicans were packed and the citizens of Texas voted over 50 percent for Republican candidates. We had four out of 27 seats in that particular redistricting process.

We rock along to 1990. In 1990 you had again a Democratic legislature and a Democratic Governor this time, and Texas gained three more seats; it went to 30 because of population growth. The next election about 55, 56 percent of the voters of Texas voted for Republican candidates, but because of the lines that were drawn, nine Republicans got elected out of 30, 30 percent were elected Republicans when we were voting 57 percent. That 27 percent Delta resulted in about nine congressional seats, electing Democrats that if you had a little bit more fairer lines would have elected Republicans.

Now we cannot stand here and tell you today on the floor of the House of Representatives that some of those Democrats that got elected did not deserve to get elected.

My good friend, the gentleman from Texas (Mr. EDWARDS), a good aggie friend of mine, he won in the district that could have been marginally called at least a swing district, but he did a good job. My good friend, the gentleman from Texas (Mr. HALL), my good friend, the gentleman from Texas (Mr. STENHOLM), they are winning in districts that are drawn to be Republican districts; and they are just doing a better job or the Republican candidates just are not up to snuff. That is fair. There is nothing wrong with that.

But when you have had two redistrictings done in 1980 and 1990 and it is obvious that the mapmakers, because they were controlled by one political party, which is fair, drew the districts to favor their party. And then we come along to the year 2002, and we elect a Republican House and a Republican Senate and a Republican Governor in Texas. And in the congressional elections we support 57 percent Republican candidates, and we still do not have over half the Congress seats, it is fair to say we should redraw the lines. And that is what the Texas legislature is trying to do right now.

I would say it is trying to do it on a bipartisan basis. No one can tell me that Ron Wilson from Houston, Texas, an African American who is chairman of the Committee on Ways and Means of the Texas House is not a Democrat. And he is part of this process where State Representative Velma Luna, a Democrat, is helping to put this map together. So this is not a Tom DeLay map or a Joe Barton map or even a Tom Craddick map. It is a bipartisan map. It would elect two more Hispanics in all probability. It would elect probably one more African American; and in all probability, yes, it would elect more Republicans.

Would it elect 57 percent of the delegation to be Republican? Probably not, because there are still going to be some Democratic incumbent Congressmen who just do a good job, and their constituents support the job they are doing, and they are going to elect them in the districts that are drawn to be Republican. I do not have any problem with that.

But to stand here and say, as some Members have said before me, that what is happening in Austin is somehow unscrupulous or ill-towards or ill-founded is just not the case. We are simply trying to get the congressional districts to reflect the voting patterns of the State of Texas. And that is a good thing and not a bad thing.

The legislators that are hiding out up in the Holiday Inn in Ardmore, Oklahoma, it may be good PR, and it may be funny; but it is not what they were elected to do.

They were elected to go to Austin and participate in the legislative process, to win or lose based on where the votes are. I would remind my friends that when the Republicans were in the minority in 1980 where they did not have 50 Republicans in the legislature at that time, but certainly they did in 1990, they did not bug out. They got beat on the floor, but they stayed and fought. And I would hope later this evening or sometime tomorrow enough people come to form a quorum. If that does not happen, the likelihood is that some very good legislation is going to die, the reorganization of State government which would save hundreds of millions of dollars. The Governor will just call a special session, and we will do this in a special session.

Mr. GREEN of Texas. Mr. Speaker, will the gentleman yield?

Mr. BARTON of Texas. I yield to the gentleman from Texas.

Mr. GREEN of Texas. Mr. Speaker, the gentleman and I are friends, and we have worked together on a lot of issues and I thank you for yielding.

The SPEAKER pro tempore. The gentleman's time has expired.

Mr. GREEN of Texas. Mr. Speaker, I will have 5 minutes and this is a time we might be able to exchange some ideas because I was there in 1981 and 1991, and I would be glad to talk about it.

AMERICAN ECONOMIC JOBS CRISIS

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

Mr. BALLANCE. Mr. Speaker, today as we stand in these halls, we are experiencing an unprecedented crisis in our

community, our cities, and our towns all across America, as dedicated hard-working citizens find themselves receiving pink slips, they are laid off. And the big problem is that they are unable to find jobs.

This economic crisis is at its worst. In the district that I represent in rural eastern North Carolina, an area that once thrived on agriculture and textiles, both of which have been hard hit, it appears that as far as the textile industry, there is little or no hope for recovery. More than half a million jobs have been lost nationwide in the last 5 months alone. At this moment there are fewer jobs in the labor market than at any other time since the current recession began.

Since January of 2001, the Nation has lost 2.7 million private sector jobs, and the unemployment rate has risen from 4.5 in 2001 to 6 percent 2 years later. In North Carolina we have lost 130,000 jobs since the Bush administration took office; 80,000 of these jobs have been lost in the manufacturing sector; 5,328 textiles/apparel jobs have been lost in the first district alone since 1999; 32,640 textile/apparel jobs have been lost in North Carolina since 1999; 12,669 manufacturing jobs lost in the first district since 2001.

In addition to plant closings all across the State, they are leaving thousands of families in financial peril. In the Halifax County town of Roanoke Rapids, in my district, the closure of the West Point Stevens textile plant, and many of you may remember the plant immortalized as the foundation for workers' rights in the movie ''Norma Rae,'' will put 350 families out of work next month. There will not be one yard of textile production in Halifax County once this West Point Stevens facility closes, abandoning a city on the Roanoke River founded on textiles.

Unless some long-term remedies are found, North Carolinians and, most specifically, workers in northeastern North Carolina, will face a crisis of chronic unemployment with shrinking safety nets to combat this crisis.

The percentage of workers nearly receiving regular unemployment benefits who subsequently exhausted those benefits without finding work was at its highest level ever just a few months ago in February.

The tax plan forced through this House last week included no provision whatsoever for extending unemployment insurance benefits, which are due to expire in just 17 days.

We have got to do something about this problem. It is time that we pass the bill that extended this deadline and provided jobs for our people. I urge us to take this step.

UNEMPLOYMENT BENEFITS ARE GREATLY NEEDED

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

Mr. MILLER of North Carolina. Mr. Speaker, 4 months ago as a brand-new Member of this House, I stood with two of my Democratic colleagues from North Carolina at the Employment Security Commission office in Raleigh. And together we called on Congress to extend unemployment benefits for an additional 26 weeks. At that time there were more than 37,000 workers who had already exhausted their unemployment benefits in North Carolina and nationally a million workers were without benefits, out of a job, out of money and because of the inaction of this House, out of luck.

Despite my plea and the plea of other Democrats to extend the benefits through a compromise plan that the Senate passed unanimously, the House leadership allowed the benefits to expire and allowed 1 million Americans and their families to go without benefits. And there was never an explanation for why this House could not trouble itself to act quickly, to act in time to give that extension. A few days later this House did act and extended benefits. It was not 26 weeks. It was 13. Again, no explanation for why we could not act in time.

Here we are again. With a deadline quickly approaching, the Republican leadership is again doing nothing to extend those benefits.

On May 31, just a couple of weeks, this House will let unemployment benefits expire again; but this time the impact will be far greater. Now there are 2.1 million workers who will be left without unemployment benefits. Twice as many in January, twice as many mothers and fathers, twice as many breadwinners, twice as many out-of-luck Americans.

The economy has lost more than half a million additional jobs since January. Since the recession began 2 years ago, the economy has lost 2.7 million jobs in the private sector. The persistence of job loss at this 2-year mark in this recession is the worst since the Great Depression. The unemployment rate is now 6 percent, and there are 8.8 million unemployed Americans. But again House Republicans are doing nothing to protect out-of-work Americans and their families.

The Republican leadership has found the time to do plenty for America's richest. The Republicans rammed the President's tax bill through last week. If you listen to the Republicans speak in favor of that bill, you would have thought you flipped from C–SPAN to the History Channel. You would have thought you had gone back in time and you were seeing House debates during the Great Depression or the Works Progress Administration or the Civilian Conservation Corps, because every Republican spoke entirely of creation of jobs. Only in passing and only occasionally were Republicans speaking for the bill mentioned that what the bill did was eliminate dividends, the taxation on individuals of dividend, dividend income.

As the gentleman pointed out just a short while ago, we have heard strained arguments before for how tax cuts solve a wide variety of problems. The Republicans say that tax cuts to the rich are the solution for everything from urban sprawl to tooth decay. Last week it was the creation of jobs and economic stimulus. But the proposed economic stimulus bill, or the bill described last week as an economic stimulus bill, does little, precious little, to stimulate the economy.

They said that we need to cut taxes on the richest Americans so that we can create what economists call the wealth effect; that the richest Americans need to feel so secure in their financial circumstances that they then will not feel inclined to save the money, but they will spend it; and that will stimulate the economy.

□ 1730

The unemployed may not feel rich, may not feel wealthy from getting an extension of their unemployment benefits, but believe me, they will spend it. I call it the got-to-pay-the-bills effect. They will spend the money. They will spend it on their rent. They will spend it on food. They will spend it on health care costs. They will spend the money. Do not worry.

I do not favor, Mr. Speaker, an indefinite extension of unemployment benefits, but I do not believe, as apparently the majority in this Chamber do believe, that the majority of those who would be helped by the extension of unemployment benefits would prefer not to be working. If my colleagues think the unemployed are not looking for jobs because unemployment benefits allows them a tax-paid holiday, I invite my colleagues to come with me to Rockingham County. I would like to introduce them to unemployed textile workers who do not know when they will again find a job. They do not where to look for a job. I would like to see my colleagues say to their face that we need to light a fire under them so they will look for a job, and then, unless we end their unemployment benefits, they will not look, they will not go and find a job to support themselves and for their families.

I am proud to be here with many of my colleagues today, the first-term members on the Democratic side, calling for an extension of those benefits.

ECONOMIC CHALLENGES FACING OUR NATION'S WORKING FAMILIES

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

Mr. CARDOZA. Mr. Speaker, I rise today to discuss the economic challenges facing our Nation's working families. The latest unemployment figures make it official: We are now in the longest period of job losses in America since the Great Depression. America

has lost half a million jobs in just the last 3 months. Today 8½ million Americans are out of work, and millions more are working in part-time jobs because they cannot find full-time employment.

Let us look at the facts. Since January 2001, when this administration took office, we have seen a massive shift in policy away from fiscal discipline in favor of a record of deficits. The results of this policy could not be any clearer. We have seen 2.2 million lost jobs and an economy spiralling out of control.

As I talk to the people in my district in California, I find a high level of anxiety because of this economy. In my district, and in the surrounding region, we have the highest unemployment rates in the entire Nation. It is a terrible situation, and it is not an overstatement to say that my constituents are going through an economic depression.

We have thousands of people in central California who are suffering through no fault of their own. The unemployed need our help. That is why we are here today on this floor. These people who are intelligent, hard-working and educated folks are out on the street. They are running out of unemployment benefits, and some of them have already run out.

The fact is the good people in my State and across the Nation need this House's help, and we have only 17 days until we reach May 31, the day the last extension of unemployment benefits will expire.

That is why so many Democratic Members from across all ideological spectrums are upset. We want to make sure that the people's voices from our districts are heard. That is why this House ought to be a place where the people's voices are heard.

What do we say to the long-term unemployed whose checks have already run out, who do not know where they are going to get the money to pay for the rent, who do not know if they will get evicted, who do not know how they will be able to feed their children? Instead of listening to the voices of the unemployed, the administration and the majority in Congress have focused solely on the need for additional tax cuts, completely ignoring the dangers posed by higher deficits.

Twenty-four years ago when I was an intern to the gentleman from Texas (Mr. FROST) who spoke earlier on this floor, I sat at my desk and listened for hours as the Republican Party railed against high deficits. In the last 24 years, it seems that they have forgotten those speeches, and now they have forgotten the philosophy in favor of fiscal irresponsibility.

A short-term deficit is certainly understandable given the recession and the need to respond to last year's terrorist attacks, but the tax cut package approved by this House last week would do serious harm to the long-term fiscal health of this Nation. The proposal centers on permanent changes that would further worsen an already poor long-term budget outlook and risks increasing long-term interest rates, which I call the debt tax.

In my district it would do nothing to help the vast majority of working families. In fact, I recently commissioned a study that showed that most families in the central valley of California would see little or no benefits from the Republican proposal to reduce taxes on capital gains or dividends. The report also showed that the full tax cut package handily favored only 1 percent of the taxpayers of the 18th Congressional District of California.

Mr. Speaker, the tax cut bill offers nothing to help the unemployed and those truly struggling in our stagnant economy. It squeezes important programs out of the budget, forcing cuts in Medicaid, in child care assistance, in veterans benefits and more. In short, this bill compromises the long-term solvency of both the Federal budget and the American economy, and it also further strains the California budget, devastated by the weak economy in our State.

Instead of enacting the reckless provisions of this Republican tax bill, I believe our economy would be best served by pursuing a strategy of responsible planning and fiscal discipline that will shrink, rather than grow, our national debt. These guiding principles are good for the economy, the government, and, most importantly, for American families.

We need a stimulus plan that creates jobs and puts people to work now, instead of the majority and the administration's proposal being to trot out more of the same failed economic policies that have failed time and time again.

There is a case for considering a stimulus package, and I strongly support the alternative stimulus package offered by the Democrats. This economic plan offers exactly the kind of stimulus our economy needs. I hope we have the chance to vote for it in the near future.

Mr. Speaker, let us fight for those unemployed folks in my district and throughout America.

UNEMPLOYMENT AND THE ECONOMY

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

Mr. BISHOP of New York. Mr. Speaker, I rise today to express my concern about the 2.1 million workers who will lose their regular unemployment insurance during the 6 months after May 31 if we fail to do the right thing and act now to extend their benefits.

I believe we should not only extend benefits, but also improve unemployment assistance by increasing the extension of benefits from 13 weeks to 26 weeks. Acting now to extend and improve unemployment benefits will help an estimated 3.9 million workers.

This past December Congress faced a pending expiration of benefits and ran into an unfortunate and completely avoidable situation when the benefits of unemployed workers were allowed to expire for a week. This time we have the opportunity to act now and to do the right thing to help workers who are unemployed.

There are workers on Long Island in the area I represent who desperately want to work, but for whom jobs simply are not available. Everywhere I go in my district I hear from workers who are out of work or who fear that they will soon be out of a job. These are very real concerns to people on Long Island and nationwide.

Our country faces a serious crisis. We have Americans who want to work and who are actively seeking work, but are unable to secure employment and are worried about putting food on their dinner tables. I believe that extending unemployment insurance to these workers will not only provide working families with relief, but will also serve as an immediate and much-needed stimulus to our economy.

New York State has been particularly hard hit by the ongoing economic downturn. During the past month alone New York has lost 10,300 jobs, and since the end of 2001, our State has suffered from a loss of an estimated 301,000 jobs.

Nationwide the unemployment numbers are staggering. Our unemployment rate is at 6 percent, and there are 8.8 million unemployed Americans. Of this number, 1.9 million Americans have been unemployed for more than 27 weeks. In addition to these numbers, there are approximately 4½ million workers who are working part time because they are unable to find full-time employment.

If we want to find real economic stimulus, we should readjust our priorities and provide a helping hand to those who are out of a job rather than provide yet another fiscally irresponsible tax break to this Nation's wealthiest citizens as we just did this past Friday. We should do right by our workers and act to stimulate the economy by putting a little extra money in the pockets of working families.

We should contrast how the tax bill went through this Congress. It raced through this Congress, and yet we are taking our time providing relief and comfort to the millions of unemployed workers. That is not fair, and we need to address that.

The tax cut was presented as an economic stimulus package, and yet studies have shown that for every dollar we invest in extending unemployment benefits, our economy would receive a $1.73 boost. This boost is real, and the impact would be felt immediately.

I urge my colleagues to take this important step to extend and improve unemployment benefits. American workers provide the engine that drives our economy, and we have the best workforce in the world. By helping workers

out now when they need it the most, we will reap a huge return in our investment.

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

(Mr. ALEXANDER addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

AMERICA'S TRADE DEFICIT

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Ohio (Ms. KAPTUR) is recognized for 5 minutes.

Ms. KAPTUR. Mr. Speaker, the Commerce Department has just reported the latest economic news and the trade deficit figures, and the story is not good. America's trade deficit in March surged sharply, reaching the second highest monthly deficit in history. This means thousands more lost jobs. This chart illustrates the increasing number of jobs we are losing every year due to the imbalance of our trade accounts.

In March, exports exceeded imports by over $43.5 billion, just that month, and the main culprit was oil. To feed our addiction to oil, American consumers paid out in March $9.1 billion alone for imported petroleum. Do people really understand what is happening? We are transferring wealth out of the United States and into foreign hands. For every dollar of imported petroleum, we are giving Saudi Arabia, 7½ cents; Mexico, 6½ cents; Canada, 6½ cents; Venezuela, 6½ cents; and Nigeria, 2½ cents for every single gallon of gasoline we use. In a year, this results in billions of our dollars being transferred in income to dictatorships. Over a decade we are talking about trillions of dollars of wealth transferred abroad.

As my colleagues can see, much of this money is going to prop up corrupt oil regimes, Saudi Arabia, Venezuela, Nigeria, Colombia. Just imagine if America achieved energy independence here at home instead of sending $9.1 billion more out of America in March. We would be investing $9.1 billion in the economic future of our own communities, every single month, in new jobs, new fuels, new energy technologies right here at home.

Again, in this Congress I am the sponsor of the Bioenergy Independence Act, which currently has 16 cosponsors representing 10 different States. Despite all the events of recent months, the Bush administration has no policy for weaning America from its dangerous and growing dependence on foreign oil. Quite the opposite. The Bush-Cheney administration is of the oil companies, by the oil companies and for the oil companies. The oil companies have eliminated the middleman and put their own people in the Department of the Interior, in the Department of Energy, and, indeed, in the Vice President's residence and the White House.

The Biofuels Energy Independence Act of 2003 would authorize the Secretary of Agriculture to make and guarantee loans for biofuel production, distribution, development and storage. The goal of my legislation is energy independence for America. Energy independence is essential for our economic future and our national security.

I do not want to depend on unstable foreign sources of energy. We should use our own domestic sources. The power is growing in the fields of Iowa, Illinois, Ohio, coast to coast, and farmers need income from the market, not from the government.

I do not want to support dictatorships, and I know the American people do not either. No longer will we depend on corrupt foreign powers such as the House of Saud or the Obasanjo administration in Nigeria or Chavez in Venezuela. Instead, we will empower our own local communities and revitalize our agriculture economy, which is on life support now in the form of government subsidies.

At the same time, we will build a stronger economy. From coast to coast, we will create American jobs and American businesses for American companies, used by American consumers, and we will lower this job-killing trade deficit which gets worse every month and the job deficit it is creating coast to coast.

□ 1745

After the trade numbers came out yesterday, the chief economist at Wells Fargo said this: ''I don't know how long we can maintain this type of red ink year after year decade after decade without causing substantial damage to the dollar and our economy.'' Many of us in the House have been talking for years about the dangers of this growing trade deficit.

We are quickly approaching the moment in history when foreign interests own half the outstanding debt of our country, and we now pay them over $400 billion a year in interest: the leading country, China, followed by Japan, followed by Saudi Arabia. $400 billion a year in interest to them every year is as much as we spend on the Department of Defense. It is huge. Imagine if we could help give that money to the State of California, which is in bankruptcy, the State of Ohio, all the States in our Union that are so short on funds.

Achieving energy independence by relying on homegrown sources of energy will help America avoid the danger that an ever-increasing trade deficit poses to America's economy and our future.

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

(Mr. DAVIS of Alabama addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

TEXAS LEGISLATURE

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

Mr. EDWARDS. Mr. Speaker, in the last 2 days, many Americans have been intrigued by the story of 51 Texas legislators breaking a quorum in the Texas legislature by traveling to Ardmore, Oklahoma. Many may wonder why those legislators, whom I consider profiles in courage, would take such an extraordinarily drastic step. People such as Representative Pete Laney, who several years ago, when President Bush first learned that he would be the President-elect to the United States, was the Speaker of the Texas House, the Democrat that then President-elect Bush asked to introduce him to the Nation. He was a bipartisan Speaker, a great Speaker of the House. Mr. Laney, along with 50 others, are in Ardmore, Oklahoma.

I think the issue, to a large degree, revolves around the principle of congressional redistricting. For those that do not understand that process, once every decade, after a census is taken, each State must go back through its legislature and redraw congressional district lines so we have equal populations in districts across the country. In 2001, the Texas legislature failed to do so. So as is the case, the Federal courts step in and draw those districts.

Let me mention the facts. Fact number one: prior to this year, no legislature in the last 50 years in America has redistricted more than once in a decade unless ordered to do so by the Federal courts.

Fact number two: the U.S. Supreme Court has ruled that the Texas congressional districts, drawn just 2 years ago, are, in fact, constitutional. The fact is those districts are fair. The Republican ticket in Texas in this last election carried 20 of those 32 congressional districts. No one can argue that is not being fair to Texas Republicans.

Fact number three: Texas Attorney General Greg Abbott, a Republican, recently gave a report to the legislature saying it is not legally necessary to do congressional redistricting for the second time in 2 years because the law simply does not require it.

Fact number four: Why are we even dealing with this push for congressional redistricting for the second time in 2 years in Texas? Well, our majority leader in the United States House, the gentleman from Texas (Mr. DELAY), said it very succinctly. He said, ''I am majority leader and I want more seats.'' Forget the fact that the U.S. Supreme Court said the present seats are constitutional. Forget the fact that no legislature in 50 years has redistricted twice without a court order to

do so. Forget the fact that 20 out of 32 districts of our congressional districts were carried by the Republican ticket. Mr. DELAY said, ''I am majority leader. I want more seats.''

Fact number five: the Speaker of the Texas House, now Mr. Tom Craddick, has violated the fundamental right, in my opinion, of Texas Republicans, Democrats, independents, and all of our citizens to have an effective voice in determining the future of their communities, their congressional districts.

Why do I say that? Well, to begin with, the only sham hearings that they had basically began at 9 p.m. one night, on a Friday night a couple of weeks ago, went through the night, until 6:30 a.m. the next morning. The fact was that during that time at the Texas capital many of the doors were shut. So in the dark of night, behind locked doors in the Texas capital, we had the hearing to give the people of Texas a voice on what their map should be. And the fact is the maps the Republican leadership laid out at that time in Austin were not even the maps that were seriously being considered to pass through the Texas legislature into law just a few weeks later.

That brings us up to Mother's Day. Last Sunday, when most Texas families, myself included, were honoring our mothers and spending time with our families, that was not the agenda of Mr. DELAY, Mr. Craddick and their forces. They had a different agenda on Mother's Day. They were finishing the final touches of a map that no one in Texas had seen: no mayors, no city council members, no State legislators, perhaps with an exception of one or two Republicans, and no business leaders. No one had seen this map.

That map showed up for the first time on Mother's Day afternoon, this past Sunday, on the Texas legislative Web site. And guess what Mr. DELAY and Mr. Craddick's plan was? It was a slick one, I give them credit for that. It was to force that map through the Texas House of Representatives starting at 10 a.m. the next morning, this past Monday morning, the day after Mother's Day.

Thank goodness for those 51 legislators who stood up and stopped the Texas Mother's Day massacre plan. They stood up for the voice of all Texans, and I salute them.

''COLUMBIA'' SHUTTLE DEBRIS COLLECTION EFFORT

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

Mr. TURNER of Texas. Mr. Speaker, I rise in support of House Joint Resolution 222, commending those individuals who contributed to the debris collection effort following the Space Shuttle *Columbia* accident.

Mr. Speaker, on February 1 of 2003 the peaceful skies over my district in east Texas were shaken by the last moments of the fateful mission of the Space Shuttle *Columbia*. The people of east Texas looked up and saw a shower fall from the heavens on a clear blue sky morning. Once again we had lost our sons and daughters on the new frontiers of space. The entire Nation grieved the loss of seven brave astronauts: Commander Rick Husband, Pilot William McCool, Specialists Mike Anderson, Kalpana Chawla, David Brown, Laurel Clark, and Ilan Ramon.

In east Texas, mourning our loss also came with a mission, a heartfelt commitment to recover the debris of the shuttle and the remains of her crew. The volunteer firefighters, police and sheriffs offices acted with speed and professionalism to secure the areas where the fallen craft had come to rest.

As the enormity of the task unfolded, men and women in east Texas volunteered to watch over the remains of the *Columbia*, knowing that the safety of future shuttle missions depended on gathering evidence to determine the cause of this tragedy. Thousands of volunteers worked in canteens manned by the Salvation Army, local churches, and charities supplying the workers with food and drink donated by local businesses.

Across the Nation, and especially in east Texas, compassionate citizens offered prayers and support and held memorial services and vigils. During the 3 months following February 1, over 14,800 personnel from 133 Federal, State, and local agencies, and thousands of ordinary citizens volunteered, spending countless hours searching over 500,000 acres and recovering over 65,000 pieces of the shuttle.

Two men, Charles Krenek of Lufkin, Texas, and Jules F. ''Buzz'' Mier, Jr. of Arizona, lost their lives when their recovery helicopter crashed in the forest of San Augustine County. Their names may not be recorded in the history books along with the astronauts, but their service to our country must not be forgotten.

I am proud of our east Texans who worked day and night in the recovery effort. Their commitment and dedication to carrying out their task with the dignity and respect the astronauts and their families deserved was an inspiration to all Americans.

In the wake of the tragedy, east Texans responded with the best our Nation has to offer; and I know our entire country, as well as the families of those so closely affected by this tragedy, join us today in expressing our gratitude and appreciation to the thousands who joined in the recovery of the *Columbia*. A grateful Nation will always remember.

TEXAS LEGISLATURE

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

Mr. GREEN of Texas. Mr. Speaker, I know my colleague and good friend, the gentleman from Texas (Mr. BARTON), was here a few minutes earlier. I was hoping to have a good exchange on either his time or my time on the issue of redistricting.

I know a lot of people nationwide, maybe even in Texas, wonder why it is such a big issue. I guess to start with this is the first time in 50 years that we know of, in at least 50 years, that there has been a reopening of redistricting based simply on partisan purposes after the census has come out. Typically, in my experience in the Texas legislature, in 1981 as a State legislator and in 1991 as a State Senator, we did not want restricting bills on the floor of the Senate or the House because it was so divisive. But again, here in 2003, we are getting ready to do it again in Texas.

This is setting a standard not only for Texas but for the Nation that I think we should take a step back and look at. I think it is wrong. Again, whether it is Democrats or Republicans doing it, I think it is wrong. It just happens that in Texas it is the Republicans that are reopening this in 2003. We could see the same things happening in States that are controlled by Democrats. I do not think it is good public policy.

The problem we have, particularly with what has happened in the State capital, is that there were no public hearings outside our State capital. In 1981 and 1991 in Texas we had redistricting hearings all over the State. I participated in them, particularly in 1991 as a State Senator because I was on the subcommittee of the committee of the whole of the State Senate to hear that testimony outside of the State capital; to hear from people in the neighborhoods who could not go to Austin. That helped to draw a plan, which I think has caused the problem with the one they are considering now and why we are seeing 53 members of the Texas House leave the State to break the quorum.

This plan divides communities, it divides an urban area in Harris County, City of Houston, and it spreads it almost throughout the State. It runs the district from Houston to Austin and Houston to east Texas, from Houston to Beaumont, Port Arthur. And maybe if they would have had these public hearings, they would have realized that you do not split those communities.

But I am here in support of those 50-plus Democratic members of the Texas House who I consider Texas heroes who have put their political lives on the line to ensure that the rights of all Texans remain intact. I want to personally thank the State representatives in my area, Rick Noriega, Jessica Farrar, Joe Moreno, Senfronia Thompson, and Kevin Bailey, along with many other State representatives, Pete Gallego from west Texas, Richard Raymond from south Texas, and too many that we cannot name here in 5 minutes.

Let me talk a little about the tradition of breaking a quorum in a legislative body. In Congress it is something

we do not do because our quorum requirements are a majority. But in State legislatures, particularly in Texas, it has been almost a tradition. In 1979, the State Senate broke the quorum because of an election bill that was being considered. In 1981, when I was a House member, we tried to break the quorum after midnight on a Saturday night on a congressional redistricting bill. We were not nearly as organized as these folks because we only slowed it down for about 3 hours and members of the Statehouse were found in closets and air vents and everything else in the State capital.

But breaking the quorum is not a new legislative tool. In fact, Abraham Lincoln participated in an attempt to break quorums in 1840 during one of his terms in Illinois' House of Representatives.

□ 1800

On one of those days, Democrats wanted a quorum, the Whigs at that time, the predecessors to our Republicans, did not, so the Democrats locked the doors to the House to keep the Members inside the Chamber. Lincoln and two of his fellow Whigs jumped out the window to avoid being locked inside, but their efforts failed, mainly for procedures, because it seemed they had already voted for a motion to adjourn, and in doing so they helped make that quorum which they were trying to break in their hasty departure. Even a former President and a Republican President tried to break a quorum in 1840, so that is a history.

These Members of the Texas Legislature, like I said, who are doing this have a tradition in Texas of using every legislative vehicle for their issues and their concerns. Obviously this redistricting map is the most godawful-looking map I have ever seen, and, again, having been involved for many years as a State legislator.

In a letter to the Texas House Speaker Tom Craddick, these legislators who are currently living very high in a Holiday Inn and eating at Denny's in Oklahoma said, ''We love the house and take seriously our responsibility to serve our constituents and protect their best interests in the legislature. Our actions fall entirely within house rules. While disappointed that we were forced to break a quorum, our decision was driven by our solemn duty to fight for and protect the rights and interests of those who we were elected to serve in the legislature.''

TEXAS REDISTRICTING

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

Mr. LAMPSON. Mr. Speaker, I had prepared a little bit different remarks, but after listening to the last few speakers, particularly our good friend the gentleman from Texas (Mr. BARTON), who spoke earlier about the shape of some of the districts and some of what happened with the development of this redistricting plan in Texas, I thought it might be appropriate to show some of the comparisons.

I also listened a few minutes ago to the gentleman from Texas (Mr. TURNER) talk about those wonderful people who spent so much time searching for the remains of the Columbia after its dissolution on its return from space. What a magnificent bunch of people who spent so much of their time and effort trying to pick up the pieces to that spacecraft and to find the heroes who died in that craft.

It is interesting that some of what has transpired with this redistricting can be directly affected to my work that I have put forth in behalf of the Johnson Space Center and the magnificent people who live in that Clearlake area of southeast Houston and north Galveston County. Those are areas that, through this redistricting plan, all the work that I have done in working on the Subcommittee on Space and Aeronautics could very easily be moved away from the Ninth Congressional District, a part of an area that has been represented continuously for over three decades. The community of interest there could very likely be dissolved because of this.

We have talked about gerrymandering. We have talked about the creation of congressional districts that split communities, that literally take away communities of influence, centers of influence, that communities have been together for a very, very long time.

What it does do as an example in my home county of Jefferson in southeast Texas where recently we had a redistricting for the State senate, Jefferson County was split into two different parts for the first time in the history of that county, since 1835. What it does do is to take a part of the southern part of Jefferson County and connect it to a much larger population area in basically the city of Houston. It takes the northern part of that county and brings it over into another part of the city of Houston.

The city of Houston is wonderful, and I represent part of it, but so is the city of Beaumont. What happens is that the people who live in Houston now can control the future of the city of Beaumont, because a large number of people in one part of that district will determine who the Representative will be, Democrat or Republican, and consequently a center that is completely different, a center of influence around Beaumont or Port Arthur, Texas, becomes watered down, and it does not matter whether they are represented by a Democrat or a Republican, they are going to not be able to express their interests in the same way, and they certainly will not be able to elect a Representative of either party that is going to be controlled by the larger area of population.

The current districts of Texas look like this. This was a map that was drawn and approved by a Federal district court in Texas, made up of two Democrats and one Republican. The districts are reasonably compact. The Ninth Congressional District is one that also is reasonably compact, including all of Jefferson County, Chambers County, Galveston County and a part of Harris County over here where the Johnson Space Center is. We will see, potentially see, hopefully we will not see, but under this plan the State of Texas is proposing to change that district to look like this, where it splits this county, it splits this county, Chambers, and moves into Harris County in a very convoluted, gerrymandered area.

The interesting thing about this particular map is that the center of influence changes away from all of this area, because over 400,000 people live in this squiggly little part of inner-city Houston over here, connected and controlling the interests of the people who live in this much larger area. That is not fair. That is not fair to the citizens who have a specific interest different than the interests of those folks over there.

We will talk more about this. I hope that my colleagues and my friends across the country will also be looking at how this is developing and why it is unfair to the citizens, not to the elected officials.

IN SUPPORT OF TEXAS REPRESENTATIVES

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

Mr. HINOJOSA. Mr. Speaker, once again I rise today to salute the 53 Texas State House representatives who have taken a courageous stand to preserve justice and democracy in Texas. As those courageous representatives said in a written statement, ''We are taking a stand for fair play for all Texans. We refuse to participate in an inherently unfair process that slams the door of opportunity in the face of Texas voters.''

TOM DELAY's arguments for redistricting Texas all over again cannot hide the real partisan power grab at work here or the unfair process he has engineered that short-circuits the ability of Texas voters to express their views. First, DELAY argued that the U.S. Constitution requires the State legislature to replace the court-ordered district lines with its own redistricting plan in time for the 2004 election. But the Texas State attorney general concluded that the legislature has no constitutional or legal obligation to redraw congressional districts. He decided that DELAY was flat wrong in his argument that the current district lines are only temporary and that the legislature has a mandated responsibility to redraw them in time for the next election.

But still DELAY presses on. Next he claimed that redistricting is necessary to increase the number of minority districts in Texas. That, too, is flat wrong. In fact, his plan to redraw congressional districts would dilute minority voting strength statewide. It would splinter Hispanic communities all along the southwest Texas border region. It would suppress the voices of millions of Hispanics living along the Texas border and give their representation to areas in central Texas. That is why the proposed redistricting plan blatantly violates the Voting Rights Act and the U.S. Constitution.

In south Texas, border cities such as McAllen, Texas, in my 15th Congressional District are cut up into as many as three different congressional districts and grouped with residents of downtown Austin, Texas. It gerrymanders the 15th Congressional District so that it looks like a serpent that wiggles around the State of Texas for a distance of more than 400 miles with its head in Austin and its tail end in the border towns of Hidalgo County. Just look at the map. It was featured on CNN today. It starts here on the border in Hidalgo County, and it wiggles all the way around like this, all the way to Austin, Texas, for about 450 miles. That is the worst gerrymandering that has ever happened in the State of Texas, and that happens to be my congressional district. All this in order to increase the number of Republican Representatives in the Congress.

Obviously the Democratic State representatives had no voice in the development of this redistricting plan, nor did citizens throughout Texas have an opportunity to speak out on this new congressional district map. That is why these 53 Texas representatives have broken quorum, the only option available to them, to stop this partisan power grab by TOM DELAY. That is why every major newspaper in the State of Texas has editorialized against the new redistricting map. The Waco Tribune Herald said it best: ''The map is a travesty that shatters the community of interest that is the foundation of congressional redistricting. It's a Machiavellian scheme that should be soundly defeated.''

And the McAllen Monitor, the newspaper in my district, said it very succinctly: ''This crooked plan uses crooked lines to achieve twisted goals.''

Clearly the citizens of Texas support the existing congressional district lines not just for the 2002 election, but for 2004 and every election after that through 2010 when the constitutionally mandated redistricting process will take place again.

The current district lines are fair to both parties and comply with the Voting Rights Act. If TOM DELAY wants to increase Republican representation, he should seek to do so at the ballot box, not by hammering the legislature into changing the rules of the game in a way that would be extremely disruptive to our communities, our legislature and our State.

Again, Mr. Speaker, I stand here in solidarity with these 53 courageous Texas State representatives, especially those from south Texas: Kino Flores, Jim Solis, Rene Oliveira, Aaron Pena, Miguel Wise, Ryan Guillen and Juan Escobar. To all 53: We support you. We salute you.

TEXAS REDISTRICTING

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

Mr. STENHOLM. Mr. Speaker, I want to add my voice of explanation to what is happening in Texas and Oklahoma this week. It seems to be high drama. We Texans pride ourselves on a good old-fashioned, blood-racing, heart-pumping showdown at the OK Corral. It is no wonder the Nation's media has joined the audience for the show. But if anybody thinks this week's actions are nothing more than a real-life alternative to the afternoon TV soaps, they need to look a little closer and understand just what principles are motivating both sides in this showdown.

From the Republican side, it is the principle that says to the winner go the spoils. I am willing to go with this idea to a point, as my colleague the gentleman from Texas (Mr. BARTON) mentioned a moment ago. We Democrats certainly enjoyed our spoils for decades when Texas was already a one-party State. It just happened the one party was Democrats rather than Republicans. Acting within the rules and dedicated to the best outcome for its citizens, the majority party would be foolish not to maximize its power to accomplish its goals.

The key phrase of what I just said was ''acting within the rules and dedicated to the best outcome for its citizens.'' That is where I believe the Republicans' principle has become unprincipled.

For the past 2 days, reporters have been asking me if I think it is the right thing for Texas legislators to go on the lam in Oklahoma rather than doing their jobs in Austin. Of course I think that would have been preferable, and so do they. But when legislators do not have a prayer of doing their jobs not because they do not want to, but because the rules have been abused and rigged against them, I do not see what alternative those legislators have but to bring as much sunlight as possible into the rigged process.

Do not forget the context in which this is taking place in Texas, a $10 billion plus shortfall. I know the State House must be hearing from schoolteachers, health care providers, social workers, and dozens of other worried citizen groups, because I am hearing from them. A normal taxpayer would think with problems like we have in Texas, you would not have needed to pick another fight. But rather than grapple with those major problems affecting millions of Texans, our State legislators got harassed and harangued so long by Washington that they finally gave in.

□ 1815

Mr. DELAY finally convinced them to buy the kind of partisan poison, single-minded, rule-rigged brand of leadership that he has perfected here in Washington in this House of Representatives.

I understand the frustration of the 53 in Oklahoma, and I understand how it feels to be prevented from having their voices heard; to have their ideas kept out of the arena, for they would not prevail as we Blue Dogs have time and time again. I understand hearings hastily called at inconvenient times, witness lists unnecessarily shortened. I understand the frustration. Mr. DELAY knew how to advise the Texas legislature because he is practicing effectively the same tactics right here in this body.

I will admit that so far in Washington my wife has not yet been trailed by Federal officers or my daughter followed to the hospital as she gives birth to my grandchild. I find this extreme use or abuse of power particularly distressing. Mr. DELAY is quoted as saying, ''I have never turned tail and run.'' But neither have the Democrats in Ardmore, Mr. Speaker. When their hands have been tied, their mouths have been gagged and their eyes blindfolded, they had to be creative in finding a new way to fight under the rules. They are standing and fighting for what they believe in a far more courageous way than are required by rigging the rules of the game. They are playing by the rules.

History has shown that ''might makes right'' is a philosophy which might work in the short term, but ultimately is brought to its knees for one simple reason. In a democracy the people eventually will rise up and have their way. That is the bottom line here. It is not whether Charlie Stenholm is a Congressman from west Texas. It is not really which party is going to win this high-stakes battle. It is about how the people are being represented, and I am hearing from the people all over Texas saying this is not right to do it as they are doing it. I realize TOM DELAY does not care a whit about how the people in rural west Texas are represented, but I do. I have become very passionate about not losing the rural focus of west Texas districts and under his plan, west Texas will lose one representative.

Mr. DELAY is quick to express his belief that I am irrelevant. The rural constituents of the 17th district feel a little differently. In fact, all of my Texas colleagues whom we have heard from today, as we look at the plans, rural Texas is being shorted by this plan.

Mr. Speaker, I thank the 53 in Ardmore for the courage they have shown for standing up for what they believe.

Pete Laney, David Farabee, I appreciate what they have done. Texas will be a better State because of the actions that they have taken on behalf of the people of Texas; and hopefully all of the legislature, both sides of the aisle, will come to their senses and will stop letting Washington determine how the Texas legislature should be run. Texans can take care of Texas.

CONGRATULATIONS TO THE 53 DEMOCRATS OF THE TEXAS HOUSE OF REPRESENTATIVES

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

Mr. RODRIGUEZ. Mr. Speaker, I am proud to stand here today in the U.S. House and say congratulations to our heroes, our 53 heroes in Texas of the Texas House of Representatives. They are fighting for some basic principles, the heroes of democracy. Texas Democrats have used the last tool provided to them. For so many of them from the Texas House to agree to walk out demonstrates the depth of their commitment, the strength of their purpose, and the nobility of their cause.

This is not just about a map. It is about a democratic process, participation in the rights of the minority to have a voice in the process. Republicans in Texas need to learn that having power and using it wisely are not the same thing. Rather than waste time on divisive redistricting schemes pushed on by the Washington Republican leaders, Texas Republicans should have focused on the truly pressing business before the Texas legislature and before Texas, such as issues of balancing the budget, such as the issues of encouraging economic growth, such as the issues of enhancing educational opportunities both for public education and higher education, as well as providing health care access to our children and families.

As Texans, we recognize that we have the largest number of uninsured in Texas, and we recognize that we need more resources. We ought to be trying to solve those issues rather than doing what is being done now.

So I want to take this time to congratulate them in putting their personal interests aside. These 53 Democrats, members of the Texas House of Representatives have said enough is enough. ''Basta.'' United, these brave Texans have hailed and created and made move and have inspired all of Texas to do the right thing.

I want to take this time to recognize the newspapers and the editorials that have been in their favor. When we look at the Houston Chronicle editorials, the San Antonio editorials. And if I can, I will read the San Antonio Express-News editorial which summed it up when they said '' . . . the House has pushed through a variety of measures that have more to do with the enthusiasms of ideologues than with the good of the State. A totally inadequate State budget is the most egregious sin.''

''Coming in a close second is the blatantly partisan congressional redistricting scheme . . . concocted up by White House political guru Karl Rove and U.S. Representative TOM DELAY . . . '' the Express-News indicated.

Taking these cues from the majority leader's office here in Washington, Texas Republicans want to deny Texas voters the choice they have to make. They want to impose a congressional quota. Texas voters said no, and now Texas Democrats say no.

If we look at my particular district, I am given close to 20 or 30 additional counties. At the present time I represent San Antonio and south; and if we look at the map, my district is completely wiped out and given to the gentleman from Texas (Mr. HINOJOSA), who will go now all the way to Austin. My district from San Antonio was stretched 600 miles to the borders with New Mexico and takes 40-something thousand people from El Paso. If we look all the way from San Antonio all the way down to El Paso, over 600 miles. So when we look at those types of interests and we look at what has been done by the maps, we know that they are maps basically for purposes of grabbing power.

The law says that the States have an obligation to draw their lines during the process of the census. If the State chooses to do this now, it will set a very negative precedent. It will basically say that anytime someone else takes power and decides to gerrymander or knock off someone because they choose to get angry with them, they can redraw the lines at any time during the decade and come back and be able to change their lines so that someone else will not win.

I also want to take this opportunity to thank the members, especially those that I am really proud of, especially Representative Carlos Uresti, Representative Puente, Representative Guillen, and Representative Villarreal, and Representative Kino Flores.

HONORING THE 53 DEMOCRATS OF THE TEXAS HOUSE OF REPRESENTATIVES

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. Mr. Speaker, we have heard over the past 1½ to 2 hours a number of Members come to the floor of the House and cite a prestigious and prominent group of Americans known to us as the Texas Dems 53, Texas Dems 51, just plain brave Texans, sheroes and heroes and simply Americans.

The issue may be confusing because I might imagine that it becomes isolated as a finite, narrow political debate. But today in discussing this issue, I encourage individuals who are inquiring about this process to read the Madison papers to understand the process of debate that was the very underpinning of the Constitutional Convention that helped design this Nation and this democracy. If they would do that, they would understand that, in fact, those who are standing about the process that does not work in Texas are actually brave and important components to the history of this State and the history of this Nation.

It is extremely important to recognize that these individuals, 53 Democrats, have tried over and over again to be collegiate and collaborative in working on behalf of the interests of the people of Texas in the shadow of a war that was fought to promote the ideals of this Nation. Is it not shameful that these Democrats coming from all over the State of Texas, rural, urban and otherwise, is it not important to note that all they wanted to do is to represent their constituents?

On the question of the budget in Texas, they wanted to add amendments to protect those children who are being cut, 270,000 of them being cut, if the Members will, from the children's health insurance program. They wanted to stop the abusive restructuring of Medicaid so that less and less people could utilize the services. They wanted to make sure that we continued the access of the graduates of 2003 to the institutions of higher learning by funding those institutions of higher learning at higher percentages. Mr. Speaker, they wanted to do their job.

But yet, what was fostered upon them was an ugly redistricting map that could not be called anything but a grab of power, a denigration of the Voter Rights Act of 1965, a disrespect of the Civil Rights Act of 1964, and an absolute coup d'etat as it relates to power in America. As so stated by the leader of this particular body, majority leader, we are in power in Austin, we are in power in Washington, there will be no compromise.

So those of us who are attempting to work on behalf of this State wondered why this kind of meat, if the Members will, cutter was used to draw the district, and frankly here is why. This is a district, the kind of district that we could almost imagine that the courts will find ridiculous. Here is the fifth ward of Texas where Barbara Jordan was born. We can see how it dips down into a totally unrelated district, catches it so it can go all the way here and become a district. Why? No one knows. But this is the ninth district; and it used to have NASA, hardworking people like the gentleman from Texas (Mr. LAMPSON) and of course his predecessors that have worked so hard to ensure the funding for NASA that Lyndon Baines Johnson originated on behalf of America.

All of a sudden now, this has moved out of the traditional communities of interest and moved into a district totally unrelated and happens to belong

to the majority leader of this body. Interestingly enough, the 18th congressional district has had the downtown community, a synergism of communities of interest. Now the 18th district, the historic district that saw Mickey Leland and Barbara Jordan and other great leaders come out of, no longer exists in its historic origins. The downtown is eliminated, Mr. Speaker. It is interesting to find out why a meatcutter was taken to this for personal interest apparently.

So I simply want to thank Stanley Toliver who called all the way from Ohio to applaud us and give us a good idea to again support these great heroes; and I again want to support, Mr. Speaker, as I close, Representatives Thompson, Coleman, Noreiga, Jessica Farrar, Joe Moreno, Kevin Bailey, Scott Hochberg, and all the other 51, 53 that are standing tall. Never give up.

□ 1830

JOBS AND GROWTH TAX PLAN TO PRODUCE JOBS

The SPEAKER pro tempore (Mr. CHOCOLA). Under the Speaker's announced policy of January 7, 2003, the gentleman from Florida (Mr. MARIO DIAZ-BALART) is recognized for 60 minutes as the designee of the majority leader.

GENERAL LEAVE

Mr. MARIO DIAZ-BALART 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 the subject of my Special Order.

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

There was no objection.

Mr. MARIO DIAZ-BALART of Florida. Mr. Speaker, every time that I walk into this Chamber I am awed and I am overwhelmed, when you think of the history that has taken place here in this Chamber, in this hall, and the speeches that have also been proclaimed and stated within these walls.

Tonight, Mr. Speaker, I heard some really eloquent speeches as well, some spectacularly eloquent speeches, some of them criticizing the job proposal that this House has passed, the job proposal plan that the President has proposed.

I also heard, Mr. Speaker, some great examples of not letting the facts get in the way of the rhetoric. I have seen some wonderful examples here as to how to just disregard the facts and let us go forward with the rhetoric and hope that you can confuse people, Mr. Speaker.

But the American people, Mr. Speaker, are not easily confused. The Jobs and Growth Tax Act, which is really based on the jobs and growth plan that we passed last week, is a comprehensive approach to creating jobs. We heard criticism after criticism after criticism of that plan; but what you will notice is that not once, not once, was a proposal spoken about, an alternative proposal, that created jobs. No. They criticized the plan that creates jobs, and, in its stead, proposed absolutely nothing. Again, the American people witnessed that here tonight.

Yet the plan that we passed provides, for example, tax relief to American families and immediately eliminates burdensome and unfair taxes that provided huge obstacles to economic growth and job creation.

The gentleman from Iowa (Mr. NUSSLE) worked awfully hard to get through this House a plan that will create over 1.2 million jobs throughout the entire country by the end of next year. This was a specific proposal, not rhetoric. That is a specific proposal that this House passed. It creates, as a matter of fact, 45,000 new jobs in the State of Florida that I represent; next year, 45,000 jobs. Yet, Mr. Speaker, we heard no other proposal; just criticism, criticism of a plan that creates 1.2 million jobs.

This plan that we passed that our dear friends in the minority love to criticize, and, yet, I repeat, have nothing to show other than criticism, this plan would put $550 billion in economic stimulus and job creation in this country.

Then I heard something that I keep hearing time and time again, and it must be something that the Democratic Party's PR machine has told them to repeat time and time again, again regardless of the facts. They keep saying, oh, the plan that the House passed, the President's plan, cuts taxes on the rich.

Let us again speak of the facts. I know that my dear friends on the Democratic side hate when you bring up the facts. They do not like the facts to be used. They do not want to permit the facts to confuse the rhetoric. But I think it is important to bring up some of those facts.

The rich? Cut taxes on the rich? Twenty-three million small business owners will benefit from tax rate cuts in order to stimulate job growth; 23 million small business owners are going to have their taxes cut. Those are not the rich, those small business owners. Again, the facts, Mr. Speaker.

The tax cut, for example, on dividend income and the capital gains tax cut will provide relief for the 50 percent of Americans who have invested in the stock market and 70 million Americans who own homes. Those are the facts.

Yet what we have heard tonight, all the criticism, all the critiquing of the President's plan, of the plan we passed, with nothing else, no proposal, no alternative proposal, is just criticism based on innuendo, not based on the facts.

Again, the President's job and growth plan, what we passed here in the House, will provide 1.2 million jobs next year. Those are the facts, not the rhetoric.

The energy bill that the gentleman from Georgia (Mr. KINGSTON) spoke of here last week with me on the floor of this House will provide 750,000 new jobs. But yet both those initiatives our friends from the minority party object to; and they object to them but have no decent, good proposal, as opposed to what we have done. This is a good plan, because it does provide jobs.

I was wondering, I see that the gentleman from Minnesota (Mr. KENNEDY) is here; and, Mr. Speaker, I would like to yield to the gentleman. Maybe he can try to shed some light on some of the facts, not on just empty rhetoric, some of the facts: why it is important that we do not just sit idly by and hope the economy gets better; why it is important to incentivize this economy; why it is important to go forward with the President's plan, with what this Congress passed, to make sure the millions of Americans can find good jobs; why it is important to not just sit back and pretend that things are okay, they are going to get better, and the solution is maybe to raise taxes; why it is important that we move forward.

Mr. Speaker, maybe the gentleman can shed some light as to some of the rhetoric that has been heard before here tonight which does not conform with the facts.

Mr. KENNEDY of Minnesota. Mr. Speaker, I thank the gentleman for yielding, and I wholeheartedly agree with what the gentleman is saying. This focus should be on jobs. Our focus as a Congress should be on creating jobs.

A lot of what we have heard earlier today is talk about extending unemployment, and we certainly have. Our hearts go out to those that are unemployed. But if you talk to those that are unemployed, what they really want is a job, and that is what we have to talk about, that is what we have to act on, that is what we have to create.

They have not talked a lot earlier in their discussions on the floor about what they are going to do to create jobs. As the gentleman mentioned, they do not have a plan to say here is how we are going to create jobs.

Our plan that we did pass last week will create, according to estimates, 1.2 million jobs. I know a little bit about jobs. I spent 20 years in the business world creating jobs, keeping people employed; and I know what are some of the things that can help encourage that and what are some of the things that can hurt that. So our focus needs to be what can we do as a government to nurture an environment that creates jobs.

The gentleman spoke of the energy bill. That is clearly part of it. The gentleman spoke about many of the provisions in this bill, in this bill we passed for jobs and growth, which will indeed create jobs and growth.

The economy has suffered. We went through a period where we had not only a bust in the telecom bubble, but soon following that, 9/11, which set the economy back, and the threat of terrorism and the concern with our efforts to free

a people from oppression in Afghanistan and do the same thing again in Iraq.

We are now suffering from concern over SARS and other diseases that are threatening our economy and threatening people and threatening lives around the world. All these put a lot of pressure on our economy, put a lot of pressure on the ability to create jobs; and now more than ever, our focus needs to be on the facts and how do we create those jobs.

Mr. MARIO DIAZ-BALART of Florida. Reclaiming my time for a second, as the gentleman knows, I am new in Washington. This is my first year. One of the things that has surprised me a little bit is the ability by some Members, very eloquently, to just espouse things, yet with no facts whatsoever, and sometimes even distorting some facts that are used.

The gentleman mentioned something that is very important. There has to be a proposal. In other words, if we want to create jobs, which is I think the emphasis of this, clearly of the President and the majority of this Congress, we have to put something forward that creates jobs.

One of the ways to create jobs, and that is a bipartisan goal, we have agreed to that, I think, one of the ways you create jobs is by cutting taxes, making sure the people can keep more of their money.

Another way I think we can create jobs is by controlling government spending. Yet, since I have been here, I have never heard one moment where our friends from the other party have ever asked for controlling government spending.

Every time I turn around, they are asking for more government, bigger government; more bureaucracy, more money for that bureaucracy; more taxes from the people for that bureaucracy. That is a common theme I have been hearing in these debates.

I was wondering if the gentleman could shed some light on how does creating a larger government, more bureaucracy, more taxes, how does that help create more jobs for the American people.

Mr. KENNEDY of Minnesota. I think that is a big issue we are dealing with. There are two different world views. There is a world view that says having the government spend more creates jobs, with the idea that somehow we here in Washington know how to do that. As a businessman, I can tell you, this is not where the jobs are created. They are created back home by small businesses.

I would like to go back to the facts, because so often much of the rhetoric on the other side is lambasting the job creators and lambasting any efforts that we have to encourage those job creators to create jobs. That is what this bill does.

If you think about what bonus depreciation does, going from 30 to 50 percent bonus depreciation, the extra ability to expense immediately investments in equipment that drives jobs, that is critical to providing those jobs.

Also the bill that we passed last week will increase the amount that small businesses can deduct from $25,000 to $100,000, the amount they can deduct in the first year. This is so vitally important. As I talk to so many small businesses around the State, they tell me this is something that can get me to go out and buy that piece of equipment that will allow me to add jobs to my business.

Mr. MARIO DIAZ-BALART of Florida. One of the things that I keep hearing, and the gentleman just mentioned small businesses, which is a big part of this economic stimulus-job creation package, it is to provide relief for small businesses. That is where most of the jobs are created, in small businesses.

In the State of Florida it is even more dramatic. The numbers are staggering, the number of jobs created by small business. That is the entire economy of the State of Florida.

But we hear when we want to cut taxes on small business owners to help small businesses do well, to incentivize them to spend more money, to hire more people, to create more jobs, you hear that we are cutting taxes on the rich. Yet, when you look at the proposals from our good friends on the minority party, the Democratic Party, everything that they do seems to be trying to raise taxes on working Americans.

By the way, many of those working Americans are now struggling, which is why it is important to pass this package. But yet their proposals seem to be, and I have them here, seem to be raise taxes on the working people, on the hardworking Americans, who are having a hard time paying the mortgage and rent, who are having a hard time staying employed. Some of them have actually lost their jobs. Yet they want to raise taxes on them.

It seems in many cases just to create larger bureaucracies up here in Washington, DC. I do not think one has to be a brilliant economist to realize when you are further taxing people and you are creating more bureaucracy in DC, that does absolutely nothing to help the economy. What it does, it actually helps stagnate the economy; it hurts the economy. It makes sure that the economy does not grow.

Again, the gentleman has been here longer than me. Is that just a normal theme for them, that they always use these blank statements when we are asking to or suggesting or trying to cut taxes on small business owners, that they say those are the rich?

The small business owners in my district, the district that I represent, it is not my district, that I represent, are not rich. They are struggling. They are struggling to pay their employees, to pay for their health care, to keep that business, those small businesses, alive. To call those people rich people and say that cutting the taxes on those people is cutting the taxes on rich people, and, at the same time what they want to do is raise the taxes on the working people of this country, to create a larger bureaucracy, how is that good for the economy?

Mr. KENNEDY of Minnesota. It is a recurring theme, as the gentleman mentioned, that we somehow here in Washington have all the answers; that we can create jobs in some way by just taxing people more, bringing the government more money. And we are overhead; we are overhead. We are a cost to all those small businesses out there. We are the big ''headquarters in the sky'' that does nothing but send the bill to them and say send more money; we need more money.

We do not need more money, but small businesses do. And it is true that too often we demonize small businesses. Too often we say the answer is to throw more penalties their way.

□ 1845

Things like this $100,000, being able to deduct it immediately is thought of as a tax cut for the rich, but let us think about what that means. That means rather than having to expense over 4 or 5 or 7 or 9 or 25 years, it can be deducted immediately. As a finance guy who worked in business and who has gone through the calculations, I can tell my colleagues, that will change businesses' decisions as to what they invest in.

And what could that be used for? I just started to go through my own history. My first job was picking strawberries, and if we think about our agricultural businesses, what they could do with $100,000. There is the harvesting equipment. That allows them to produce more product, to feed more people, to increase our economy.

After I had the opportunity to pick strawberries, I graduated to the local bakery in town, Meisner's Bakery in Pequot Lakes. With that $100,000, you could buy a new oven or a new steamer or a new area to increase your production of doughnuts or whatever. And that is going to add production, it is going to add jobs to a community.

After I got finished at the bakery, I had the opportunity to rent boats at a boat marina. Somebody who is doing that can add boats to their fleet so they can be renting more.

After that I had the opportunity to be at a gas station and pump gas, but they also had a little retail store there with fish and bait and all that stuff. A retail store like that could add fixtures, could expand space and, therefore, grow its sales and add jobs.

I can go on and on and on through the jobs that I have been in, and one can visually picture what could happen with that extra ability to deduct that $100,000 right away rather than over a long period of time, how that could motivate businesses to invest and how that investment could increase jobs. Sometimes we do not hear about that

from the other side. We just hear about lambasting of those business people that are taking the risks, that are investing in something that does not have a certain future, but it is that entrepreneurial risk-taking that creates jobs in this country, and that is what we need to encourage.

Mr. MARIO DIAZ-BALART of Florida. Mr. Speaker, I think one of the things that we have to note as well is that we keep hearing that government can give these small businesses, is going to give them something. It is not the government's to give. That is the people's money. What we are talking about is allowing hard-working people to keep a little bit more of their money; in other words, for the government to take less of their money. But when we talk about that, we hear that, oh, it is horrible, because it is going to cost government. We are going to be giving away these things. Excuse me? Giving away?

I think that is part of where we have a huge ideological difference, a philosophical difference. It is not government's money to give away. What we are saying is that government is going to take less money of the small businessperson, of the small business. He is going to take a little bit less money, just a little bit less money, take a little bit less so that that person, that small business, can reinvest it in their business.

The gentleman mentioned some great examples to create more jobs. I know that for some people, that is a theory. That is a theory. Why do we have to create more jobs? Let us just criticize the President. They have done that from day one about every issue; whether it is the war to liberate Iraq, they criticize the President. They do not criticize him that much anymore, but they sure were criticizing because it is the thing to do, just criticize the President.

Now they criticize this job creation plan, and they say that, well, we are going to give these people, these small businesses, money. No. What we are saying and what the President is saying is it is the people's money, it is not government's money. The government should allow those small businesses, those individuals, to keep some more of their money so that they can use it back home, in Florida, in Minnesota, and in Texas, in Wyoming. And they tend to do it much better than we do, than government does, because we tend to waste a lot of money. Allow them to keep some of their money, and that will create 1.2 million jobs in 1 year.

But some people say, well, it is only $100,000. It is only $100,000 that we are going to cut, it is only $10,000, it is only $1,000 that businesses are going to be able to reinvest. I guess that think that they have better plans for that money in D.C. But I am, frankly, a little shocked.

I have been doing a little research about some of the waste up here. Our dear friends on the Democratic side hate when we talk about waste and fraud and abuse. But I have been doing just a little research. I have not spent a lot of time on it because the gentleman knows I just got here recently, but I found some very interesting things.

Just one issue, for example. Government purchase cards and travel cards wasted approximately $97 million annually. But let me tell my colleagues what some of those really bright things are that we should take more of the people's money for. This is the kind of thing that we need to tax people more for, to spend it on some of these things. This is $97 million worth of escort services, jewelry, clothing from Victoria's Secret, Macy's, Nordstrom, Calvin Klein; taxpayer money to buy a dog for an individual. Taxpayers' money was spent on pornography for some employees, on expensive luggage. There was one incident of one dinner for $2,100 at Treasure Island Hotel and Casino.

That is why we need to raise more taxes. Take it away from the hard-working American men and women, bring it up here to D.C. so we can spend it and waste it on some really good things such as this: designer leather goods from a prestigious store, Lego toys, expensive sunglasses, beer, wine, and cigars.

There is also, do we remember the travel cards? That is a separate issue altogether. That was used for, well, for interesting places I do not really want to mention. Some of these things I really would rather not talk about, including some gentlemen's clubs, some plastic surgery, down payments on a home. So that is why we have to tax the American people more, because Washington knows how to spend the people's money better; oh, yes, on a down payment for a home for a member of the bureaucracy. That is why we have to take more of their money, on cruises. No, no, no, no. Wait a second.

The reason that some of us, the gentleman from Minnesota and others, have been speaking about waste, fraud and abuse, because it is not a laughing matter, because this is hard-earned money. This is money that government takes from the American people and then misspends it. Government does some really good things with taxpayers' money as well, but we throw a lot of it away. And for anybody to say that government is so efficient, so well run, so lean and mean that we have to take more of the hard-working American people's money, people that are having a hard time because the economy is not as good as we would like it to be; for us to take more of their money to spend it up here as opposed to what we want to do, which is allow them to keep more of their money so that they can spend it on some of the issues that the gentleman mentioned, on their families, on creating wealth within their businesses, of creating more jobs within small businesses, I think is absolutely ludicrous.

But these examples are not new. We have been hearing about waste, fraud and abuse for a long time. So again, I am having a hard time. I know that the gentleman, like me, believes that we need to incentivize this economy, but since the gentleman has been here longer, maybe the gentleman has heard some of the words of wisdom from the other side stating how raising taxes on hard-working Americans, particularly when they are having a hard time, helps create jobs. I do not buy it.

Mr. KENNEDY of Minnesota. And I do not buy it either. And I agree with the gentleman as it relates to the people out there creating jobs. Hard-working families know a whole lot better how to spend money to create jobs and to provide for their families than we ever will here in Washington, and the gentleman's many examples just proved the point.

Mr. Speaker, amongst the wisest words I have heard here was during my freshman year we had a speaker come in, a George Will, who some of my colleagues may have had the opportunity to read his columns, and he tried to make things understandable for us, because sometimes it is hard to understand some of the verbiage that we hear. He said, you will find that on most issues, that the battle of ideas is between freedom on one side and people telling you that you need them here in Washington to keep bringing the gravy train to you, or, said another way, dependency, we are going to cultivate dependency. And if my colleagues listened tonight, they heard that.

We have heard the other side say, you need us here, because without us here, we will not be able to keep you dependent on unemployment rolls; whereas I think what our statement is saying, yes, we will take care of unemployment, and yes, we have extended, and we both voted for that, and we both will again when that need is there. But that is not our main focus. When we get up in the morning, our focus is how can we give the economy more freedom, small businesses more freedom, families and small businesses more of their hard-earned dollars in their pockets so they can take that freedom and they can go out and create jobs and create a more prosperous America for all of us.

Mr. MARIO DIAZ-BALART of Florida. Mr. Speaker, by the way, I have been very impressed with the quality of the speeches. Sometimes the rhetoric is really, really good. I mean, there is some great eloquence on the floor of the House. We heard some great eloquence today bashing the plan to create more jobs. We heard that tonight. We have heard eloquent speeches bashing the President's plan to create more jobs. We have heard eloquent speeches bashing and bashing and bashing. We also heard, the gentleman will recall, very eloquent speeches from our friends on the Democratic side bashing when we were talking about trying to cut wasteful spending. They just hate that. They hate when we talk about that.

I mentioned some examples, but I want to make sure that nobody thinks that, well, because when we add that up, it is only $100 million. Some people say that. We have heard that here, it is only $100 million.

Mr. KENNEDY of Minnesota. Only $100 million.

Mr. MARIO DIAZ-BALART of Florida. Only $100 million. Ask the American people if that is just only $100 million on some pretty sad things. But it gets worse than that. And when we talk about these things, we get bashed by the Democrats. When we talk about, for example, we were mentioning facts before, and it is important to not just spew rhetoric, but bring in some facts to the discussion.

Mr. Speaker, the Federal Government cannot account for, and we need to listen to this, the Federal Government cannot account for $17.3 billion it spent in the year 2001; $17 billion unaccounted for. Yet some criticize us when we talk about let us have some accountability. Let us not misspend. Let us look at ways that we can save some of this money. Mr. Speaker, $17 billion is not peanuts. That is a lot of money unaccounted for.

The Federal Government made $20 billion in overpayments in the year 2001; $20 billion in overpayments, on people that were not qualified or things that should not have been funded. The Department of Housing and Urban Development made $3.3 billion, and I repeat, billion, with a B, billion dollars in overpayments in 2001, accounting for 10 percent of the Department's budget; 10 percent in overpayments, in waste. Yet some will tell us that there is not enough money up here; that we need to raise taxes on hard-working Americans; that we should not incentivize the economy by letting more hard-working Americans keep some of their money, no, because there is not enough money in D.C. Oh, of course not, when we misspend 10 percent of the Department's budget.

But some will tell us the answer is, no problem. Do not worry about that. Let us just squeeze the American taxpayer a little bit more, a little bit harder, because you know something? It is okay, they will not mind, or they cannot yell loud enough, so let us squeeze them a little bit louder, a little bit tighter.

No, no. It is time that we do not squeeze them anymore, so that we allow them to keep more of their money so that they can spend it and they can create jobs.

If the gentleman will allow me, I would like to mention a couple of other examples. The Department of Agriculture was unable to account for $5 billion in receipts and expenditures; $5 billion. Medicare overpayments, overpayments totaled $12 billion in 2001; $12 billion.

Mr. Speaker, the Republican majority has passed a Medicare prescription drug plan without raising taxes. We have done it. Actually, the House did it last year as well, but the other body refused to do so, but now we have done it again, and we are going to pass it again. Well, do we want to find where some of the money can come from? There is $12 billion in overpayments. That is money that is not going for the elderly that need it, that is not going for the elderly that deserve it, that is not going for the elderly who have paid into it.

□ 1900

No, that is just waste. That is just waste. And that is unacceptable. That is immoral. Totally immoral. So, yes, we are going to do it.

There has been a lot of rhetoric for 40 years; the other party has been talking about it. It took the Republican majority to pass it, and we have passed it again in the House, and we are going to do that; but we need to make sure that this kind of waste stops, stops, because that is our hardworking Americans who are paying for it. The food stamp program pays approximately $1.3 billion in overpayments each year. What can we do with that $1.3 billion for health care, for education, for defense, to incentivize our economy? A lot.

And yet when we talk about these things, our friends on the Democratic party get upset. They say you cannot do that; you have to tax the American people more. Do not look at fraud, waste and abuse. Just tax the American people more. More than $8 billion is lost in erroneous earned income tax payments each year and again the list goes on and on and on, and we are not talking small amounts of money. If we were speaking about small amounts of money, that would be no excuse. We still have to stop it, because it is not government's money. It is the people's money, but what is even worse is we are talking about billions of dollars in misspent, misused, lost money. And some want to tax the American workers, tax the American family more to do more of this? I do not understand it.

Mr. KENNEDY of Minnesota. I do not understand it either. And the waste, fraud and abuse cries out for a razor-sharp focus on what can we do to scale away those costs that are burdening our economy. And we can get back to a sound fiscal picture only by sparking this economy with the kind of tax-relief jobs proposal that we passed and by controlling that spending with a razor-sharp focus, as they say, on waste, fraud and abuse.

They know how to spend money better back home in Florida and back home in Minnesota than we do in Washington. They do not put up with that. They will drill to the bottom of those issues and find out what was causing it and uncover the waste, fraud and abuse, and get it out of the system.

But what could they do, for example, with the dividend and capital gains reductions that we have passed? When I studied economics, they told me it was investments that drive jobs. It is when you invest in the economy, that is when you drive jobs. Where do those investments come from? Those investments come from savings. And this bill encourages savings by reducing the double taxation on dividends, and they are excessively high compared to many other countries' tax that we have on investment income. We should be taxing income at its source, but when we discourage investment and have the very low investment rate that we have here in America, we are hurting our economy. And who is receiving most of those dividends? I think it is important to point out it is primarily seniors that are receiving those dividends. And they have paid taxes on that in the business. They have paid taxes all their lives. Why are we charging them this double investment?

We have a concern here with having good fiscal responsibility. One of the big benefits of the dividend and capital gains proposal we have talked about is that by encouraging more businesses to be giving their dividends back to shareholders, you will be having less cash stockpiled in the company. That will be better for us keeping track and holding our businesses accountable. It is also going to make the balance between debt and equity less tilted towards debt. Right now we have such higher tax benefits for fully deductible debt on interest on debt; and yet on dividends coming out of a business, we are taxing them twice unfairly. By getting that balance more in line, you are going to really have a stronger, sounder capital structure, more equity in our businesses so they can withstand downfalls without having to lay off employees.

Again, our focus here is what can we do to create jobs. How can we run our ship more efficiently here by scaling back on waste, fraud and abuse so that we have to take less out of the pockets of small businesses and hardworking families and let them get on with the business of America, the business of creating jobs, expanding the economy and taking care of our families.

Mr. MARIO DIAZ-BALART of Florida. Absolutely. You mention a specific issue that, by the way, is in the bill that we passed which would create jobs. Another thing that would create jobs that is also in the bill that we passed, and by the way, it would also save, it would provide relief for 92 million Americans, 92 million Americans, an average of $1,083 in the year 2003, allowing them to keep more of their money. That would put more than a hundred million dollars into the economy of our country over the next 12 months, creating jobs, turning over that economic engine.

You mentioned a little while ago that the way to get out of the deficit, by the way, to pay for the essential service that we all want to pay for, including what the Republican majority is doing with, for example, the prescription drug coverage under Medicare, is to expand the economy. That is not to raise taxes to the point where

people cannot pay them and you destroy business. It is to grow the economy. One way to grow the economy is, again, by allowing the 2 million Americans, now I know, I know, some of our friends on the Democratic side will say, those are rich folk.

You are going to cut $1,083 in the year 2003 on 92 million Americans. Those are rich folks. I wish, by the way, there were 92 million rich people in the United States. Those are not the facts. But that will allow Americans to keep more of their money, to spend more of their money, to invest more of their money, to put it into their businesses; and that alone is a hundred million dollars into the economy that right now is being sucked in, this huge sucking sound that goes from every single city, town, village in our country of money coming up here to D.C. to do with it as we know the government does with it, including some of the things that we mentioned.

The plan that we passed also would see the tax burden eliminated entirely on 3 million moderate-income families. Three million moderate-income families would pay zippo, zilch, nada, zero. Those are rich people? No. Those are working families. Those are working families.

How about the child tax credit that will be raised from $600 to $1,000? Tell me that is not something that has to happen. Tell me that is not something that the American people deserve. Tell me that is not something that the American people can do better with their money than us in D.C., with the bureaucracies, and the size of this government, again, 23 million small businesses would, again, in H.R. 2, the bill that we passed, House Resolution 2, by having more capital to expand on their businesses. That is what this country needs. And I know that some are content to think, no, we should not do anything. We should just kind of pretend that things are okay. They will complain here on the floor, but they will not propose anything that creates any jobs.

I am so proud to have been able to support this package that actually will create, just create so many jobs for the hardworking people of this country. I do not know about the area that the gentleman represents, but in the State of Florida, the area that I represent, people are concerned. People want jobs. People want to work. People want to have good high-paying jobs. And they are looking for government to do something to incentivize this economy, not to just sit back and pretend that things are okay. I am pretty sure it has got to be the same where you are.

Mr. KENNEDY of Minnesota. It is the same in Minnesota. And you were right, the jobs proposal that we have passed, as we have spoken of, focuses that help to our job providers on encouraging investment. That is what creates jobs. And as it relates to helping out and providing more money in the pockets of hardworking families, it focuses that in a very appropriate way.

The gentleman spoke of the per child tax credit, and I would also add the marriage penalty. As someone who has 23 years-plus of marriage under his belt and four teenagers to help pay for, I want to make sure there are not disincentives to keep you from enjoying both of those treasures of life, marriage penalty is something we have to get rid of, and getting rid of it now as this bill does is critical. We charge people when they walk down the wedding aisle more for getting married. We tax marriage. They get a little extra gift from Uncle Sam saying, Here is your bill. On average before we passed our tax relief in 2001, $1,400 more on average just for being married.

Families are the foundation of our society, the foundation of our economy. Why we do that is beyond me. And accelerating this marriage penalty relief so that it is eliminated today is something that is very powerful in this bill. The per child tax credit, those that have children know how expensive they are to raise; how we put a lot of blood, sweat, and tears into them. Yes, and we need to, and there is nothing more rewarding. But we also have to put a few dollars out for their education, for their food, for their clothing; and we benefit greatly as a country from the youth having this increase in the per child tax credit from $600 to $1,000. Now, that is something that is very important to do and a very important part of this tax relief jobs bill that we just passed.

Mr. MARIO DIAZ-BALART of Florida. You also get taxed when you die. When you die you get taxed again on money you have already paid taxes on, by the way, to the government. So it is one tax after another tax after another tax. It seems some people are never satisfied. There is never enough that we can take away from the American people; and that has to stop, that attitude, that philosophy, that approach, that culture. We have to change the culture from a culture of just grabbing as much money as we can from the taxpayer and spending it whichever way we can, regardless of the waste, of the fraud and abuse, to a culture of responsibility, a culture of real responsibility.

Again, we misspend so much money. It is not only we misspend money but it is the bureaucracy we create that forces the American people to spend a ton of money. For example, the IRS, which by the way spent $8.9 billion administering the Tax Code.

Mr. KENNEDY of Minnesota. That is just the IRS, not all the expense that businesses have had and families have had in order to fill out some of the most complicated tax forms in the world.

Mr. MARIO DIAZ-BALART of Florida. The numbers are astounding. Americans, hardworking Americans spent $135 billion complying with the Tax Code. And yet the other side insists on raising taxes. And, again, let me bring up some facts because I want to make sure we bring up the facts. I have got three proposals that the other side had. I sit on the Committee on the Budget, and we discussed these at length in the Committee on the Budget. We also discussed them at length, some of them, on the floor. One of them, the CBC/Progressive Caucus tax substitute, that is the substitute to what we are doing which is a plan to incentivize the economy by allowing Americans to keep more of their money so they can spend it, invest it, creating more jobs. This plan raised taxes, increased taxes by $44 billion in 2004, by then $420 billion over 5 years and $875 billion over 10 years. And, by the way, it also cuts defense spending at the same time. So they raise taxes, but they cannot fund or did not want to fund defense; and we know how important that is.

This was, of course, the Blue Dog budget proposal that was discussed here on the floor. And I was here for that debate which basically has no support to increase, to get the economy going; but it balanced the budget by raising taxes.

What a concept. Think about it. The economy is not doing too well so you raise taxes to balance the budget. This proposal would have raised taxes by $124 billion in 2006 to 2011. These are their proposals. Here they are. And then, of course, you had another one which raised taxes by $128 billion over 10 years and had much more in government spending as well. Let us just spend more. Let us spend more money, send more money to the bureaucracy in D.C. But then they will say when we say, no, we have to look at fraud and cut fraud, abuse and misspending of money, they say, oh, but you are cutting essential services. We have heard about the cuts in, for example, Medicare. I have heard that on the floor of this House many, many times. We heard it tonight. We will probably hear it later on tonight and the day after and the day after.

□ 1915

In fact, when we look at the facts, what is in the bill, in Medicare, it is a 7.2 percent increase in Medicare. There is no cut. It is an increase. It is a rather substantial increase in Medicare.

Then Medicaid cuts, I have had people talk to me about Medicaid cuts. I have gotten e-mails, how come we are cutting Medicaid, we are so nasty and rude, how come we are cutting Medicaid. Let us look at those cuts of Medicaid in our budget. It is a 9 percent increase in Medicaid. There is not a cut there. It is a 9 percent increase. Washington is the only place in the world where a 9 percent increase is said to be a cut. Nine percent increase is a 9 percent increase. The facts are the facts. Here it is. Yet we have heard that before, I am sure, accused of cutting Medicaid.

Then, of course, we are cutting education. That is why we have to raise taxes, because we are cutting education. If we do not raise taxes, we

have to cut education. Oh, really? Except that it is a 6 percent increase in our budget in education spending, a 6 percent increase.

Oh, one that I have heard time and time again, and this one is annoying because of trying to use veterans, saying that we are cutting veterans, funding for veterans. That is just not true. It is a 10.7 percent increase for 2003. It is a 10.7 percent increase. That is not a cut.

They do not exist. It is not there. It is not true, but again, some will say, do not let the facts confuse the rhetoric. Do not let the facts confuse the issue.

The facts are that the plan that we passed, the plan that is very similar to the President's plan, provides for jobs, creates jobs, keeps more money, allows the American people to keep more of their money. It is not a gift from government. It allows the American people to keep more of their money, provides increases in spending for the essential services like Medicaid, Medicare, education, veterans services. It does so in a responsible fashion, and those are the facts.

Again, I assume, though, that my colleague would probably tell me that that is nothing new, right, saying that a 10.7 percent increase is a cut. That is something that I guess the other side is used to saying quite a bit.

Mr. KENNEDY of Minnesota. We hear it all the time, and the gentleman mentioned that the facts often get distorted, and they get distorted to try to say and try to convince us in all cases that we need to spend more on X, Y or Z, and we have the benefit of many of our constituents coming in and speaking with us, and if they represent a category of spending, it needs to go higher. If they represent a business, we need to do something for their business, I have to tell my colleague, to increase the activity in that business.

I have to tell my colleague, one of the strongest confirmations that I have for his earlier statements about the complexity of the Tax Code and the burden of that Tax Code upon our economy, on our families, is that the one group that sort of stands out from all the rest is when I speak with my fellow certified public accountants. A certified public accountant that helps in preparing those tax returns one might think would want the Tax Code to be more complex so they can have more business, but they are all to a person telling me, whether I am visiting them in their one- or two- or three-person firm in a small town in Minnesota or otherwise, they are saying we have got to reduce the complexity of this Tax Code.

This Tax Code reduces the trust that people have in their government. It takes away far too many of our resources to devote to something that does not do anything for our competitiveness as a country.

One of the areas that they often single out as being just really out of control is the alternative minimum tax, and the alternative minimum tax was put in many, many years ago with the intent of making sure that we all paid taxes, and was targeting those at the very top, but they never changed the dollar amount, and the years and the decades have passed, and now it is being not just a burden of an additional cost to people where it is being unfairly applied, but the complexity of it in having to pool so many moderate to middle-income to lower-middle-income families into it is astoundingly burdensome.

So I am also pleased that part of what we did in the relief that we passed last week was to increase the AMT exemption so that the other provisions were not causing more people to be dumped into this quagmire of a mess with AMT.

We do need to invest in our priorities, and we are in our budget, as the gentleman so eloquently pointed out, but we also need to reduce the burdensome elements of our taxes and our tax preparation and get a simplified form, which this AMT relief is moving us in that direction.

Mr. MARIO DIAZ-BALART of Florida. Mr. Speaker, I want to thank the gentleman, and I know that we do not have a lot of time left, and I would like to see if I could ask my colleague to give us a bit of an update, because one of the bills that I am really excited about is one that he has sponsored dealing with health care.

Health care is such a crucial issue, the cost of health care. The cost of health insurance is really getting to the point where it is unobtainable to many American families, and we cannot survive without health insurance. And we hear a lot of people cannot afford health insurance, and we have what I think is a model piece of legislation. And I know we do not have a lot of time, but if the gentleman could just briefly let us know about that bill that my colleague has been so generous to allow me to cosponsor and work with him. I think I would like to hear a little bit about that.

Mr. KENNEDY of Minnesota. Mr. Speaker, I am very pleased that my colleague has helped me cosponsor my fair care legislation to help with addressing the uninsured, and he is absolutely right. When we go out there and talk to small businesses and employees, the availability of insurance is critical.

What are we doing with insurance right now? We have a growing number of uninsured that are being provided for through the emergency rooms of our hospital, the most expensive way we can treat them. Federal law requires that emergency rooms need to treat everybody, including the uninsured. Where does that cost come from? That cost comes to us from higher Federal, State and local subsidies, but also higher insurance premiums, which drive up the uninsured pool even further, and we get in a vicious cycle.

I am pleased the gentleman has been so supportive of our fair care bill that gives the uninsured the same tax benefits that we that are employed have. When one is employed, they get help from their employer. That help that they give for their health insurance does not come to them as taxable income. They are getting a tax benefit.

My bill would, which my colleague has nicely helped cosponsor, gives $1,000 per child tax credit per person, $500 per dependent, up to $3,000 per family, and this is the way where we can help that uninsured in a way that will give them more choices and really benefit us all through lower insurance premiums and more accessibility. But we have done so much more for helping with that vital thing that is constraining jobs.

The medical malpractice reform that we both supported and passed earlier this year in the House will take away those excessive settlements that have been driving medical professionals out of the business and again driving up the costs of health care. We have many other provisions to help, but this prescription drug bill that, as the gentleman mentioned earlier, we passed in this body twice would take away an expense that has just been so burdensome in a way that is affordable to us, and we can do it in our budget, and it keeps seniors from having to spend their lifetime savings for life-saving prescriptions. But that is, again, another way that we can help keep the costs of insurance from being driven up.

The energy bill we passed earlier and, as my colleague knows, I have spoken on earlier is so critical to this economy because nothing hurts or helps the economy more than the cost of energy and making sure that we have affordable energy, that we are not dependent on foreign sources, that we can grow more alternative sources here as well as encouraging efficiency and conservation are provided there. That is a critical bill, and I know I am working very hard as we are on the roads in the transportations bills.

We met earlier today on an airport improvement plan and making sure we are investing in that infrastructure that is so very critical to our economy. And I am also pushing another proposal on fast lanes to free up the ability of local and State governments and maybe private enterprises to move forward and help put extra lanes in our interstates that without we are congesting traffic and closing down our economy.

There is so much that we are doing, and we do have a razor-sharp focus on jobs. What do we need to do to create jobs? That is our focus. It is not to complain. It is not to talk about the problems in America. It is to say America has always risen above those problems, and we have risen above those problems and succeeded and gotten to a point of leadership in the world not because we have taxed more and brought more dollars to the Federal Government, but because we have relied upon and trusted and given more

freedoms to hard-working entrepreneurs that are taking risks, that are creating jobs, and letting families keep more of their hard-earned money because they know best how to take care of themselves.

I appreciate the gentleman bringing these very important issues before the Chamber and our fellow colleagues and look forward to working with him to continue the type of policies that we have already been able to successfully achieve so far in this Congress and hopefully will have more to come.

Mr. MARIO DIAZ-BALART of Florida. Mr. Speaker, I want to thank the gentleman from Minnesota for coming here today and shedding some light on the facts; not showering with us rhetoric, but getting to the facts, speaking about the facts. He is absolutely right. We did pass legislation to create jobs, and so we are not complaining. We are not just spewing rhetoric. We have results here, and that is a huge difference between, I think, the two sides.

And I again thank the gentleman for his work on health care. I thank him for his work on the budget and transportation. And yes, I think we have to be very proud that we are not going to sit back and just let things happen. We are going to do everything in our power to incentivize this economy so more Americans can have more high-paying jobs, because that is what really it is all about.

TEXAS REDISTRICTING

The SPEAKER pro tempore (Mr. CHOCOLA). Under the Speaker's announced policy of January 7, 2003, the gentleman from Texas (Mr. SANDLIN) is recognized for 60 minutes as the designee of the minority leader.

Mr. SANDLIN. Mr. Speaker, President Carter once said that we must adjust to changing times, but maintain unchanging principles. Today, in Texas, we have 53 brave and principled men and women, Texas legislators, all who are doing exactly that. They are adjusting to changing times. They are maintaining unchanging principles.

The issue of Texas redistricting has certainly gotten much media attention in the last couple of days due to the principled and brave actions of 53 Texas patriots. I particularly want to thank east Texas Representatives Barry Telford, Mark Homer, Chuck Hopson, Jim McReynolds and Dan Ellis for their leadership; also Representatives Dunnam, Deshotel and others who have been at the forefront of this battle along with many other members of the Texas House.

The issue of Texas redistricting has been a long road for us, and each step of the way paved by the gentleman from Texas (Mr. DELAY) has been difficult and detrimental to rural Texans and particularly to my constituents in east Texas. Right out of the starting block, TOM DELAY's race to redistrict has been an absolute sham. We know it, the Republicans know it, TOM DELAY knows it. The media in Texas knows it. Everybody in this House knows it. It is nothing but a sham.

From the get-go, the Texas House Republicans refused to unveil a real map to the public, refused to have open field hearings, refused to have notices in the Spanish language, refused to discuss the issue in the light of day, refused to give our voters a choice, and refused to consider doing anything other than what TOM DELAY just told them to do.

Mr. Speaker, I am sure my colleagues have seen the bobblehead dolls whose heads bounce in agreement to their owner's demands. The leadership of the Texas House comes to mind.

Let me point out that there is no need to redistrict. Two years ago the State legislature could not come to an agreement on a redistricting plan, so the courts approved a fair and constitutional congressional map for Texas after a full and complete hearing with evidence presented by both Democrats and Republicans, with experts, with people from communities, with maps, a complete trial before a three-judge panel. The plan was agreed upon and voters elected who they felt would best represent them in the United States Congress, either Republicans or Democrats. It was their choice.

TOM DELAY's plan seeks to change all that. He wants to choose our congressional Representatives for us rather than the voters choosing their own Representatives. That is not how we operate in Texas. That is not how we operate in this country, and the leader should be ashamed of himself.

On May 7, 2003, the Associated Press attributed the following quote to Mr. DELAY: ''I am the majority leader, and we want more seats.''

□ 1930

That single statement, in all of its arrogance, pretty well sums up the consideration, the thought that has gone into the Texas redistricting process. We want more seats, and traditions, communities of interest, minorities, constituencies be damned. We want more seats, and we do not care who you are or who you represent. We want more seats, and you cannot do anything about it.

Well, apparently, they can, and they have. When Barry Telford, Mark Homer, Chuck Hobson, and some 50 other Democrats broke the House quorum, they used the only option available to halt DELAY's partisan assault on Texas. And this option is completely within the rules. It is anticipated by the rules of the House. It is a tool available.

Let us see what some Republicans said, not TOM DELAY's lackeys in Washington; but let us see what Republicans in the House in Texas have said about this. Representative Charlie Geren, Fort Worth, Republican, said, ''The Democrats were doing what they believed they needed to do in order to represent their constituents. I understand what they are doing. It's just really the only tool in their toolbox,'' Geren said. ''They are passionate about the map that is in front of us not being good for their constituents.'' Representative Pat Haggerty, a Republican from El Paso, ''It's the smartest move they could have made,'' Haggerty said. ''Under the circumstances, it was the only alternative they had. It has been done before. It's in the rules, and they are playing by the rules.''

Mr. DOGGETT. Mr. Speaker, if the gentleman will yield.

Mr. SANDLIN. I yield to my friend and colleague from Austin.

Mr. DOGGETT. In addition to those very persuasive statements from Republican leaders in Texas, is the gentleman aware of where President Bush, after he had been declared the President-elect by the Supreme Court, where he had his initial speech to introduce himself to the Nation as our President-elect?

Mr. SANDLIN. Well, Mr. Speaker, reclaiming my time, I believe I am. And as the gentleman well knows, the President had his speech on the floor of the House.

Mr. DOGGETT. In other words, the very same room, the very chamber of the Texas capital that is under lockdown tonight is where President Bush chose, on his own, to go and introduce himself to the Nation.

Is the gentleman aware of the individual that he asked to introduce himself to the American people as our President-elect?

Mr. SANDLIN. Reclaiming my time once again, as the gentleman knows, Speaker of the House, Democrat Pete Laney, was chosen to introduce the new Republican President from Texas.

Mr. DOGGETT. And I believe the President was complimentary of Mr. Laney and of the Texas House of Representatives and its members. And where is Mr. Laney tonight?

Mr. SANDLIN. Apparently, Mr. Laney is along with the other Texas heroes. He is in Oklahoma, standing up for Texas voters, standing up for the people of Texas and our Constitution after having been trailed there by Federal investigators and Federal people that tracked him down using Federal funds, for political purposes, to make sure they knew where he went.

Mr. DOGGETT. Well, if the gentleman would yield to me for just a couple of minutes on both those points.

Mr. SANDLIN. Surely.

Mr. DOGGETT. First, I would say that it is really important to the future of our democracy that we permit diverse points of view to be heard. I believe that our country is stronger when we respect and show tolerance for opposing points of view. And the idea that everyone in Washington and in Austin has to follow lockstep behind TOM DELAY and his extreme point of view, and I believe his point of view needs to be represented here, but I do not think all the rest of us have to agree to it. And that is really what this is about.

Now, President Bush told our country again and again and again that he was a uniter, not a divider. He said that he could work with the Texas legislature, and he pointed to people like Pete Laney and said what good friends they were and how cooperative they were. In fact, he bragged on most every one of those Democrats that is up in Ardmore tonight and said what great people they were.

Mr. EDWARDS. Mr. Speaker, if the gentleman will yield.

Mr. SANDLIN. I yield to the gentleman from Waco, Texas.

Mr. EDWARDS. Mr. Speaker, I want to follow up on the gentleman's point about respecting others with different opinions. I am deeply offended, and I think Texans and Americans should be deeply offended, that Texas House Republicans have compared these Texas legislators who are standing up for the important American principle that citizens should have a voice in developing their future, that they have been compared to terrorists in Iraq.

It was Texas legislators who put together playing cards, laughing all the way in the last several days, with the faces of Texas-elected representatives on those cards, mimicking, they knew absolutely well, mimicking the cards that had the faces of Saddam Hussein's terrorists, rapists, thugs and mass murderers. I find it offensive in our American democracy and Texas democracy that Texas Republican legislators would stoop that low in this process.

Mr. DOGGETT. Well, the gentleman's position is very well founded, trying again to tie themselves to our sons and daughters who stood in harm's way in our American military, proudly, for our country. But right, at that very microphone this morning, our colleague from Houston, Mr. CULBERSON, stood up and compared the same Democrats George Bush had his arm around and claimed they were like suicide bombers.

When I hear that kind of extremism, I think whether it is in Texas or up here, that is a fellow that has been spending too much time around TOM DELAY. It kind of rubs off. And while we need to tolerate that point of view, as extreme as it is, we do not want everybody in America to have to be just like TOM DELAY.

Was he not the same fellow who said that Baylor, up in your town, that he thought you could not get a Godly education at Baylor or Texas A&M?

Mr. EDWARDS. The same TOM DELAY, the majority leader of the House, who says what is good for TOM DELAY in redistricting is good for Texas is the same person who said just a year ago to Texas parents, do not send your sons and daughters to Texas A&M University or to Baylor University, which is a great university that I am proud to represent in my hometown of Waco. He said those universities were too liberal.

Mr. DOGGETT. Well, I think the gentleman himself had some years over at A&M. And I can think, as a Longhorn, of a lot of reasons people ought not to go to A&M, but not getting a Godly education there was never real high on anyone's list until Tom pronounced it.

Now, I just want to conclude this part, if the gentleman will continue to yield to me.

Mr. LAMPSON. Before the gentleman concludes, if my colleague will yield for just a moment, I want to inject something here, because another statement was made that was offensive to me, and that was something that TOM DELAY said about the Democrats' behavior in Texas was ''so contrary to what Texas is all about, to turn tail and run and not to fight for what you believe in.'' Well, not to fight for what you believe in is the more correct part. He could not have missed that mark in a worse way. It is exactly what a Texan is all about, to stand there and fight in the face of knowing they may not be able to win when they are attacked. The backs of the Texas legislators were against the wall. They decided to make a stand for it for the people of Texas, and I am awfully proud of every member who chose to leave Austin, Texas, temporarily.

And they do not want to be gone from there. They have their work to do. They know they do. And they are most anxious to return. But they want to do it in a way they know their voices are going to be heard and so the voices of the people they represent will indeed be heard.

Mr. DOGGETT. Mr. Speaker, there is no doubt that the action of leaving the State of Texas and going from Austin to Ardmore, and I have yet to find anyone in Austin that goes to Ardmore for a vacation, but I am sure it is a nice place, and I know it has the Gene Autry Museum and other fine attributes; but they did not go up there on a lark. They took this extraordinary action because, as our colleague from Marshall, Texas (Mr. SANDLIN) pointed out, they had extraordinary intimidation, they had extraordinary arrogance.

But the point I want to emphasize, when we hear these attacks made on these brave Texas legislators, remember who their pal was just a few years ago. That was Governor George Bush. That is where he chose to introduce himself to the Nation. I would just urge again tonight that the President consider the problems that are being caused in Texas by this kind of extremism, and that if he is a uniter and not a divider, though we have not seen a great deal of evidence of that, that he unite the Texas House; that he go right to the place where he kicked off his Presidency and work to bring people back together. Because we cannot go on in this fashion.

There is a second aspect to this that is very troubling, and the gentleman from Marshall made reference to it, and that is the involvement of Federal resources. It is one thing for a colleague to proclaim these extreme views, and it is one thing for the very Texas legislators that our colleague is talking about to basically concede that redistricting in Texas is of, by, and for TOM DELAY. In fact, not only are they not denying it, I think he is kind of proud of it, that he can go down there and kind of throw his weight around and tell people where to draw the lines and which communities to cut up.

But it goes beyond that, that kind of arrogance, that kind of intimidation when you begin to use taxpayer-financed resources to advance that agenda and when you pull in institutions from Federal law enforcement and try to convert them into your private police force.

That is why, as the gentleman from Jefferson County and from Harris County and from McLennan County and from all the Texans that are here, we have joined today in a statement and in a communication to Attorney General John Ashcroft, to Secretary Tom Ridge at the Homeland Security Department, and to Director Robert Mueller of the Federal Bureau of Investigation. Because we are most alarmed that yesterday TOM DELAY himself indicated that he already had a United States Attorney, a taxpayer-funded employee of the people in Texas, researching how they could employ Federal resources to bring these legislators, who have committed no crime and certainly there is no Federal offense involved in staying there and working in Ardmore, Oklahoma, until the Republicans in Austin decide to play by the rules.

We also read from today's press that TOM DELAY told reporters the justification for this, of bringing in U.S. marshals or the Federal Bureau of Investigation is because redistricting concerns a Federal issue. And a spokeswoman, according to another publication in the U.S. Attorney's office in San Antonio, Texas, said she had no official comment; but a source confirmed that an unidentified person had called to inquire about federalizing the arrest warrant. That is taxpayer resources. That is using the Federal Bureau of Investigation in much the way that Richard Nixon did in Watergate.

And there is another aspect of this, a further report. How did they happen to find these Texas legislators at a Holiday Inn in Ardmore, Oklahoma, of all places? Well, it did not just happen by chance. According to today's Fort Worth Star-Telegram, one Federal agency that became involved early on was the Air and Marine Interdiction and Coordination Center based in Riverside, California, which now falls under the auspices of the Homeland Security Department.

The agency received a call to locate a specific Piper turboprop aircraft. It was determined that the plane belonged to former House Speaker Pete Laney, Democrat, of Hale Center, and I would add parenthetically, who just happens to be the same Pete Laney that was introducing President Bush to

the Nation in the House of Representatives' chambers in Austin that is locked down tonight.

The paper goes on to report the location of Laney's plane proved to be a key piece of information, because Craddick, that is Texas House Speaker Tom Craddick, said it is how he determined the Democrats were in Ardmore.

That is a use of Federal resources. We have had ample reason to be concerned in recent months about whether the Federal law enforcement services would be used with reference to our private lives, and we have ample reason to be concerned when a powerful figure like majority leader TOM DELAY is involved with these Federal agencies when the Federal agencies from Homeland Security are out there tracing a plane operated by an elected official in Texas to give clues as to where these legislators are.

□ 1945

Mr. SANDLIN. Reclaiming my time for just a moment, let me make an inquiry of the gentleman, and I would like for him to continue, but let me make sure that I have this straight so that we understand what we are saying and what he is talking about.

Is the gentleman saying that the home Homeland Security Department that is charged with our homeland defense, that at a time when we are facing terrorism abroad and at home, and at a time when our State has a $10 billion deficit, and at a time when the Federal Government has a $7 trillion debt, are you saying at a time when these folks are charged with protecting our shores, our homes, our families, the very security of our country, at a time when that is their charge, that the government is using them for a political purpose to track down airplanes of State legislators for their political purpose?

Mr. DOGGETT. That would appear to be the report not from me, but from this morning's Fort Worth Star-Telegram, a very credible newspaper in our State. It is the Air and Marine Interdiction and Coordination Center. I would suppose that is the same entity that is supposed to be monitoring any airplanes that might be coming this way and placing American citizens again in harm's way, but they apparently had time, according to the newspaper report, and citing as apparently a source they talked to, Texas Republican House Speaker Tom Craddick, that they had time to provide him with key information.

It is unusual they would be following a plane from Hale Center, Texas, in the Texas Panhandle to Ardmore, Oklahoma, but apparently they had time to do that. As the gentleman knows full well as being one of the signatories of this letter, our concern is that there is a war on terrorism, and that resources would be diverted by TOM DELAY or other people away from the war on terrorism, away from fighting crime and into politically motivated activity of this nature.

Mr. SANDLIN. Mr. Speaker, I yield to the gentleman from Beaumont, Texas (Mr. LAMPSON).

Mr. LAMPSON. I am just curious in listening to this and knowing what kind of time and cost that that would be, when I know that many of our entities, ports along our coastline and many other places in the country, are strapped for money, is there any precedent in the history of the United States where something like this happened and what occurred following that incident?

Mr. DOGGETT. Of course we have the tragic history of Watergate that led to the departure of a President and growing disrespect and cynicism of our people as a result of the Watergate scandal, the misuse, the invasion of people's personal information, the misuse of Federal law enforcement services. That has been one of the concerns that people have had as we have given more and more power in our desire to combat those who would threaten our families, but giving more and more power to John Ashcroft and the people over at the Department of Justice. That is why we all write and ask to be assured that they are doing everything possible to see that there is no Federal tax dollar involved and that there is no diversion, but there would appear that there has already been some activity in this area.

Mr. LAMPSON. And not since the time of Richard Nixon when they interfered with a political activity using Federal funds, Federal people, Federal employees has something like that occurred until now?

Mr. DOGGETT. I think it is a sign of desperation, a sign of extremism, a sign of the same kind of arrogance that goes to the Texas Legislature after the Governor, after the Lieutenant Governor, after the Speaker, all Republicans, as well as a number of Republican State senators have said, ''We got a lot of problems. We want to focus on Texas. We don't need to take up redistricting.'' But now the pressure has been put on, the hammer has been applied there to them as individuals, and the knife has been pulled out to slice up one community after another in our State.

Mr. SANDLIN. Mr. Speaker, I yield to the gentleman from central Texas (Mr. EDWARDS).

Mr. EDWARDS. As I understand the article from the Fort Worth Star-Telegram, the homeland security agency, the responsibility of defending American citizens from terrorists here and abroad, they actually took taxpayer resources to follow a twin-engine plane from Hale Center, Texas, to Ardmore, Oklahoma; is that correct?

Mr. DOGGETT. They apparently had that information and supplied it to the Texas Speaker of the House.

Mr. EDWARDS. I have not been to Hale Center, Texas, lately. I think I recall they have a small cotton gin there. I know they have got maybe a drug store, a health center, perhaps known as a center for an al Qaeda cell, perhaps?

Mr. DOGGETT. He is a pretty good farmer up there. Mr. Laney is a farmer, a citizen legislator. I doubt there are that many Texans outside of west Texas that know precisely where Hale Center is. I do not know. Maybe that is why the current Speaker of the House had to turn to some Federal agency that is supposed to be protecting us from threats to try to find out where Mr. Laney's plane had gone from Hale Center.

Mr. EDWARDS. I thank the gentleman.

Mr. SANDLIN. Mr. Speaker, I yield to the gentlewoman from Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. I thank the distinguished gentleman for yielding. I think the news that the distinguished gentleman from Austin, Texas, has really reinforced is that not only do we have a crisis of the Constitution; be reminded of the 10th amendment that clearly delineates an argument that there is absolutely no Federal question inasmuch as the 10th amendment protects States from intervention on State issues. It has been my knowledge that the Republican Party has been champions of what we call states rights and lack of Federal intervention.

So I would like to ask the distinguished gentleman from Austin, Texas, we hope that there will be a district that is respectful of the people of Austin, Texas, because none of us claim any of these districts. Is he suggesting, then, that two things, or three things, happened: One, this is the former speaker of the house, my understanding, Pete Laney, who, in fact, opened the chambers of the house to the newly ascended President of the United States Mr. Bush; two, this is the former Pete Laney who has consistently collaborated in a bipartisan manner; three, there is speculation that with the inertia, sadly, of the work that is not being done here in this Congress on homeland security, that there was enough activity to utilize that resource?

And I guess lastly I would say that we have a situation where there is seemingly a use of money, might I make it very clear, dollars, Federal resources, being utilized for purely political purposes. Is that what we seem to have reported or was read in the Fort Worth newspaper?

Mr. DOGGETT. That seems to be what is reported by the Associated Press, the comments in the Houston Chronicle, in the Fort Worth Star-Telegram and in the Washington Times, all of these papers with Mr. DELAY as the principal source on most of them himself since he is rather proud of the way he projects his power around here. And certainly our concern is that resources that are very much needed to protect our families not be diverted for a personal political police force.

Mr. SANDLIN. Mr. Speaker, I yield to the gentleman from Texas (Mr. GREEN).

Mr. GREEN of Texas. Let me follow up to that line of questioning to my colleagues from Houston and Travis County. I think we all agree that we should not use Federal resources committed to the war on terrorism and to protecting our homeland to find people who have committed no Federal crime and no State crime. There is not a violation of the State penal code, and there is no Federal law violation. Not since Richard Nixon have we seen such an abuse of the law enforcement authority of the Federal Government.

As far as for most folks, as a Texan, I am proud of my State representatives for standing up for what they believe is right. I think that is what Texas was all about literally from 1836 to today. I am not the only one who thinks they are doing the right thing.

Monday the Houston Chronicle said, ''If they believe their principles are worth fighting for, and they have only one means to fight for them, it's difficult to fault them for it, particularly in a fight that was thrust upon them by Washington-driven partisan politics.''

Today the Houston Chronicle said, ''By thwarting DELAY's secretly drawn Washington redistricting plan, the House Democrats are preserving State prerogatives and doing all Texans a favor.''

Let me repeat that: ''Doing all Texans a favor.'' I think that is so true. That is why here tonight we see so many of us here on the floor at one time.

I want to thank my colleague from northeast Texas. We hope you will still be from northeast Texas and the legislature will go about their business to deal with school finance, deal with the $10 billion plus State deficit, and also with insurance reform, because I know our property and casualty insurance are the highest in the country. I thank the gentleman and thank all my colleagues for being here this evening.

Mr. SANDLIN. Mr. Speaker, I yield to the gentleman from Texas (Mr. DOGGETT).

Mr. DOGGETT. I want to thank the gentleman for taking the leadership on this. This is something that affects more than a few Members of Congress or even something as big as the State of Texas. It does affect the future of our democracy and whether alternative voices will be heard or will instead just be monitored by Federal agencies as they fly a plane or travel or engage in their personal lives.

I cannot help but conclude as I see colleagues from Harris County in saying, as the gentlewoman from Harris County pointed out, under the DeLay plan my home county, my hometown that I have spent all my life in, that I represent 80 percent of the people of now, within a stretch of about a mile and a half, there are four congressional districts. One connects Lago Vista out on Lake Travis within the city limits of Houston, traveling through all the little rural towns in between. Another goes a length of about 400 or 500 miles connecting another part of Austin, around San Antonio, down the Rio Grande all the way almost to the tip of Texas. The other two will trail off in different ways.

It is the same kind of extremism that tries to bring in the FBI. It is the same kind of extremism that hammers the people in the Texas Legislature to do the plan that he wants done. And it is the same kind of community that is being split asunder, the community that has the name of William Barrett Travis on it, who stood there and drew that line in the sand at the Alamo. It is that community that is being torn in four pieces in a way that is as unfair to the people that are being attached to Travis County as it is to the people of Travis County.

I thank the gentleman and all my colleagues.

Mr. SANDLIN. Mr. Speaker, I yield to a new Member the gentleman from Texas (Mr. BELL).

Mr. BELL. I appreciate this opportunity. I would like to first thank my good friend from Austin for bringing to light what could have been the use of Federal homeland security funds for the purpose of tracking a State legislator's plane. Obviously if that proves to be an accurate report from the Fort Worth Star-Telegram, I think everyone here, probably everyone in the country, would agree that that would be an outrageous use of Federal resources, and hopefully there will be a complete investigation to get to the bottom of that.

But while that might top the list of outrageousness on this particular evening, I think it is extremely important that we continue to remind our fellow Texans and our fellow Americans about what has created this particular situation, because going back even several months, this entire affair has been extraordinarily outrageous. It could have been easily avoided, and there was absolutely no reason for it whatsoever.

This is an unprecedented act in American history. We did research early on to find out if any State had chosen to undergo a redistricting process simply for partisan reasons long after a census had been taken. We found that that had not occurred in some 50 years, and if I am incorrect on that, I am sure my good friend the gentleman from Dallas, Texas, (Mr. FROST) will correct me because he was the one who was kind enough to have the research performed. But it has not taken place, because that is when redistricting occurs in the United States, after a census, after we can look at how the population has shifted and how the lines should be drawn.

But Mr. DELAY has said that because he is the majority leader, he wants more seats. He worked very hard to make sure the majority would change in the State House of Representatives and so he decided to use his heavy-handed tactics and force this power grab, this unprecedented action.

When I was back home in my district over the course of the last few days, people said, well, Texas is a majority Republican State now; is it not? So should it not have a majority congressional delegation? I think it is very important that we make that very clear tonight and set the facts forward here this evening.

Because of the way our Texas congressional districts are drawn, there are a majority of Republican districts in the State of Texas. In fact, there are 20 Republican districts and only 12 Democratic districts. You might be scratching your head because you have heard there is a Democratic majority. Yes, there are 17 Democratic Representatives from Texas and only 15 Republicans. Why? Because in five of those Republican-dominated districts, the voters have decided that they would prefer the Democratic Representatives to serve them in the United States House of Representatives. That is the way democracy works in America, ladies and gentlemen, and that is the way democracy works in Texas, or at least it did work that way until the majority leader decided that because he is the majority leader, and this is his quote, that he wants more seats.

This comes at a time when the State of Texas is facing a 10- to $12 billion budget deficit, when we are dealing with school finance, Medicaid funding, a children's health insurance program, serious issues, serious issues that are deserving of our State lawmakers' attention. But even in light of all of that, our majority leader decided to force their hand and go forward with redistricting. That is what brings us here tonight.

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And that is what caused our representatives in the State House of Representatives to go to Ardmore, Oklahoma.

Mr. SANDLIN. Mr. Speaker, I thank the gentleman from Texas (Mr. BELL).

Let me say before the gentleman from Austin leaves the Chamber, we appreciate his leadership in working on the issue of the misuse of Federal Government assets for intimidation and for political use, and I would also like to point out before yielding that this is also happening, as we know, at the State level with the use of State assets for political purposes. One of the State representatives in Texas, one of the heroes helping break the quorum is Representative Craig Eiland. Unfortunately, Representative Craig Eiland's wife was in the hospital, and they had premature twins. The twins are patients in the neonatal intensive care unit. The hypocritical speaker of the Texas House, Tom Craddick, sent investigators, sent the Texas Rangers, to the hospital to interview the nurses,

blasting into the neonatal unit to find out where in the world are the State legislators. And everyone in America knew where they were because it was on the television. They were in Ardmore, Oklahoma.

One of the State representatives from my district, not only a great State representative but a personal friend of mine, Chuck Hopson, his wife was in Austin and determined to go home. She left Austin to go to Jacksonville, Texas, probably about 4 hours. Upon leaving Austin, Tom Craddick put DPS officers on her tail and followed her 4 hours to Jacksonville, Texas, all the way. When she slowed down, they slowed down. When she speed up, they sped up. When she pulled over, they pulled over. This is getting dangerously close to a police State. That is improper. There was no allegation of breaking the law. There were no criminal allegations, no civil allegations; but we are using the power of the State to intimidate free citizens of the State of Texas.

And I have got a question. I want to know from Tom Craddick how many men he is following around in those cars. I want to know how many investigators he is putting on the men in Texas. I want to know why he is determined to try to intimidate the wives of our State representatives and using State assets and State funding to do that.

Mr. LAMPSON. Mr. Speaker, will the gentleman yield?

Mr. SANDLIN. I yield to the gentleman.

Mr. LAMPSON. The gentleman spoke of Craig Eiland, who is one of my constituents, Craig and Melissa; and their prematurely born twins are doing well in the hospital, thank goodness, but the night that those Department of Public Safety officers showed up in the hospital questioning the nurses that were taking care of those babies concerned Melissa significantly so, and then following that they went to her home to question her when it had already been announced, as the gentleman said, that they knew Craig Eiland was in Ardmore, Oklahoma, as did the rest of the country.

That is bordering on harassment, but it is also the use of public funds and public employees to perform tasks, as the gentleman says, reminiscent of a police state. But what about the work that the gentleman from Texas (Mr. FROST) did recently on the AMBER Alert? I have done a lot of work in my 6 years here about the issue of missing and exploited children and worked diligently to pass legislation that would give our law enforcement capability to work with the public of this country to help find missing people. Interestingly enough, I understand that the State of Texas turned on the AMBER Alert system to try to find members of the Texas legislature. Can anybody answer that? Is that the truth, Mr. FROST? Do you know that? Or Mr. SANDLIN?

Mr. SANDLIN. Mr. Speaker, I believe that is the truth, and I guess they are treating them as exploited children. I do not know, but it is clearly a misuse of the purpose of that notification center. It is absolutely outrageous; and as the gentleman knows from his leadership in the Caucus for Missing and Exploited Children, this Congress and the statehouse in Texas has worked very hard to help identify missing and exploited children, children that are away from their parents, and the assets and the energies of the AMBER Alert system are to do just that, not to find adult legislators, number one; and, number two, certainly not when everyone in the whole country knows exactly where they are.

Mr. FROST. Mr. Speaker, will the gentleman yield?

Mr. SANDLIN. I yield to the gentleman from Dallas (Mr. FROST).

Mr. FROST. I do want to answer the question, and then I do want to talk about one other item. As far as we can determine, that is exactly what they did. They activated the AMBER Alert, posting the information on the DPS Web site, clearly an abuse of that system that we worked so hard to get in place to help missing and exploited children.

I would like to call the public's attention and the Speaker's attention to something that is far worse than what they did with AMBER Alert. Thirty years ago I was a young man. I remember following this in the news. Thirty years ago President Richard Nixon tried to use the FBI and the CIA to get involved in the Watergate issue. That was widely reported in the press of this country. It was an abuse of power by the President of the United States and is one of the things that led to President Nixon's ultimate resignation. Now we have reports in the Texas papers, in the Fort Worth Star-Telegram, the Houston Chronicle, the Associated Press, that TOM DELAY attempted to use the FBI in this situation to intervene in a domestic political matter.

I remember when Nixon did this, Republicans were outraged. I remember when Barry Goldwater, a conservative Republican, went to the White House and said to Richard Nixon enough, enough, and urged him to resign.

I would urge Republicans, my Republican colleagues here in Washington and Republicans around the country, to tell TOM DELAY, as Barry Goldwater told Richard Nixon, this is not the kind of country we have. Tell TOM DELAY he cannot use the FBI to further domestic political agendas in this country.

As far as we have been able to tell and as far as the newspapers of the State have been able to tell, the FBI did the right thing and they refused, they refused to be involved in domestic politics, and I applaud that. Tell TOM DELAY, anyone who is watching this on television, whether you are a Democrat or a Republican or an independent, that the greatness of America is the freedoms that we enjoy. May we never become a police state. May we never become a society where the FBI is used against political dissenters in this country. It is time to put this to an end. And if TOM DELAY continues in this matter, continues trying to abuse our political system, then maybe there are some people in this country including Republicans who should go to him and say, Mr. DELAY, it is time to step aside as majority leader. You are no better than Richard Nixon; and I regret the fact, TOM DELAY, that you are from the State of Texas and that you are emulating Richard Nixon and what he did 30 years ago. I yield back to the gentleman.

Mr. SANDLIN. Mr. Speaker, I thank the gentleman. Along this same line, I would like to point out that all of us here completely support law enforcement, the Texas Rangers, the Department of Public Safety, our police; but they are acting under the direction of a misguided and a wrong-headed speaker of the House in Texas, Tom Craddick, in conjunction with the majority leader here, the two Toms, the Tom Toms, and they are beating drums, sending these folks out. And our Department of Public Safety folks, they have little choice of what to do.

But let me bring out a couple of other things that have happened. El Paso Police entered the home of Representative Joe Pickett where his 17-year-old daughter was at home alone, and his wife, who was a block away, quickly returned to the house. Representative Joe Menendez's wife found her car vandalized, parked right in front of the governor's mansion. A senior staff member, and this is particularly troublesome to those of us who protect the Constitution, a senior staff member of Representative Elliott Naishtat's office was told it was a felony to withhold information on the whereabouts of that legislator, and when asked what law was broken, the staff member was shown a copy of the House rules.

Police searched Representative Patrick Rose's car, which was left at a friend's house hours after the lawmakers were found in Ardmore, Oklahoma. The friends said law enforcement had staked out the house where the car was parked prior to the search.

Listen to what the Corpus Christi Caller-Times said: ''The wife of State Representative Jaime Capelo, Democrat, Corpus Christi, looked out her kitchen window Tuesday and noticed a blue four-door vehicle driving past. The driver looked at her home as he passed. The vehicle pulled up next to a white Chevrolet pickup parked down the street. 'I asked him why he was watching my house.' The man identified himself as a State trooper and told her that officials in Austin had called his office and told the troopers to follow her.'' Told the troopers to follow her. This is nothing but police state activity. It is something that we should be concerned about.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. MARIO DIAZ-BALART of Florida). The

Chair would remind the Members to address their remarks to the Chair and not to the television audience.

Ms. JACKSON-LEE of Texas. Mr. Speaker, will the gentleman yield?

Mr. SANDLIN. I yield to the gentlewoman from Houston (Ms. JACKSON-LEE of Texas).

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the distinguished gentleman for yielding.

I think it is important to capture the intensity of what we are trying to discuss. This is not an ordinary circumstance. This is an extraordinary circumstance. We have already gone on the question of the utilization of Federal resources. We have already gone on or discussed the idea of the very sensitive legislative initiative that took years in the making, the AMBER Alert. Then we add to that the insult of tracking and stalking family members to the extra added insult of the representation that the PATRIOT Act could be the underpinnings of Federal intervention and/or arrests of these members.

In questioning both the Department of Justice and the U.S. Marshal today in the Committee on the Judiciary, I am grateful to report that they were as dumbfounded as the questioner. Would they have any authority to either arrest and/or seek these members? To those questions there was a resounding no answer, and certainly there was an answer of not having any idea of their authority to do so.

But I want to just make this point. The reason why this is so extraordinary is because we have had the Killer Bees. In fact, Speaker Craddick some few years ago, 1971, 30 members disappeared during the 1971 session. Craddick was part of it, and they were called the ''Dirty 30.'' And they were protesting what I think was a positive protest to clean up the State of Texas with respect to the Shawtown scandal. Hooray for them. It is equal to the very act that has occurred by these 50, but do my colleagues know what? There is no evidence, none whatsoever, that any Federal authority was sought, that any family members were abused, that any hospitals were visited, that any inquiries were made because of sick family members, that any children were intimidated. None of this occurred.

And so, Mr. Speaker, this is why we are on the floor of the House. Not because there is not more important business to do in this Congress or in the State legislature. But we want to remind America and the State of Texas that the reason why these 51, 53 are standing tall is because this is an extraordinary and outrageous action that is occurring by the Speaker of the House in Texas and of course the leadership of this body.

Mr. SANDLIN. Mr. Speaker, I yield to the gentleman from San Antonio (Mr. GONZALEZ).

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Mr. GONZALEZ. Mr. Speaker, I thank my colleague for yielding.

Mr. Speaker, I know we have gone over some matters that have transpired in the State of Texas that should shock the conscience of any American citizen.

What are we talking about, because I know we have alluded to it, and maybe it may have been read into the RECORD earlier, but I would like to revisit it and use the very quotes from Mr. Craddick and the gentleman from Texas (Mr. DELAY) as they appear in the Fort Worth Star-Telegram. This is from the newspaper article.

''At the Capitol in Washington, United States House Majority Leader TOM DELAY said that the speaker of the Texas House in Austin, Tom Craddick, had asked for the FBI or U.S. marshals to intervene. 'The Speaker asked the FBI and/or U.S. marshals to go up and get these Members,' DELAY told the reporters.

''But Craddick, who a day earlier had suggested the possibility of Federal involvement, said Tuesday that he made no calls to any Federal agencies, saying that it was an issue for the Department of Public Safety in Texas. He said, 'I'm not into that.'

''However, a spokesman for the United States Attorney's Office,'' in my hometown of San Antonio, ''had no official comment, but a source confirmed that an unidentified person had called to inquire about federalizing the arrest warrant.

''The point seems moot now,'' a spokesman for the U.S. Department of Justice said, ''because it definitely is not for the Federal authorities. However, one Federal agency that became involved early on was the Air and Marine Interdiction and Coordination Center based in Riverside, California, which now falls under the auspices of the Homeland Security Department.

''The agency received a call to locate a specific Piper turboprop aircraft. It was determined the plane belonged to former House speaker Pete Laney, Democrat from Hale Center, Texas.

''The location of Laney's plane proved to be a key piece of information because, Craddick said, it's how he determined that the Democrats were in Oklahoma. 'We called someone, and they said they were going to track it. I have no idea how they tracked it down,' Craddick said. 'However, that is how we found them.'''

So we know there were Federal funds, Federal personnel used, definitely for an improper purpose if not for an illegal act.

We will get to the bottom of this. But what has spurred all this on? When they could not get the Federal authorities to go and arrest these individual members, our great Governor of Texas, Rick Perry, contacted the attorney general in New Mexico, because they thought that is where they were going.

New Mexico Attorney General Patricia Madrid responded today to a request from Governor Rick Perry's office to allow Texas officials to make arrests in her State. ''My office is researching the issue. It appears the short answer is no. Texas, as all other States, must first issue a valid arrest warrant upon which New Mexico officials may act and make an arrest, and then extradition procedures will apply to remove the person arrested to Texas.''

That can never happen, because we do not have a criminal act. No warrant is going to be issued, we know that, but, nevertheless, the Governor of Texas had the audacity to make that kind of request.

Now, how did the attorney general handle it in New Mexico? She ended it with this quote: ''Nevertheless, I have put out an all-points bulletin for law enforcement to be on the look out for politicians in favor of health care for the needy and against tax cuts for the wealthy.''

Because that is really what it comes down to. At the beginning of this process, the gentleman from Texas (Mr. DELAY) and other members of the Republican leadership were telling Texans that their plan would create new minority districts. This was not about partisan politics and more Republicans and getting rid of Democrats, it was about doing the lofty and admirable thing of adding minority districts.

Well, the map is out there, 1 of 10, but all 10 do not create minority districts.

Last week the gentleman from Texas (Mr. DELAY) finally admitted, ''Hey, look, I am a Republican. The purpose of all this is to get more Republicans.''

So now the mask is off, and that is where we are today. We have an abuse of the legislative process for partisan gain. It is the worst thing that could ever happen. It is practiced day in and day out in the Capitol of the United States, and they are attempting to export it to the State of Texas, and we have 53 brave and courageous State legislators saying, no, thank you, and do not mess with Texas.

Mr. SANDLIN. Mr. Speaker, I yield to the gentleman from Beaumont, Texas (Mr. LAMPSON).

Mr. LAMPSON. Mr. Speaker, I thank the gentleman for putting together this Special Order and giving us the opportunity to come and express some of the concerns about what is happening in Texas with a number of issues, redistricting being one of them.

We have heard a great deal about an abuse of power. But what was it all about? It was about someone who stepped in and tried to control Texas from outside of Texas, and that someone happened to be a Texan, but who holds a very high position as one of our colleagues here in this body, the majority leader of the House of Representatives, the gentleman from Texas (Mr. DELAY).

I find it absolutely amazing that our friends in Texas and some of our constituents in Texas who serve in the Texas House of Representatives have been able to choose to stand up in the manner in which they have; people like

Craig Eiland, whose wife was harassed by the Texas troopers, and people like Alan Ritter and Joe Deshotel, who took time away from their families to go away to Ardmore, Oklahoma, and to exhibit a protest.

And shame on those who have said that those people are turning their backs on their jobs and turning their backs on their constituents and not wanting to go back and address the problems of the State of Texas. That is nonsense, it is offending, because these people to want to go back, they do want to go back and do their jobs, and they do want to address the critical problems that face Texas today, whether it deals with financing of our education system, which is in dire straits, whether it is the health needs, or the significant deficit that Texas faces of $10 billion to $12 billion, and they will do so as soon as the speaker of the Texas House of Representatives agrees to get rid of these nonpriority, personal political agenda items so that we can address the real needs of the State of Texas.

I had a newsperson ask me today, Mr. Speaker, whether or not the people of Texas could be controlled by one person, and whether the Texas House of Representatives could be controlled by one person. I am thrilled to be able to say no, that it cannot be.

Yes, the Republicans may win on this issue in Austin, Texas, but we will raise every objection that we can possibly raise. And they may win in the Senate, and we will raise that objection again. And they may win in the courts, but we will be right there. And the sad part of it is that the people of Texas will pay over and over again with the costs that are going to be associated with legal assistance and defending this issue and the huge amount of time and effort that is going to be taken away from our need to address the real issues of Texas.

God bless those Texas legislators. We are proud of every one of you, and know you are going to do the Lord's work for all of us in Texas, and we will get to the bottom of it, and the people of Texas in the end will win.

Mr. SANDLIN. Mr. Speaker, reclaiming my time, I yield to the gentleman from Houston (Mr. BELL).

Mr. BELL. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I think it is very important as we discuss this important subject that we recall some historical perspective. My good friend from Harris County referred to some recent history just a short while ago in which he pointed out some of the hypocrisy of the current speaker of the Texas House.

It is also interesting to go back to the year 1984. The reason I think it is interesting is because a lot of people in the last few days have said, is this not just politics as usual? Is this not just what happens in the State of Texas?

Well, quite honestly, it is not. If you go back to the year 1984, that was the year that our current majority leader, the gentleman from Texas (Mr. DELAY), and five other Republicans were elected. It was an unprecedented success on the Republican side.

Interestingly, in 1984 the majority leader of this body, the United States House of Representatives, was none other than Jim Wright, a Democrat from Fort Worth, Texas. In the State House of Representatives, there was a strong Democratic majority, in the State Senate of Texas there was a strong Democratic majority. But in that year there was absolutely no effort made whatsoever to go back and redistrict and change those seats from whence the six representatives, the six Republican representatives, had been elected, because, quite simply, that is just not the way things have been done.

As we come to a close tonight, I want to go back to the Houston Chronicle editorial that my good friend the gentleman from Texas (Mr. GREEN) referred to earlier, because I think it makes a very eloquent case about what we have witnessed this week.

In its closing, perhaps the most valid criticism that could be made of the missing Democrats is that ''their place is in the capital, doing the people's business and debating the issues, win, lose or draw. In a more civil era that would be right. But Speaker Craddick throughout the session has discouraged debate, opposition amendments and all of the other give and take of politics. On many occasions, he and his lieutenants seem to regard examination and principal discussion of legislation as irritants. It is not too late to salvage the legislative session. It is past time, however, for Governor Perry, Speaker Craddick, Majority Leader DELAY, et al., to follow George W. Bush's gubernatorial example, and realize that good government is bipartisan government, shaped by compromise, and the broad public interest.''

Mr. SANDLIN. Mr. Speaker, I yield to the gentlewoman from Houston, Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. Mr. Speaker, let me just quickly say that there has been a representation that this meat cutter of a plan by the gentleman from Texas (Mr. DELAY) protects minorities and supports the Voting Rights Act of 1965.

Let me clearly say, Mr. Speaker, that that was an emotional time in our history. It was a time when there were deaths in Philadelphia, Mississippi; it was a time when the State troopers attacked peaceful marchers crossing the Edmund Pettis Bridge in Selma, Alabama, on March 7, 1965; it was a time when there was great intenseness in the United States Congress to be able to pass a Voting Rights Act of 1965.

This district, this plan, does not represent, commemorate or give honor to the Voting Rights Act of 1965. This plan is a sham, it is a shame, when it takes away the historic birthplace of Barbara Jordan out of the 18th Congressional District. All I can do is remind this body of the words of Barbara Jordan during the impeachment proceedings of Richard Nixon, that she would refuse to be diminished, and that she spoke for the people of the United States of America, and that she reinforced her belief in the Constitution.

This is a sham of a process. This Congress should be ashamed, the State legislature in Texas should be ashamed, we all should be ashamed, and we should get back to the business in celebration, commemoration in honor of the Voting Rights Act of 1965.

GENERAL LEAVE

Mr. SANDLIN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the subject of my Special Order.

The SPEAKER pro tempore (Mr. MARIO DIAZ-BALART of Florida). Is there objection to the request of the gentleman from Texas?

There was no objection.

MARKING 200TH ANNIVERSARY OF ZION LUTHERAN CHURCH IN HOLLIDAYSBURG, PENNSYLVANIA

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

Mr. SHUSTER. Mr. Speaker, I rise today to mark a significant historical event in the community of Hollidaysburg, Pennsylvania. This month the Zion Lutheran Church in Hollidaysburg will mark its 200th anniversary. The rich history of Zion Lutheran is a testament to its founders and all of its congregants to this day.

By 1803, population centers in the United States were expanding westward. As small groups of people started to settle west of the Allegheny Mountains for the first time, a small group of German immigrants, led by Pastor Frederick Haas, started the first congregation of Zion Lutheran Church in a log building in Frankstown, Pennsylvania, 200 years ago.

While many of the original members were used to the grand cathedrals of Europe, and the new log building was certainly a different way to worship for many settlers, their desire to worship and develop community moved them to embrace their new surroundings.

With the opening of the Pennsylvania Canal and the Allegheny Portage Railroad in 1830, Hollidaysburg flourished and became the county seat. As the town continued to grow, congregants needed a larger building to worship, and a new church opened its doors to the spiritual needs of the community in 1853. Today congregants of Zion Lutheran still make this building their center of spiritual community, and it also serves as a central feature of the historic section of the Hollidaysburg borough.

While the building is, itself, an historic, stately church and provides a beautiful place to worship, it is the people themselves, the congregants, that make Zion Lutheran a real natural treasure.

With 965 members, Zion Lutheran is the largest Lutheran church in Blair County. Leading the congregation is no small task, and its pastors, the Reverends Scott and Carol Custead, are the latest in a long line of God's servants who have provided the community with religious guidance that has brought stability and hope through God's teachings.

The word ''Zion'' literally means ''the dwelling place of God, where God meets His people.'' It gives me great honor to recognize Zion Lutheran Church in Hollidaysburg on its bicentennial, a place where God truly meets His followers.

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GOP RUNS ROUGHSHOD OVER TEXAS

The SPEAKER pro tempore (Mr. MARIO DIAZ-BALART of Florida.) Under a previous order of the House, the gentleman from Texas (Mr. BELL) is recognized for 5 minutes.

Mr. BELL. Mr. Speaker, I would first like to take this opportunity, because I did not get an opportunity to do so before, to thank several individuals for standing strong in Ardmore, Oklahoma. Representatives Garnett Coleman, Senfronia Thompson, Joe Deshotel, Joe Moreno, Scott Hochberg, Jessica Farrar, Rick Noriega, and Dora Olivo. I just want you to know that the people of Texas are with you, and we are thinking of you here in Washington, D.C.

Mr. Speaker, I yield to the gentleman from Texas (Mr. EDWARDS).

Mr. EDWARDS. Mr. Speaker, I would like to review after this hour-long debate we have just finished why virtually every major newspaper in Texas is editorialized in saying that ''what Mr. DELAY is trying to do in forcing a partisan redistricting plan down the throats of 20 million Texas citizens is wrong.''

First they admit and say that what he does diverts the legislature's attention from huge problems facing Texas. A $10 billion deficit, hundreds of thousands of children being thrown off the CHIPs health care program, school finance, it is important to parents all across our State. The editorials are right; the gentleman from Texas (Mr. DELAY) is wrong.

The secret back-room deals that the gentleman from Texas (Mr. DELAY) and Texas Speaker Tom Craddick would rip apart historic communities of interest, and they have orchestrated a process that only the Keystone Cops could admire and have drawn a bizarre map that would give modern art a bad name.

Let me be specific. First the process. Texas Republican legislators refused to have hearings across Texas, thus violating the legislature's own 2001 guidelines for seeking broad Texas citizen input into something as important as congressional redistricting. Finally, the one hearing they did have was in the Texas capital, but you know what? It started about 9 p.m. on Friday night a few weeks ago, did not finish until 6:30 a.m. on Saturday morning, with some of the capitol doors locking Texas citizens out of those hearings in the dark of the night.

Now, the Texas House redistricting committee then started playing the old rope-a-dope game coming up with new plans almost daily, kind of a map du jour to confuse Texas citizens so they would not know which maps were seriously being considered. And, even worse, the House committee chairman had the gall to say that he did not want to have hearings in south Texas because he could not understand Spanish. What a rather crude insult to the millions of Hispanic English-speaking citizens of south Texas.

Finally, the Mother's Day massacre plan. Last Sunday, while Texans, including myself, were honoring our families and our mothers, the forces of the gentleman from Texas (Mr. DELAY) had a different idea that day. They concocted a map for Texas congressional redistricting that no one had ever seen, not a single Texas elected mayor, city councilman, school board member, not any of the 20 million of Texas citizens. Their plan was slick. It was at 10 a.m. the next morning, this past Monday morning, less than 24 hours after that map was put on one Website with no press announcements, they were going to shove that map down the throats of the Texas House.

I admire Representative Jim Dunnam and John Mabry from Waco, because had they not stood up and broken that quorum, the people of central Texas and our historic rural central Texas district would have been devastated: one district carved into four congressional districts stretching from Fort Worth to the suburbs of Houston to San Antonio.

The process has been wrong, the map is wrong, and I admire these Texas profiles in courage for saying 20 million Texas citizens should not be shut out of having their voices heard when it comes to shaping the future of their communities for decades to come.

Mr. BELL. Mr. Speaker, I yield to the gentleman from Texas (Mr. SANDLIN).

Mr. SANDLIN. Mr. Speaker, first I would like to say thank you to all of my Texas colleagues who joined us tonight. This has been a wonderful debate and examination of the issues.

Mr. Speaker, the glorious history of Texas records many brave events like the Battle of Goliad and the Alamo. But the most important of all is the Battle of San Jacinto where General Sam Houston picked his battlefield, surprised his enemy, and prevailed for the people.

Today that battlefield is Ardmore, Oklahoma, where over 50 representatives are fighting for the rights of their constituents. They have clearly surprised the enemy and, God willing, those 50 for Texas will prevail for the people of our great State.

COMMEMORATING THE 49TH ANNIVERSARY OF BROWN V. BOARD OF EDUCATION

The SPEAKER pro tempore. 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, I rise this evening to begin the Congressional Black Caucus Special Order to commemorate the 49th anniversary of the United States Supreme Court's Brown v. Board of Education decision.

Mr. Speaker, the Brown v. Board of Education decision is one of the greatest decisions of the United States Supreme Court. That decision eliminated the ''separate but equal'' doctrine in our public school systems and ended what was one of the most abhorrent policies ever put in place in the United States.

''Today, education is perhaps the most important function of State and local governments. It is required in the performance of our most basic public responsibilities, even service in the Armed Forces. It is the very foundation of good citizenship. Today, it is a principal instrument in awakening a child to cultural values, in preparing him for later professional training, and in helping him to adjust normally to his environment. In these days, it is doubtful that any child may reasonably be expected to succeed in life if he is denied the opportunity of an education. Such an opportunity when the State has undertaken to provide it is a right which must be made available to all on equal terms.''

Mr. Speaker, these are the words that former Chief Justice Earl Warren delivered in his opinion of the Brown v. Board of Education case on May 17, 1954. These words still ring true today.

This Saturday will mark the 49th anniversary of the Brown v. Board of Education decision, and sadly, Mr. Speaker, 49 years later, the promise of Brown v. Board of Education still has not been realized.

The State of our public education system is extremely fragile. Not only are we living in a society where our public schools are unequal, but we are living in a society, 49 years after the death of Jim Crow, where our students are still learning in separate environments.

In the 2000/2001 school year, at least half of the black students in the State of Maryland attended intensely segregated minority schools. A report released by the Harvard Civil Rights Project last year found that the city of Baltimore has the most segregated school system in the entire Nation; the

most segregated school system in the entire Nation, Mr. Speaker.

I have the privilege of representing an economically diverse district, and I also have the privilege of visiting many of those public schools in my district. It always troubles me when I visit these schools and I am able to witness firsthand the disparities that exist. In affluent areas of my district, the students have a computer on every desk, while in the less affluent areas of my district, children seldom get to use a computer.

Let me be clear. I am in no way saying that the children in affluent areas do not deserve the highest-quality educational resources that can be afforded them. But what I am saying, Mr. Speaker, is that all children deserve these same educational tools, regardless of the color of their skin or the size of their parents' paycheck.

Not only do the schools in my district have an unequal distribution of resources, but they also have an unequal distribution of funding. In the 2000 school year, Maryland districts with the highest child poverty rates had $911.95 fewer State and local dollars to spend per student compared with the lowest poverty districts. Therefore, a public school teacher with 25 students in a low-income district had to find a way to prepare her students to succeed academically with almost $22,800 less than a public school teacher of the same subject in a more affluent neighborhood.

Mr. Speaker, when are we going to stop punishing our children for being born into a socioeconomic environment that is out of their control? When is our character as a Nation going to mature to the point where we recognize that our future is decided by the investments we make in all of our children and generations yet unborn?

Mr. Speaker, when presented with these disparities, some raise the question of whether or not an increase in school funding for schools with majority African American students or schools with majority low-income students would really make a difference. Are these children capable of achieving, some may ask? I submit to my colleagues that the question is not whether or not our kids can achieve, because not only can they achieve, but they are achieving despite the inequities.

For example, Mount Royal Elementary School in Baltimore, with a 99 percent African American population, the fifth graders outperformed all students in the State of Maryland on the State math assessment test for 2 years in a row.

Although the previous example illustrates that our children can achieve despite unequal funding and resources, we should not force our children to survive on crumbs from the table. It is robbery to deny our children the tools needed to learn. It is an offense of the highest degree, for not only are we stealing their future, but we are stealing ours as well.

Mr. Speaker, this discussion of separate and unequal is not only about buildings and dollars; it is also about having challenging curriculums, quality teachers, and real assessments that provide teachers with usable feedback in a timely manner. This discussion of separate and unequal is about not only ending discrimination by law, but about ending discrimination by practice in our country.

When we leave our Nation's Capitol this evening and walk on to the Washington streets, we will be walking into a tale of two cities, and this is probably true in many of the major cities in America. One part of our city is going to bed this evening filled with all of the material things in life. In the other, children will go to bed hungry. One city will live long and prosper due to the most advanced medical technology in the history of humanity. The other city, Mr. Speaker, will sicken and die before its time. One city is enjoying the fruits of educational opportunity. The other city seeks to educate its children with overcrowded classrooms and outdated books.

That reality is why we must seize this moment to remember the struggle that culminated in Brown v. Topeka Board of Education. That is why we must use this position of trust given to us by the people of the United States of America to reaffirm the vision and values that remain the foundation of that decision. An America that is separate is inherently unequal, and we must never accept that as a way of life.

That is why, Mr. Speaker, the Congressional Black Caucus has made H.R. 236, the ''Student Bill of Rights,'' the centerpiece of our education legislative agenda. The legislation of the gentleman from Pennsylvania (Mr. FATTAH) would move beyond theory and make equity in our K through 12 system a reality. It would require States to have a plan of action to eliminate the unequal funding of our public schools.

Mr. Speaker, I urge the United States House of Representatives and the United States Senate to pass this legislation. We must get on with the business of helping our public schools and securing our children's future. We do not have a day to spare.

Mr. Speaker, it gives me great honor to yield to the gentlewoman from California (Ms. MILLENDER-MCDONALD), who has fought continuously over many, many years in the State legislature and here in this House for children.

Ms. MILLENDER-MCDONALD. Mr. Speaker, I would like to thank the gentleman from Maryland (Mr. CUMMINGS), our distinguished chairman of the Congressional Black Caucus, so much, and I am happy to stand with him tonight as we embark upon the 50th anniversary of that extraordinary decision by the Supreme Court case Brown v. Board of Education.

Today I would like to add my voice to those of my fellow colleagues as we stand here to pay homage to the momentous Brown v. Board of Education decision.

□ 2045

Our Nation's history and, indeed, the history of African Americans and other traditionally underrepresented minorities was forever altered by this decision made on May 17, 1954. A group of 13 courageous parents took part in a class action suit filed against the Board of Education of Topeka Public Schools, and in doing so pledged to seek better educational opportunities for their children.

Parents today are still seeking those opportunities for their children. During this time in our Nation's history, public education was not as extensive as it is today in terms of curriculum content or even the length of the school year. Further, schooling for African-American children living in the South was particularly nonexistent and was even prohibited by law in some States. That is why the Brown decision reverberates so deeply throughout the South and, indeed, throughout the entire Nation. We must remember that the Brown decision finally moved away from Plessy v. Ferguson where the Supreme Court upheld racial segregation in schools and public places including schools as long as it was separate but equal. Those facilities were there and this is what happened given the Brown decision.

However, although the Brown decision was certainly one of the most critical Supreme Court decisions of the last century, it did not abolish school desegregation on its own. It took the dogged persistence of committed individuals and civil rights organizations to pressure school officials with the support of the Federal Government to force them to comply with the law. About 15 years passed after the Brown decision in 1954, before Southern schools were truly desegregated. And in my home State of California, the segregated educational system also remained for some time after the 1954 decision.

Following the Brown decision, many schools in the Upper South began the process of desegregating their schools, but in the Deep South resistance to change was strong. An opinion poll taken at the time showed that up to 80 percent of the Southern whites opposed desegregation efforts. The lack of a clear deadline for enforcing the desegregation of schools was an issue. And the Supreme Court mandated on May 31 of 1955 that school desegregation should proceed with all deliberate speed. However, such language was unclear, and it continued to frustrate African Americans and other civil rights supporters and caused opponents of desegregation to emerge in the form of the White Citizens Council and the Ku Klux Klan.

The resulting increase in violent attacks against African Americans was not enough to deter the young African-

American students like the Little Rock Nine from seeking access to a better education for themselves. We can look back on the struggles of these determined African-American students as a turning point, not only in expanding educational access for all but also as a defining moment in this Nation's civil rights movement, a moment that we do not wish to have turned away or taken off of the radar screen, Mr. Speaker.

We have made progress in terms of dismantling desegregation in our Nation, but we continue to face new challenges in terms of meeting the educational needs of our ever-changing population where minority students are still receiving unequal education.

I am gratified to have lived through the changes brought on by the Brown decision to our Nation's schools and, indeed, our way of life. But I am still dedicated and committed to ensuring that African-American students have quality education in our schools. I am deeply committed to ensuring that this peace that was brought on by the Supreme Court does not become a dismantled or even an eradicated piece of civil rights legislation and movement that this country certainly deserved to keep.

As we embark upon the 50th anniversary of Brown v. Board of Education, the Congressional Black Caucus will be looking with great interest as to what this Supreme Court and, indeed, this deliberative body does for the African-American children of this country.

Mr. CUMMINGS. Mr. Speaker, I yield to the distinguished gentleman from Missouri (Mr. CLAY), who too has worked hard in the area of making sure that these living messages that we send to a future we will never see are well educated and who are treated fairly and allowed to be all that God meant for them to be.

Mr. CLAY. Mr. Speaker, I thank the gentleman for yielding to me.

Mr. Speaker, tonight we look back nearly a half century to the 1954 case to Brown v. Board of Education of Topeka and the impact on this Nation.

The Supreme Court took a bold step at that time to right the wrongs and correct years of injustice. The court stepped out of the box to do what was right. Even so, in Missouri the city of St. Louis and county schools continued to defy the high Court as a large segment of children continued to attend segregated schools and receive an inferior education. Regrettably, it took a local court case in the 1970s to desegregate St. Louis city and county public schools.

On a personal note, my family was subjected to the sordid history of segregated schools. My grandmother, Luella Hyatt, was born in suburban Black Jack, Missouri, in the early 1900s and was denied access to schools there. She was forced to move to St. Louis City to attend school with other African Americans.

Segregated schools were tragic and the ramifications of children receiving an inferior education put them at an economic and social disadvantage, from their receiving outdated hand-me-down books from white children, to their lowly social standing overall.

It cannot be said enough that children of color suffer greatly. In that context Brown v. Board of Education was a remedy to right a grievous wrong.

Today as we look back and then turn again towards the future, I am dismayed. I am not dismayed at how Americans have continued to undo past wrongs. Nor am I dismayed at the shoulders on which I stand and what they tried to accomplish. Integration in the context of their times had its merits. What dismays me is that any lessons we can learn from the past appear to be lost on this generation of leaders. And for that I feel we must find a fix.

In retrospect, a lot of things have happened in education since the 1950s. The nobility of true integration was not accomplished and a new form of segregation has taken the place of the old. Yet, while Brown v. Board of Education was certainly about education, it was about much more. It was part of a long chain of events which each successive generation took a turn to right wrong and chip away at racism and segregation. Now it is our turn to try and attain that elusive ideal of one Nation, under God, indivisible, with liberty and justice for all.

I am a product of public school. I have always been in support of public education. A public education has served my wife, Ivy, and I, as well as my daughter, Carol, who also attends a public elementary school in the city of St. Louis; and, in fact, her school, Kennard Classical Junior Academy, was one of 15 schools in the State of Missouri recently given the distinction of a gold star status. So not all public education is problematic.

Both St. Louis and Missouri have a lot of relevant educational history. For example, the St. Louis public schools opened the Nation's first kindergarten. And in the 1840s it was illegal for African Americans to read and write. First Baptist Church Pastor John Berry Meachum took matters into his own hands. Mr. Meachum opened the Freedom School on a barge in the Mississippi River which was Federally owned and thus out of the reach of State law. And at the college level, a 1938 Missouri case, Missouri ex rel Gaines v. Canada, found that the University of Missouri by denying a black student administrations to its law school, though it did create a separate black law school in a building housing a movie theater and a hotel, created an unfair privilege for white students that did not extend to similarly qualified African American students.

Mr. Speaker, like a strait jacket, segregation debilitated this Nation for generations. But the victory of Brown v. Board of Education was not happenstance. It was the result of a well-thought-out strategy by a progressive people trying to build a progressive Nation. Comprised of a combination of five lawsuits from around the Nation, Brown v. Board was argued using expert witnesses to show the psychological and sociological damage of inferiority done to black children as a result of segregation.

Convinced separate but equal violated the equal protection clause of the 14th amendment of the U.S. Constitution, the high Court would ban segregation in public schools. As we all know, desegregation was not immediate, easy, nor complete. In a separate decision known as Brown II in 1955, the Court set desegregation guidelines. But without deadlines, only the infamous ''with all deliberate speed'' in the opinion, segregation lingered and segregationist met integration with violence and hatred. With integration, some whites fled to the suburbs creating de facto segregation in urban schools. And as the urban core deteriorated by the outflow of population and businesses, the urban schools have essentially become second class schools, separate and unequal, despite the law.

In closing, I want to thank the leadership in the Congressional Black Caucus for scheduling this time to mark the anniversary of a major milestone. Certainly the shortcomings of the last half century were no fault of Brown v. Board of Education. Certainly it was not the children who dutifully woke up every morning and attended classes in schools provided by governments throughout this Nation. And most certainly it is not the poor and economically impoverished Americans trying to feed those children every day and trusting that one day their lives would be better for them and their children.

The children have not failed. Those in government who build, staff and fund this Nation's schools have collectively failed the children. When government officials spend more to incarcerate than to educate, it sends the wrong message to our youths. When government blames the victims of racism, economic oppression, and cultural bias and punishes them through denial, sanctions and promises left unfilled, then there is no wonder the youth of this Nation have rebelled en masse against education, a law-abiding lifestyle, and unfulfilled promises. Such reality today is as important as Brown v. Board of Education was to this Nation then.

The abiding purpose of government is to promote stability in our communities and to care for those who cannot care for themselves. The rich will always take care of themselves and many send their children to private schools run by people they have a voice in choosing and in facilities they help build. The common everyday citizen lacks that luxury. With many of our public school systems in disarray, teachers spending more time trying to maintain order and not teach, for millions of American children the future is

not bright. Again, it is not because of Brown v. Board of Education; rather, it is systemic failure of government to care about educating our children.

God forbid that another generation of Americans indigenous to this Nation remain undereducated, underserved and in poverty. That was the real point, the real goal of Brown v. Board of Education. And that age-old dream of future generations of equally educated American children building a Nation capable of overcoming the burden of a segregated divisive America has yet to come true.

Mr. Speaker, I thank the gentleman.

□ 2100

Mr. CUMMINGS. Mr. Speaker, I want to thank the gentleman for his statement. The gentleman talked about his grandfather. I could not help but think about my father and many of the Congressional Black Caucus members who will come here tonight are descendants of former sharecroppers and, of course, slaves, but I will never forget as I was just about to introduce the gentleman from South Carolina (Mr. CLYBURN) when my father, who was denied an education living in Manning, South Carolina, only got to first grade because he was made to plow the fields and plant the cotton.

I will never forget on the day that I was sworn in standing where the gentleman is standing right there, my father came down and met me out here in the hallway after the swearing in, and the only time I had ever seen my father cry, tears were rolling down his face. I said, Dad, what is wrong? He said, now I see what I could have been if I had been given the opportunity to have an education.

So that is just a perfect segue to our colleague, the former chairman, but first I will yield to the gentleman.

Mr. CLAY. Mr. Speaker, if the gentleman would yield, of course, it reminds me of an article I read yesterday about the gentleman my colleague is about to introduce that his staff shared with us about his father, and I do not want to take his thunder, but it talked about how his father was denied a college degree from a divinity college in South Carolina because he could not obtain a high school diploma because the State law in South Carolina in the 1940s was that no African American children could go beyond the seventh grade, and that tells me something about the ramifications which I never lived through full-blown segregation, but it certainly tells me about the ramifications of segregation and about how we are to address righting that wrong. So it brought tears to my eyes.

Mr. CUMMINGS. Mr. Speaker, I want to thank the gentleman, and it certainly gives me great pleasure, Mr. Speaker, to yield to my colleague from South Carolina, who has just dedicated his life to tearing down barriers that are separating people from opportunity and has given so much over the years and not even worrying about his own convenience. And he is, of course, a former chairman of the Congressional Black Caucus and vice chairman of our Democratic Caucus from the great State of South Carolina (Mr. CLYBURN).

Mr. CLYBURN. Mr. Speaker, I thank the gentleman so much for yielding to me.

Mr. Speaker, I come to the floor tonight because I am a little bit concerned about where we are and how we got here. Over the next year, in fact, if I may, next May 17, we will celebrate the 50th anniversary of Brown v. Board of Education of Topeka, Kansas. That means that come Saturday we will celebrate the 49th anniversary. Over the next year we will hear a lot about Brown, and, in fact, on May 17, 50 years to the day of that decision, there will be a new park opened in Topeka, Kansas, to honor the case.

I do not begrudge the people of Topeka, Kansas, for their new park, but I do have a real problem as a former history teacher with revisionism because Brown took on the name for some very unusual reasons. If we were to go by tradition and name cases based upon the alphabet, this case would have been called Belton, because the case coming out of Delaware, one of the five that led to Brown, was Belton against Gebhart. If the case had taken on the name of the first to file, it would have been called Briggs because Briggs v. Elliot, which started in South Carolina, was first filed on May 16, 1950. Nine months later, the Brown case was filed, February 28, 1951, and 3 months later, May 23, the Davis case in Virginia was filed, and somewhere between January and April of 1951, Bolling against Sharpe, the D.C. case, was filed.

Mr. Speaker, I point this out tonight because the people of Clarendon County, South Carolina, that I am proud to represent here in this body, the birthplace of our current Chair's parents, both his mother and father were born in Clarendon County School District No. 1, where this case originated.

So tonight I wanted to come to the floor to put on the record the exact history of Brown because so much is being said about this case, and very little of it is accurate.

In a 1947 meeting on the campus of Allen University in Columbia, South Carolina, Reverend J.A. DeLaine heard a speech challenging the ministers who were independent from the system to get involved in helping to right some of the wrongs that existed in our society. Reverend DeLaine left that campus that day and went back home to Summerton, South Carolina, where he began to meet with his church members, and in 1947, he asked the parents to petition the superintendent of schools to ask for a school bus.

At that time parents were sending their kids to school having to walk 9 and 10 miles one way. They were denied a school bus, and so they pooled their resources and raised money to buy a used bus to transport their kids to school. Gas was expensive, and the bus was old, and it kept breaking down. So they went to a local farmer, Levi Pearson, and in 1948, Levi Pearson filed a lawsuit asking for his children, who at that time were walking 9 miles one way to school, to be provided transportation.

We have got to understand that all the white kids in that county were riding school buses, but black kids were denied a school bus.

The case was thrown out because Levi Pearson's farm was in both school districts, both the Manning school district and the Summerton school district, and on a technicality they decided that Levi Pearson's house was in the Manning school district and not the Summerton school district. So the case was thrown out.

In 1949, Reverend DeLaine met with the NAACP and petitioned the all-white county school board to provide equality of education for their children. It, of course, was denied. So in October of that year, they all met in the home of Harry Briggs and his wife Eliza.

Anybody that comes into my office today will see on my wall a great picture of Eliza Briggs. For as long as I serve in this august body, Mrs. Briggs' picture will have a prominent place on the wall of my office.

Mr. Harry Briggs was an attendant at a filling station. He was fired from his job for signing the petition. They eventually moved to Florida where they lived out their productive lives, moving back to Clarendon County when they were no longer able to be productive.

In 1950, the school board refused to respond to the petition, and then in February 1951, the State of South Carolina entered the case on behalf of the school board. So not only were these people denied by their county school board, but now they were being fought by their entire State mechanism.

In 1951, the State of South Carolina decided that it would use all of its resources to preserve a separate but equal, inherently unequal, school district.

In 1953, the Supreme Court heard arguments, and on May 17, 1954, 4 years and 1 day from the time the case was first filed in Summerton, South Carolina, these people got what they sought, and that was a decision by the United States Supreme Court that separate but equal was inherently unequal.

I want to share with the folks who are looking in tonight a couple of statements from three descendants of these, I would call, brave, heroic people. They are all here in Washington today, and on yesterday here in Washington, here is what Harold Gibson had to say. He said that ''my mother and father was faced with a choice. Take your name off of the petition or be evicted from your home. They were evicted on Christmas Eve.''

Ms. Annie Gibson, Harold Gibson's mother, her picture is on the wall of

my office, and it, too, will always be there for as long as I am here.

Listen to what the DeLaine brothers had to say about their dad, J.A. DeLaine, whose father spearheaded the case: Our house was burned to the ground. Shots were fired into the new home into which we had moved. When my father fired back, local authorities issued a warrant for his arrest. For their safety, the family fled in 1955 to Buffalo, New York, and it was not until the year 2000, 25 years later, that the State of South Carolina dropped the charges against Reverend DeLaine. Now, it was 45 years later from the time of the charges, but 25 years after his death.

I bring this out tonight because when I went to work for John West in 1971, John West, the Governor of South Carolina, received a letter from Reverend DeLaine. Reverend DeLaine wrote Governor West and said that he was getting up in years, his health was beginning to fail, and he wanted to come home to South Carolina to die. John West asked me to look into the case and to plan a homecoming for Reverend DeLaine. He wanted us to have a ceremony that would mark an end to this episode and to be a new beginning for the State of South Carolina.

We could not bring Reverend DeLaine back home because there living in Clarendon County was one of the original people who swore out the warrant, and in spite of the Governor's pleadings, the law enforcement officers' pleadings, he refused to drop the case.

□ 2115

So Reverend DeLaine came back as far as Charlotte, North Carolina, where he eventually died and is buried.

Now, the case of Briggs. Listen to what Nathaniel Briggs, says: ''My father worked at a gas station. It was owned by the mayor of Summerton. He lost his job and my mother lost her job at the local hotel.''

Mr. Speaker, I want to close my comments by thanking our Chair of the Congressional Black Caucus for organizing this Special Order tonight, and to close on this note. As historic as this is, the fact of the matter is we have not gotten there yet. In fact, come August, the State of South Carolina will be hearing a case in the same courtroom where the Brown case started as Briggs against Elliott. In that courtroom, we will be listening to arguments over whether or not it is constitutional to still underfund school districts with high populations of black students.

In South Carolina today, the law is that we in the State are required to provide a public education, but we are not required to provide an adequate education. And, therefore, schoolchildren in school districts with high black populations are not being funded to the same level as school kids in other districts. And I want to point out, as I close, the inequity. Today, in South Carolina, school districts with higher percentages of African American students have 313 fewer State and local dollars, fewer than students with school districts of low levels of African Americans. This inequity translates into a gap of $8,000 a year per classroom and more than $1 million a year per school. That tells the story.

So though Brown is now 49 years old, equal educational opportunities have not come to Clarendon County or South Carolina yet. Hopefully, this case that will be heard in August will be decided before May 17, 2004, and decided by law and equity, so that, hopefully, as we celebrate the 50th anniversary of Brown, we can celebrate the beginning of equitable education for black people in Clarendon County, South Carolina, and our Nation. I thank the chairman for allowing me this time.

Mr. CUMMINGS. Mr. Speaker, I want to thank the gentleman.

And may I inquire, please, as to how much time I have left.

The SPEAKER pro tempore (Mr. CHOCOLA). The gentleman from Maryland has 15 minutes remaining.

Mr. CUMMINGS. Mr. Speaker, I now yield to the distinguished gentleman from Virginia (Mr. SCOTT).

Mr. SCOTT of Virginia. Mr. Speaker, I thank the gentleman for yielding to me, and I am honored today to praise the NAACP Legal Defense Fund for inaugurating the Red, White, Blue and Brown Campaign to commemorate next year's 50th anniversary of the landmark decision Brown v. Board of Education and to help ensure that the spirit of Brown is fully understood and realized.

The decision is special to me because when the case was decided I was an elementary school student in a segregated public school. My father was a member of the local school board and was on the short end of many four-to-one votes as the decision was being implemented.

I served in the Virginia legislature with several members who had actually voted for and against so-called ''massive resistance.'' Massive resistance was Virginia's sad reaction to the Brown decision. Virginia took advantage of the language in the Brown decision which referred to the right to education with the phrase ''Such an opportunity where the State has undertaken to provide it is a right which must be made available to all on equal terms.'' Under massive resistance, Virginia decided not to provide any public education at all rather than to integrate. As a result, schools in Prince Edward County were closed from 1959 to 1964.

In Prince Edward County, 117 African American students chose to strike rather than attend all black Moton High, which was badly in need of repair. Moton had no gymnasium, cafeteria, infirmary, or teacher restrooms. The overflow of students was housed in an old school bus and three buildings covered with tar paper. Local parents had repeatedly sought improvements from the local school board without success. Students initially wanted a new school building with indoor plumbing to replace the old school.

Strike leader, Barbara Johns, enlisted the assistance of NAACP attorneys. The lawsuit, Davis v. County School Board of Prince Edward County, was filed in 1951 on behalf of the students by the Virginia NAACP attorneys Oliver Hill and Spottswood Robinson. The United States District Court ordered equal facilities to be provided for black students but denied the plaintiffs the admission to the white schools during the equalization program. Attorneys for the NAACP filed an appeal, which ultimately became consolidated with other cases, including Brown v. Board of Education of Topeka.

Because of the deplorable conditions in virtually every black segregated school, many suggest that segregated schools are illegal because they are always inferior and that that was the decision in Brown. In fact, the lesson of Brown is that segregation in and of itself denies equal educational opportunities. The court wrote in the Brown decision: ''We come then to the question presented: Does segregation of children in public schools solely on the basis of race, even though the physical facilities and other 'tangible' factors may be equal, deprive the children of the minority group of equal education opportunities? We believe that it does.''

A philosopher once noted that those who cannot remember the past are condemned to repeat it. So I am delighted the NAACP Legal Defense Fund is instituting this initiative to remind people what Brown was all about and that the fight for equal educational opportunity did not end with Brown. The lesson of Brown still applies today.

Let us look at the issues we are debating as we speak: minority enrollment in State universities, not only affirmative action at the University of Michigan but also issues involving the vestiges of dual higher education systems in most Southern States; vouchers, the very scheme used in Virginia to fund segregated academies while public schools were closed; disparate funding of education, inner city schools spend significantly less per student than suburban schools; Individuals with Disabilities Education Act, whether a free and appropriate public education can be denied to individuals with disabilities; resegregation of schools, forty percent of black students in 2000 attended schools which were over 90 percent black; High stakes testing, we know that poor students, non-English speaking students, students with disabilities, as well as many minority students receive an education of lesser quality than their counterparts. The use of high stakes testing in educational decisions only exacerbates these inequalities, especially since many of those tests have been found to be racially biased. Even the President's

own faith based initiative, which for the first time since 1965 allows sponsors of federally funded programs to discriminate in hiring based on religion and, de facto, race, since 11 o'clock on Sunday is still the most segregated hour of the week.

So I am delighted that the NAACP Legal Defense Fund is instituting this initiative to remind people that the fight for equal education did not end with Brown. The NAACP Legal Defense Fund was there with the filing of Brown and remains vigilant and on the case today with this commemoration of the spirit of Brown to once again fight to have all children properly educated. While the legal defense fund may be best known for its work in Brown v. Board of Education, its historic involvement began in 1935, when the legal defense fund lawyers Charles Houston and Thurgood Marshall won the legal battle to admit a student to the University of Maryland.

Education has been the cornerstone of the NAACP Legal Defense Fund's push for social justice. The legal defense fund knows the truth of the language in the Brown decision, which states: ''It is doubtful that any child may reasonably be expected to succeed in life if he is denied the opportunity of an education.''

So I am pleased that the NAACP Legal Defense Fund, under the distinguished leadership of Elaine Jones, is continuing its long tradition of legal action in the education area. America is better because of that tradition.

Mr. CUMMINGS. Mr. Speaker, I thank the gentleman for his wonderful statement, and I yield now to the distinguished gentleman from the great State of Illinois (Mr. DAVIS).

Mr. DAVIS of Illinois. Mr. Speaker, I want to thank the gentleman for yielding to me and also for his leadership as chairman of the Congressional Black Caucus.

We gather here this evening to mark the 49th anniversary of Brown v. Board of Education, Topeka, Kansas. The question is, How should we take note of this date?

I would guess for many Americans living today Brown v. Board of Education is the best known, perhaps the only known, Supreme Court decision. The decision has achieved almost mythical status. For some, Brown was a statement on centrality of education.

Only this morning I had the opportunity to speak from this same well on Carter G. Woodson's observations about how, if you control a man or a woman's mind, you do not have to worry about how they will act. Brown, for me, was a step forward in freeing the minds of African-American children.

For others, Brown was a kind of milestone, a launching point, if you like, of what we like to call the civil rights movement, the civil rights era. Historians will argue about cause and effect, about the many other struggles obtaining that midpoint of the century. But there is no doubt that Brown was a powerful symbol, an impetus for the acceleration of the struggle for African-American equality.

For still others, Brown signaled the death knell for a system of de jure segregation which consigned African Americans to a life of separate and unequal. The death knell may have well been sounded by Brown, but vestiges of the institution of segregation and inequality remain even today, some in new mutated and perhaps even more malignant forms than those which existed 49 years ago.

Mr. Speaker, there is no doubt Brown represents the power and potential of masses united in struggle for justice and equality. The larger question before us tonight is, has Brown achieved its goal of equality in education and educational opportunity for African Americans? The sad answer, after so many decades of struggle, remains: No.

In 1980, the typical African American school student attended a public school that was 36.2 percent white. In 1996, the typical African-American school student attended a public school that was 33.9 percent white. Segregation remains the norm for the typical African-American child. The percentage of 18- to 24-year-old African Americans who had completed high school in 1975 was 64.8 percent. In 1995, 76.9 percent.

The total number of doctorate degrees awarded in 1996 in the fields of geometry, logic, number theory, topology, computing theory, astronomy, astrophysics, acoustics, nuclear chemistry, theoretical chemistry, atmospheric physics and chemistry, meteorology, geology, geochemistry, paleontology, mineralogy, geomorphology, hydrology, oceanography, marine science, engineering physics, engineering science, nuclear engineering, ocean engineering, petroleum engineering, systems engineering, biophysics, plant genetics, bacteriology, endocrinology and zoology, the total number, was 1,605.

□ 2130

The total number of doctorates awarded to African Americans in these fields was zero. In 2000, for the sixth consecutive year, the number of African Americans earning doctorates reached an all-time high. That year, 1,656 African Americans received doctoral degrees. But this impressive string of annual increases in African-American doctoral awards came to a halt. In 2001, African-American doctoral awards declined to 1,604, a drop of 3 percent.

So tonight on the eve of the 49th anniversary of Brown v. Board of Education, equality or equal opportunity is beginning to diminish from what had even been achieved. Even in my State, the State of Illinois, the Land of Lincoln, there are school districts which spend almost three times as much money per pupil as other school districts because of the formula used to fund education. There is no way you could call that being equal.

Mr. Speaker, I thank the gentleman from Maryland (Mr. CUMMINGS) for taking out this Special Order and again commend him for his leadership as chairman of the Congressional Black Caucus.

Mr. CUMMINGS. Mr. Speaker, I yield the balance of my hour to the distinguished gentlewoman from California (Ms. WATERS), former chairwoman of the Congressional Black Caucus.

Ms. WATERS. I thank the gentleman from Maryland (Mr. CUMMINGS), the Chair of the Congressional Black Caucus, for organizing this special order and yielding to me. I join with him this evening to recognize a pivotal anniversary in American history. On May 17, 1954, in Brown v. Board of Education, the Supreme Court ruled unanimously that racial segregation in our Nation's public schools must be ended with all deliberate speed. In its unanimous vote to overturn the 1896 case of Plessy v. Ferguson, which established the doctrine of separate but equal, Brown v. Board of Education laid the cornerstone for all of the progress towards equal education opportunity for blacks in America.

The Brown decision was the beginning of the end for legal segregation in public places in the United States. The African-American community in particular increased pressure on the legal and political establishment to bring an end to State-sanctioned segregation in all public facilities. Of course, we all know about the importance and accomplishments of the civil rights movement. We also know that these achievements were hard-earned. Often they came with an enormous price.

The Brown v. Board of Education decision was based on the equal protection clause of the 14th amendment. It is also based on the fact that segregation is dehumanizing. The Court acknowledged that the impact is even greater when it is supported by the sanction of law.

While we have made much progress for our struggle toward equal educational opportunity, current events demonstrate that there are significant clouds on the horizon. Consider, for example, the tenuous status of affirmative action programs. We are at the threshold of what could be the beginning of the end of affirmative action programs in our colleges and universities. The Supreme Court will soon rule on the constitutionality of the University of Michigan's undergraduate law school admissions plans. While I fervently believe that these programs are fully constitutional and defensible, the Michigan case could well be decided against affirmative action. The consequences of such a decision on minority admissions to colleges and professional schools could be enormous. If the Michigan case results in a ruling against affirmative action, we will turn the clock back and retreat from our commitment to providing equal educational opportunity for African Americans, Hispanics and all minorities.

Mr. Speaker, history has already recorded that the President of these United States of America, George W. Bush, revealed his true feelings about equal opportunity for all of America's children when, in fact, on January 15, Martin Luther King's birthday, 2003, the President of the United States, using divisive language claiming the Michigan program was a quota program, announced his support for the lawsuit against the University of Michigan, opposing the most reasonable affirmative action program ever implemented in this country.

Mr. Speaker, the President of the United States, who claims an education policy of leave no child behind, a President who claims to have a program of outreach to minorities, a President claiming to want to attract African Americans to the Republican Party, is actually a President who wants to have it both ways. I say this to the President this evening, using his own words as he described the United States' allies, in his preemptive strike against Iraq, he said to the allies, ''You're either with us or you're against us.'' Mr. President, I say to you this evening, You're either with us or you're against us. And, Mr. President, you cannot be with us as you destroy our chances to access education and better our lives, the lives of our children and the lives of our families and our communities.

Mr. Speaker, I will close by just sharing this with you. The Supreme Court unanimously agreed that segregation of children in public schools solely on the basis of race did, in fact, deprive minority children of equal education opportunities. Their answer was the right answer, the only moral answer, the answer that has driven the progress of the civil rights movement for the last 50 years. As we recognize and commemorate this important milestone in the civil rights movement, we must remain forever vigilant to ensure that we will continue our progress towards equal educational opportunities and not allow conservative zealots to return us to the days of separate but equal.

COMMEMORATING 49TH ANNIVERSARY OF BROWN V. BOARD OF EDUCATION DECISION

The SPEAKER pro tempore (Mr. CHOCOLA). Under a previous order of the House, the gentlewoman from California (Ms. WATSON) is recognized for 5 minutes.

Ms. WATSON. Mr. Speaker, I rise to commemorate the 49th anniversary of the historic Brown v. Board of Education decision. On May 17, 1954, the Supreme Court unanimously declared that separate educational facilities are inherently unequal and as such violate the 14th amendment to the United States Constitution which guarantees all citizens equal protection of the law.

This is one of the most important legal decisions for human rights in American history. This battle, however, did not occur overnight. The struggle for equality for African Americans began over three centuries prior to Brown v. Board of Education. In the United States from the early 1600s to the 1860s, peoples of African descent sought the most fundamental of rights, individual freedom. Despite the 1863 Emancipation Proclamation and gains made by the 13th amendment, which outlawed slavery, African Americans remained in economic and social bondage enforced by segregation. Even the passage of the 14th amendment, which guaranteed equal protection under the law, and the 15th amendment, which afforded African Americans voting rights, did little to abridge de facto segregation policies.

In 1849, the father of 5-year-old Sarah Roberts initiated the legal battles for equality in education. Sarah would walk past five white elementary schools to Smith Grammar School, a segregated school in Boston. Smith was badly run down, so Sarah's father unsuccessfully tried to enroll her in one of the white schools. He selected African-American attorney Robert Morris, who was joined by noted abolitionist Charles Sumner, to represent his case, Roberts v. City of Boston. Similar cases occurred throughout the United States involving American children of African, Asian, Hispanic and Native descent in the wake of Roberts v. City of Boston.

Not until 12:52 p.m. on May 17, 1954, did a court decide in favor of the plaintiff in any of these cases. On this day, the Supreme Court rejected the 1896 Plessy v. Ferguson decision ruling, stating, ''We conclude that in the field of public education, the doctrine of separate but equal has no place. Separate educational facilities are inherently unequal.'' Segregation and Jim Crow were legally dead.

Yet as we celebrate this victory, we must acknowledge that we are still making strides to attain equal opportunity in education. As de jure segregation faded, pre-Jim Crow economic conditions remained which perpetuated de facto segregation that continues in many cities to this day. These conditions continue to negatively affect the educational opportunities of many of our Nation's African-American children. We cannot deny that Brown v. Board of Education afforded African Americans a better chance to receive a quality education. We cannot deny the rising statistics of African Americans going to college and obtaining postgraduate degrees. We also cannot deny the ever-increasing median income of African Americans or the rise of African-American business owners and professionals, all of which are directly related to educational opportunities. However, we also cannot deny that the gap between white and African-American achievement remains substantial. Black people continue to graduate from college at half the rate of white people.

It is unfortunate that after all these years, we are still in an uphill battle over full inclusion in our Nation's society. This is why we must do more than commemorate this decision. We are obliged to be forever proactive in ensuring that the last vestiges of Jim Crow are extinguished and do not return.

Mr. Speaker, on April 1, 2003, over 50,000 people, including 10,000 from Michigan alone, rallied in front of the U.S. Supreme Court in favor of the University of Michigan's affirmative action policy.

Mr. Speaker, we hope that we are on the brink of a new day when it comes to quality education.

Affirmative Action in higher education was put in place to not only encourage diversity, but to be a minor step in the direction of justice after hundreds of years of institutional and social discrimination against women and people of color in the United States. Similar to the 1954 case, the justices recognized in the 1978 Bakke case that the most effective way to cure society of exclusionary practices is to make special efforts at inclusion, which is exactly what affirmative action does.

Mr. Speaker, as we reflect on the half century mark of Brown v. the Board of Education, I encourage all of my colleagues to take note of the fact that this court victory was not just a victory for African-American and other minorities. It was a victory for all Americans. Fifty years later we must remain mindful of these hard-won freedoms and vigilant in our protection of these hard-won gains.

COMMEMORATING 49TH ANNIVERSARY OF BROWN V. BOARD OF EDUCATION DECISION

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

Mr. PAYNE. Mr. Speaker, I, too, rise today to commemorate the 49th anniversary of Brown v. Board of Education, which struck down the separate but equal doctrine of Plessy v. Ferguson of 1896.

A young girl by the name of Linda Brown attended the fifth grade at public school in Topeka, Kansas. After being denied admission to a white elementary school, the NAACP took up her case along with similar ones in Kansas, South Carolina, Virginia and Delaware. All five cases were argued together in December 1952 by Thurgood Marshall, who headed the NAACP Legal Defense Fund at that time. Mr. MARSHALL, born in Maryland, educated at Douglass High School, went on to Lincoln University, a small black college in Oxford, Pennsylvania, and then graduated with honors and applied to the white University of Maryland law school. He was denied admission. Howard University accepted him, and he graduated at the top of his class, passing the bar exam, taking up private practice and specializing in civil rights cases.

At 26, he was hired by the Baltimore branch of the NAACP, and one of his

first civil rights cases was a successful effort to gain admission for a young black man to the University of Maryland, the very institution that denied Thurgood Marshall admittance 2 years earlier.

The unanimous 1954 decision ruled all school segregation unconstitutional. W.E.B. du Boise wrote, ''I have seen the impossible happen. It did on May 17, 1954.'' The Brown decision did not come out of nowhere, and it was far from the end of the story. The decision was a climax of a long series of NAACP court victories, many won by chief counsel Thurgood Marshall, that had slowly laid the legal groundwork for school desegregation. In some schools it had an immediate powerful effect. By 1958, desegregation was under way in a number of Southern school districts. Both white and black peoples were going to school together. Black children in Wilmington, Delaware; Baltimore, Maryland; and Washington, D.C., sat in classrooms beside white children as did African-American students in certain counties in Missouri, Arkansas and West Virginia.

□ 2145

In Louisville, Kentucky, the school system became a national model of school desegregation.

But most southern jurisdictions strenuously resisted desegregation, encouraged by the Supreme Court ruling a year after the Brown decision that the transition need only to take place with all deliberate speed. States and counties passed more than 145 laws to hold off desegregation altogether. The Georgia legislature, for example, decided to withhold State funds from any school that enrolled students of both races. Prince Edward County, Virginia, closed all public schools from 1959 to 1964 when it was forced to reopen the schools by the Supreme Court.

And yet the clock could not be turned back. From the late 1950's to the mid 1960's, one previously white school after another grudgingly admitted its first black students, from nine black teenagers in 1957 who endured harassment and threats to attend Central High School, where Federal troops were brought out by President Eisenhower, to Air Force veteran James Meredith who in 1962 became the first black student to enroll in the University of Mississippi.

School segregation based on race received its final blow in 1969, when an exasperated Supreme Court overturned its ''all deliberate speed'' ruling and ordered full desegregation immediately. A few years later, Federal courts began ruling that school segregation based on residential patterns, de facto segregation, should also be remedied as de jure was done by law. Sometimes the way this was done was by busing of students to other schools. In some cases, though, buses filled with black students became magnets for mob violence, especially in South Boston where white residents stoned buses carrying little black children in 1974.

Even within seemingly integrated public schools, subtle mechanisms often continued to divide race. Standardized tests, for example, are thought by many educators to be culturally biased in favor of white middle-class students. Yet groupings by ability or tracking was often based on that such test or on sometimes faculty teachers' expectations. In addition, so-called white flight became a pattern in urban centers as white students left suburban areas and went to private schools.

So as we are here, we fight for integration even in my State of New Jersey where a thorough and efficient education was granted by everyone. Our governor, Jim McGreevey, is attempting to turn the clock back to ask the courts to relieve the State from the thorough and efficient education, and we will fight to see that that law is not overturned.

THE OPPRESSION OF JEWS IN SYRIA

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

Mr. PALLONE. Mr. Speaker, I rise this evening to draw attention to the historic and continued oppression of Jews living in Syria. At the start of the 20th century, it is estimated that there were approximately 40,000 Jews living in Syria. However, by early 1947 only 13,000 were left, with 20,000 having fled through the course of the previous decade as Nazi zeal permeated the region. Immediately after Syria gained independence from France in 1945, vitriolic anti-Semitic propaganda was broadcast on television and radio, inciting the Arab masses to violence. In December, 1947, 1 month after the Partition Plan's acceptance, a pogrom erupted in the Syrian town of Aleppo, torching numerous Jewish properties including synagogues, schools, orphanages, and businesses.

A flurry of anti-Semitic legislation passed in 1948 restricted, among other things, Jewish travel outside of government-approved ghettos, the selling of private property, acquiring land or changing their place of residence. A decree in 1949 went a step further, seizing all Jewish bank accounts; and under threats of execution long prison sentences and torture, most Jews were able to depart between 1948 and 1962.

Due mainly to U.S. influence in the context of the Madrid Peace Process, the majority of the members of the Syrian Jewish community have fled, with only about 1,000 still remaining. Most have chosen to settle here in the United States, including a sizable number in my district in New Jersey.

Mr. Speaker, the situation for those few who remained has deteriorated dramatically over the last few decades. A report published in 1981 indicated Syrian Jews were subject to the Mukhabarat, the Syrian secret police, who conduct a reign of terror and intimidation, including searches without warrant, detention without trial, torture and summary execution.

The few synagogues still open in Syria are considered by authorities as ''centers of sedition,'' with services held under surveillance. Nightly curfews have been established in Jewish communities, and Jews have been required to carry special identity cards.

Jews are barred from employment in government offices, public bodies, or banks. Jews have been arbitrarily dismissed from jobs without compensation, and their licenses to conduct foreign trade have been revoked. Jews have been forbidden the ability to obtain driver's licenses or to even have telephones in the homes. The only exceptions have been for doctors and a handful of merchants that have been given preferential treatment. Syrians are officially advised not to buy in Jewish shops, and government and military personnel are expressly forbidden to even enter them.

Mr. Speaker, the mail of Syrian Jews is even censored. I have been told by Jews here in the United States who still have family in Syria that the relatives request not to be sent any letter or message because they will face interrogation by the state police.

Some would like to think that the number of Jews in Syria is insignificant compared with the millions who are oppressed elsewhere. However, the political implications of the thousands of scapegoats held captive in Syria are beyond comparison to their number.

Syria is listed on the State Department's list of countries who harbor and support terrorism. Syria has proved to be a destabilizing force in the Middle East, continuing to develop and stockpile chemical weapons and the missiles to deliver them and remains the occupying power in Lebanon. Syria offered support to Iraq even as U.S. and coalition forces were engaged in combat in Operation Iraqi Freedom. Yet Syria is subject to fewer U.S. sanctions than any other country considered a state sponsor of terrorism.

Mr. Speaker, I would like to take this opportunity to commend my colleagues, the gentlewoman from Florida (Ms. ROS-LEHTINEN) and the gentleman from New York (Mr. ENGEL), for introducing the Syria Accountability and Lebanese Sovereignty Restoration Act of 2003. This legislation, which I have cosponsored, holds Syria accountable for its support for terrorism, occupation of Lebanon, and possession and continued development of weapons of mass destruction and would give the President the tools to impose penalties on Syria unless it corrects its behavior immediately.

Mr. Speaker, Syria's mistreatment of its Jewish citizens is one more reason that Congress cannot remain silent on Syria. I urge my colleagues to cosponsor the Syria Accountability and Lebanese Sovereignty Restoration Act. Congress cannot allow these activities in

Syria to continue. We must raise our voices and speak out against Syria's support of international terror and the systematic oppression of its own people.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. SCHROCK (at the request of Mr. DELAY) for May 8 through May 16 on account of a family illness.

Mr. YOUNG of Florida (at the request of Mr. DELAY) for today on account of illness.

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 Ms. WOOLSEY) to revise and extend their remarks and include extraneous material:)

Mr. PALLONE, for 5 minutes, today.

Ms. KAPTUR, for 5 minutes, today.

Ms. WOOLSEY, for 5 minutes, today.

Mr. DEFAZIO, for 5 minutes, today.

Ms. NORTON, for 5 minutes, today.

Mr. MICHAUD, for 5 minutes, today.

Mr. RYAN of Ohio, for 5 minutes, today.

Mr. BALLANCE, for 5 minutes, today.

Mr. MILLER of North Carolina, for 5 minutes, today.

Mr. CARDOZA, for 5 minutes, today.

Mr. BISHOP of New York, for 5 minutes, today.

Mr. ALEXANDER, for 5 minutes, today.

Mr. DAVIS of Alabama, for 5 minutes, today.

Ms. JACKSON-LEE of Texas, for 5 minutes, today.

Mr. TURNER of Texas, for 5 minutes, today.

Mr. GREEN of Texas, for 5 minutes, today.

Mr. LAMPSON, for 5 minutes, today.

Mr. HINOJOSA, for 5 minutes, today.

Mr. EDWARDS, for 5 minutes, today.

(The following Members (at the request of Mr. BARTON of Texas) to revise and extend their remarks and include extraneous material:)

Mr. SHUSTER, for 5 minutes, today.

Mr. DUNCAN, for 5 minutes, today.

Mr. BARTON of Texas, for 5 minutes, today.

The following Members (at their own request) to revise and extend their remarks and include extraneous material:

Mr. HINCHEY, for 5 minutes, today. Ms. HARRIS, for 5 minutes, today. Mr. FROST, for 5 minutes, today. Mr. STENHOLM, for 5 minutes, today. Mr. RODRIGUEZ, for 5 minutes, today. Mr. BELL, for 5 minutes, today. Ms. WATSON, for 5 minutes, today. Mr. PAYNE, for 5 minutes, today.

ADJOURNMENT

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

The motion was agreed to; accordingly (at 9 o'clock and 54 minutes p.m.), under its previous order, the House adjourned until tomorrow, Thursday, May 15, 2003, at 9 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

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

2186. A letter from the Acting Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule — Pesticide Tolerance Processing Fees; Annual Adjustment [OPP-2003-0140; FRL-7302-7] received May 1, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

2187. A letter from the Acting Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule — Indoxacarb; Time-Limited Pesticide Tolerance [OPP-2003-0173; FRL-7307-6] received May 7, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

2188. A letter from the Congressional Review Coordinator, Department of Agriculture, transmitting the Department's final rule — Sapote Fruit Fly [Docket No. 03-032-1] received May 9, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

2189. A letter from the Congressional Review Coordinator, Department of Agriculture, transmitting the Department's final rule — Imported Fire Ant; Additions to Quarantined Areas [Docket No. 02-114-2] received May 9, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

2190. A letter from the Director, Regulatory Review Group, Department of Agriculture, transmitting the Department's final rule — Cottonseed Payment Program (RIN: 0560-AG97) received May 12, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

2191. A letter from the Counsel for Legislation and Regulations, Department of Housing and Urban Development, transmitting the Department's final rule — Prohibition of Property Flipping in HUD's Single Family Mortgage Insurance Programs [Doc. No. FR-4615-F-02] (RIN: 2502-AH57) received May 9, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Financial Services.

2192. A letter from the Acting Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule — Approval and Promulgation of Air Quality Implementation Plans; Maryland; Amendments to Stage II Vapor Recovery at Gasoline Dispensing Facilities [MD136-3091a; FRL-7483-9] received May 1, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

2193. A letter from the Acting Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule — Approval and Promulgation of Implementation Plans; Indiana [IN152-1a; FRL-7481-1] received May 1, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

2194. A letter from the Acting Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule — Approval and Promulgation of Implementation Plans; State of Missouri [MO 181-1181; FRL-7494-6] received May 1, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

2195. A letter from the Acting Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule — Approval and Promulgation of Implementation Plan; Illinois New Source Review Amendments [IL 184-1a; FRL-7481-3] received May 7, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

2196. A letter from the Acting Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule — Approval and Promulgation of Implementation Plans; Illinois Emission Test Averaging [IL207-3; FRL-7487-5] received May 7, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

2197. A letter from the Acting Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule — Clarification to Interim Standards and Practices for All Appropriate Inquiry Under CERCLA [FRL-7496-2] (RIN: 2050-AF05) received May 7, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

2198. A letter from the Acting Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule — Approval and Promulgation of State Plan for Designated Facilities and Pollutants: Mississippi [MS-200326a; FRL-7497-3] received May 7, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

2199. A letter from the Attorney Advisor, Department of Transportation, transmitting the Department's ''Major'' final rule — Federal Motor Vehicle Safety Standards; Occupant Crash Protection [Docket No. NHTSA 03-15067] (RIN: 2127-AI71) received May 6, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

2200. A letter from the Acting Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule — Determination of Attainment of Ozone Standard, St. Louis Area; Approval and Promulgation of Implementation Plans, and Redesignation of Areas for Air Quality Planning Purposes, State of Missouri [MO 182-1182; FRL-7494-5] received May 1, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

2201. A letter from the Acting Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule — National Emission Standards for Hazardous Air Pollutants for Chemical Recovery Combustion Sources at Kraft, Soda, Sulfite, and Stand-Alone Semichemical Pulp Mills [OAR-2002-0045 — FRL-7495-6] (RIN: 2060-AK53) received May 7, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

2202. A letter from the Acting Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule — Approval and Promulgation of Implementation Plans, and Designation of Areas for Air Quality Planning Purposes; State of Illinois [IL 216-2;FRL-7496-4] received May 7, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

2203. A letter from the White House Liaison, Department of Health and Human Services, transmitting a report pursuant to the Federal Vacancies Reform Act of 1998; to the Committee on Government Reform.

2204. A letter from the Deputy Assistant Administrator for Regulatory Programs, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule — Fisheries Off West Coast States and in the Western Pacific; West Coast Salmon Fisheries; 2003 Management Measures [Docket No. 030430108-3108-01; I.D. 042503A] (RIN: 0648-AQ17) received May 9,

2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

2205. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule — Vessel Movement Reporting System; Prince William Sound, Alaska [CGD17-03-001] (RIN: 1625-AA11) received May 12, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2206. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule — Security Zone; Port of Anchorage, Knik Arm, Alaska [COTP Western Alaska 03-001] (RIN: 1625-AA00) received May 12, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2207. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule — Drawbridge Operation Regulations: Long Island, New York Inland Waterway from East Rockaway Inlet to Shinnecock Canal, NY [CGD01-03-041] received May 9, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2208. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule — Drawbridge Operation Regulations: Hackensack River, NJ [CGD01-03-038] received May 9, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2209. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule — Drawbridge Operation Regulations; Lower Grand River (Alternate Route), Grosse Tete, LA [CGD08-03-020] received May 9, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2210. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule — Special Local Regulation: Harvard-Yale Regatta, Thames River, New London, CT [CGD01-03-030] received May 12, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2211. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule — Special Local Regulations for Marine Events; Severn River, College Creek, and Weems Creek, Annapolis, Maryland [CGD05-03-038] (RIN: 1625-AA08) received May 12, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2212. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule — Drawbridge Operation Regulations; Corpus Christi — Port Aransas Channel — Tule Lake, Corpus Christi, TX [CGD08-03-021] received May 12, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2213. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule — Drawbridge Operation Regulations: Cape Cod Canal, MA [CGD01-03-040] received May 12, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2214. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule — Safety Zones; Port Neches Riverfest, Neches River, Port Neches, TX [COTP Port Arthur 03-002] (RIN: 1625-AA00) received May 9, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2215. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule — Anchorage Regulation; Bolivar Roads, Galveston, TX [CGD08-02-018] (RIN: 1625-AA01 [Fomerly RIN: 2115-AA98]) received May 9, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2216. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule — Regulated Navigation Area; Port Everglades Harbor, Fort Lauderdale, Florida [CGD07-03-069] (RIN: 1625-AA11) received May 9, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2217. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule — Safety Zone; San Francisco Bay, California [COTP San Francisco Bay 03-008] (RIN: 1625-AA00) received May 9, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2218. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Agency's final rule — Last-in, First-out Inventories (Rev. Rul. 2003-50) received May 9, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

2219. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Agency's final rule — Property held for productive use in trade or business or for investment; 1.1031(K)-1: Treatment of deferred exchanges (Rev. Proc. 2003-39) received May 9, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

2220. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Agency's final rule — Renewable Electricity Production Credit, Publication of Inflation Adjustment Factor and Reference Prices for Calendar Year 2003 [Notice 2003-29] received May 9, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

2221. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Agency's final rule — Action on Decision [Docket No. 8246-97] received May 9, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

2222. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Agency's final rule — Examination of returns and claims for refund, credit, or abatement; determination of correct tax liability (Rev. Proc. 20903-37) received May 9, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

2223. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Agency's final rule — Simplified Service Cost Method; Simplified Production Method [Notice 2003-36] received May 9, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

2224. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Agency's final rule — Transfer to corporation controlled by transferor (Rev. Rul. 2003-51) received May 9, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

2225. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Agency's final rule — Gasoline Station Gas Pump Canopies (Rev. Rule 2003-54) received May 9, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

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. POMBO: Committee on Resources. H.R. 1835. A bill to amend the Endangered Species Act of 1973 to limit designation as critical habitat of areas owned or controlled by the Department of Defense, and for other purposes; with an amendment (Rept. 108–99 Pt. 1). Ordered to be printed.

Mr. POMBO: Committee on Resources. H.R. 1497. A bill to reauthorize title I of the Sikes Act; with an amendment (Rept. 108–100 Pt. 1). Ordered to be printed.

TIME LIMITATION OF REFERRED BILLS

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

H.R. 1497. Referral to the Committee on Armed Services extended for a period ending not later than June 13, 2003.

H.R. 1835. Referral to the Committee on Armed Services extended for a period ending not later than June 13, 2003.

PUBLIC BILLS AND RESOLUTIONS

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

By Mr. KUCINICH:

H.R. 2084. A bill to amend title I of the Employee Retirement Income Security Act of 1974 to provide for prompt compliance with annual reporting requirements thereunder and prompt enforcement of such requirements; to the Committee on Education and the Workforce.

By Mr. DEFAZIO (for himself and Mr. BURTON of Indiana):

H.R. 2085. A bill to permit an individual to be treated by a health care practitioner with any method of medical treatment such individual requests, and for other purposes; to the Committee on Energy and Commerce.

By Mr. SOUDER (for himself and Mr. TOM DAVIS of Virginia):

H.R. 2086. A bill to reauthorize the Office of National Drug Control Policy; to the Committee on Government Reform, and in addition to the Committees on the Judiciary, Energy and Commerce, and Intelligence (Permanent Select), 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. COX (for himself and Mr. TOM DAVIS of Virginia):

H.R. 2087. A bill to establish the Bob Hope American Patriot Award; to the Committee on Government Reform.

By Mr. YOUNG of Alaska (for himself, Mr. OBERSTAR, Mr. PETRI, and Mr. LIPINSKI) (all by request):

H.R. 2088. A bill to authorize funds for Federal-aid highways, highway safety programs, and transit programs, and for other purposes; to the Committee on Transportation and Infrastructure, and in addition to the Committees on Ways and Means, the Budget, Science, Resources, the Judiciary, Energy and Commerce, Government Reform, and Rules, 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. BURNS:

H.R. 2089. A bill to protect children and their parents from being coerced into administering a controlled substance in order to attend school, and for other purposes; to the Committee on Education and the Workforce.

By Ms. WATERS (for herself, Mr. DAVIS of Illinois, Mr. OWENS, Mr. LEWIS of Georgia, Ms. CARSON of Indiana, Ms. CORRINE BROWN of Florida, Mrs. JONES of Ohio, Mr. PAYNE, Mr. JEFFERSON, Mr. CLYBURN, and Ms. LEE):

H.R. 2090. A bill to limit the redistricting that States may do after an apportionment of Representatives; to the Committee on the Judiciary.

By Mr. ALEXANDER:

H.R. 2091. A bill to authorize the Secretary of the Army to carry out a project for water supply, Bastrop-Morehouse Parish, Louisiana; to the Committee on Transportation and Infrastructure.

By Mr. BERRY (for himself, Mr. BROWN of South Carolina, Mr. ENGLISH, Mr. HAYES, Mr. GRIJALVA, Mr. EVANS, Mr. CRAMER, Mr. STUPAK, Mrs. MYRICK, Mr. SPRATT, Mr. TURNER of Texas, Ms. KAPTUR, Mr. WILSON of South Carolina, Mr. BACHUS, Mr. PICKERING, Mr. BEREUTER, and Mr. ADERHOLT):

H.R. 2092. A bill to amend the Tariff Act of 1930 to provide for an expedited antidumping investigation when imports increase materially from new suppliers after an antidumping order has been issued, and to amend the provision relating to adjustments to export price and constructed export price; to the Committee on Ways and Means.

By Mr. BRADLEY of New Hampshire (for himself and Mr. BASS):

H.R. 2093. A bill to require the Secretary of the Treasury to mint coins in commemoration of the legacy of the Old Man of the Mountain, the symbol of New Hampshire that passed on to its granite roots in the dawn of May, 2003; to the Committee on Financial Services.

By Mr. FOLEY:

H.R. 2094. A bill to amend the Internal Revenue Code of 1986 to restore the 80-percent deduction for meal and entertainment expenses; to the Committee on Ways and Means.

By Mr. GREEN of Texas (for himself, Mr. QUINN, Mr. PALLONE, Mr. BERMAN, Mr. MCDERMOTT, Mr. SANDLIN, Mr. EVANS, Mr. BROWN of Ohio, Mr. WAXMAN, Mr. GEORGE MILLER of California, Mr. GUTIERREZ, Mr. FROST, Mr. GORDON, and Mr. BELL):

H.R. 2095. A bill to amend title XXVII of the Public Health Service Act and title I of the Employee Retirement Income Security Act of 1974 to require that group and individual health insurance coverage and group health plans provide comprehensive coverage for childhood immunization; to the Committee on Energy and Commerce, and in addition to the Committee on Education and the Workforce, 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 Mrs. JOHNSON of Connecticut (for herself, Mr. POMEROY, Mr. BILIRAKIS, Mr. SERRANO, Mr. MCINTYRE, Mr. CASE, Mr. DAVIS of Florida, Mr. FARR, Mr. SANDERS, Mr. GILCHREST, and Mr. FROST):

H.R. 2096. A bill to amend the Internal Revenue Code of 1986 to allow individuals a deduction for qualified long-term care insurance premiums, use of such insurance under cafeteria plans and flexible spending arrangements, and a credit for individuals with long-term care needs; to the Committee on Ways and Means.

By Mr. LEWIS of Kentucky:

H.R. 2097. A bill to amend the Internal Revenue Code of 1986 to change certain threshold and other tests in order to decrease the amount of farm labor wages that are subject to Social Security and Medicare taxes, and for other purposes; to the Committee on Ways and Means.

By Mr. MCNULTY:

H.R. 2098. A bill to amend title 38, United States Code, to provide for the payment of a monthly stipend to the surviving parents (known as ''Gold Star parents'') of members of the Armed Forces who die during a period of war; to the Committee on Veterans' Affairs.

By Mr. MCNULTY:

H.R. 2099. A bill to extend the existing temporary duty suspension on 2,4-Dicumylphenol; to the Committee on Ways and Means.

By Mr. MCNULTY:

H.R. 2100. A bill to extend the existing temporary duty suspension on o-Cumyl-octylphenol; to the Committee on Ways and Means.

By Mr. GEORGE MILLER of California (for himself, Ms. DELAURO, Mr. KILDEE, Mr. BISHOP of New York, Mr. GRIJALVA, Mr. RYAN of Ohio, Mr. KUCINICH, Mr. OWENS, Mr. TIERNEY, Ms. MCCOLLUM, Mr. DAVIS of Illinois, Mr. CASE, Mr. PAYNE, Mr. BELL, Mr. LYNCH, Ms. BALDWIN, Mrs. MALONEY, Mr. MEEHAN, Mr. SCOTT of Georgia, Mr. STARK, Ms. WOOLSEY, Ms. LEE, Ms. SOLIS, Mr. BLUMENAUER, Mr. BROWN of Ohio, Mr. FARR, Mr. VAN HOLLEN, Ms. NORTON, Mr. MILLER of North Carolina, Ms. SCHAKOWSKY, and Ms. ROYBAL-ALLARD):

H.R. 2101. A bill to provide additional protections for participants and beneficiaries under employee pension benefit plans; to the Committee on Education and the Workforce, and in addition to the Committees on Ways and Means, the Judiciary, and Financial 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 Mrs. MUSGRAVE (for herself and Mr. MCINNIS):

H.R. 2102. A bill to provide a cost-sharing requirement for the construction of the Arkansas Valley Conduit in the State of Colorado; to the Committee on Resources.

By Mr. NEAL of Massachusetts (for himself, Mr. CAPUANO, Mr. DELAHUNT, Mr. FRANK of Massachusetts, and Mr. MARKEY):

H.R. 2103. A bill to amend the Internal Revenue Code of 1986 to exclude from gross income the value of certain real property tax reduction vouchers received by senior citizens who provide volunteer services under a State program; to the Committee on Ways and Means.

By Mr. NEAL of Massachusetts (for himself, Mr. CAPUANO, Mr. DELAHUNT, and Mr. MARKEY):

H.R. 2104. A bill to amend the Internal Revenue Code of 1986 to exclude from gross income certain stipends paid as part of a State program under which individuals who have attained age 60 perform essentially volunteer services specified by the program; to the Committee on Ways and Means.

By Mr. NEAL of Massachusetts (for himself, Mr. CAPUANO, Mr. DELAHUNT, Mr. FRANK of Massachusetts, and Mr. MARKEY):

H.R. 2105. A bill to amend the Internal Revenue Code of 1986 to clarify that employees of a political subdivision of a State shall not lose their exemption from the hospital insurance tax by reason of the consolidation of the subdivision with the State; to the Committee on Ways and Means.

By Mr. RODRIGUEZ (for himself, Mr. FROST, and Mr. BISHOP of Georgia):

H.R. 2106. A bill to permit Members of the House of Representatives to use funds provided in Member's Representational Allowances to obtain POW/MIA flags and distribute them to constituents; to the Committee on House Administration.

By Mr. VAN HOLLEN (for himself, Mr. GEORGE MILLER of California, Ms. WOOLSEY, Mr. KILDEE, Mr. OWENS, Mr. PAYNE, Mr. ANDREWS, Mr. HINOJOSA, Mrs. MCCARTHY of New York, Mr. TIERNEY, Mr. KIND, Mr. KUCINICH, Mr. WU, Mr. HOLT, Mrs. DAVIS of California, Ms. MCCOLLUM, Mr. DAVIS of Illinois, Mr. CASE, Mr. GRIJALVA, Ms. MAJETTE, Mr. RYAN of Ohio, and Mr. BISHOP of New York):

H.R. 2107. A bill to require full funding of the Elementary and Secondary Education Act of 1965, as amended by the No Child Left Behind Act of 2001, and the Individuals with Disabilities Education Act; to the Committee on Education and the Workforce, and in addition to the Committee on Appropriations, 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. VELAZQUEZ:

H.R. 2108. A bill to amend the Higher Education Act of 1965 to expand and extend the eligibility of Hispanic-serving institutions for assistance under title V of that Act; to the Committee on Education and the Workforce.

By Mr. VITTER:

H.R. 2109. A bill to authorize reference to the National D-Day Museum in New Orleans, Louisiana, as ''America's National World War II Museum''; to the Committee on Armed Services.

By Mr. VITTER:

H.R. 2110. A bill to give priority funding for DNA Backlog Elimination and Self Defense training, prioritizing for States and municipalities that are in the midst of combating a serial killer; to the Committee on the Judiciary.

By Mr. WU:

H.R. 2111. A bill to extend and to provide for an alternative trigger for second-tier benefits under the Temporary Extended Unemployment Compensation Act of 2002; to the Committee on Ways and Means.

By Mr. JOHN (for himself and Mr. STEARNS):

H. Con. Res. 179. Concurrent resolution expressing the sense of Congress with respect to the Second Amendment; to the Committee on the Judiciary.

By Ms. LEE:

H. Con. Res. 180. Concurrent resolution calling on the President to urge the other members of the Group of Eight (G-8) at the upcoming G-8 meeting from June 1-3, 2003, in Evian, France, to pledge and contribute a substantial amount of new resources to the fight against HIV/AIDS, tuberculosis, and malaria; to the Committee on International Relations.

By Mr. ORTIZ (for himself, Mr. BONILLA, Mr. HINOJOSA, Mr. GREEN of Texas, Mrs. NAPOLITANO, Mr. RODRIGUEZ, and Mr. GONZALEZ):

H. Con. Res. 181. Concurrent resolution expressing the sense of the Congress regarding the obligations of Mexico under the Treaty Between the United States of America and Mexico of 1944 relating to the use of the Colorado, Rio Grande, and Tijuana Rivers; to the Committee on International Relations.

By Mr. WU (for himself, Mr. ABERCROMBIE, Mr. HONDA, Mr. CASE, Mr. MATSUI, Mr. INSLEE, Mr. BECERRA,

Ms. BORDALLO, Mr. SANDLIN, Mr. FALEOMAVAEGA, Ms. SOLIS, Ms. MILLENDER-MCDONALD, Mr. SCHIFF, and Ms. LEE):

H. Con. Res. 182. Concurrent resolution recognizing that the United States draws its strength from its incredible diversity of racial and ethnic groups, recognizing that the Asian Pacific American community is a thriving and integral part of American society and culture, supporting the goals and ideals of Asian Pacific American Heritage Month, and recognizing the contributions of Asian Pacific Americans to the United States; to the Committee on Government Reform.

By Mr. ISSA (for himself, Ms. KAPTUR, Mr. LAHOOD, Mr. CONYERS, Mr. DINGELL, Mr. RAHALL, and Mr. HONDA):

H. Res. 234. A resolution condemning bigotry and violence against Arab-Americans, Muslim-Americans, South Asian-Americans, and Sikh-Americans; to the Committee on the Judiciary.

By Mr. HINCHEY (for himself, Mr. ACKERMAN, Mr. BELL, Ms. CARSON of Indiana, Mr. CASE, Mr. DEUTSCH, Mr. DOYLE, Mr. FILNER, Mr. FROST, Mr. GONZALEZ, Mr. HASTINGS of Florida, Mr. HONDA, Mr. ISRAEL, Mrs. MALONEY, Mr. MCNULTY, Mr. NADLER, Mr. RODRIGUEZ, Mr. SHAYS, Mrs. TAUSCHER, Ms. WATSON, Mr. WAXMAN, Mr. WEXLER, and Mr. WYNN):

H. Res. 235. A resolution urging the Government of Argentina to build upon the steps it has taken to shed light on the relocation to Argentina of Nazis and other war criminals following the defeat of Nazi Germany in 1945 and the subsequent end of World War II and release all official records pertaining to the relocation to Argentina of Nazis and other war criminals following these events; to the Committee on International Relations.

ADDITIONAL SPONSORS

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

H.R. 20: Mr. HOUGHTON and Mr. PAYNE.

H.R. 102: Mr. DOYLE and Mr. ROSS.

H.R. 111: Ms. BERKLEY, Mr. BURGESS, and Mr. DAVIS of Florida.

H.R. 122: Mr. MARKEY.

H.R. 126: Mr. MILLER of North Carolina.

H.R. 135: Mr. MCINNIS.

H.R. 199: Mr. KIRK.

H.R. 218: Mr. PITTS and Mr. BOOZMAN.

H.R. 241: Ms. GINNY BROWN-WAITE of Florida.

H.R. 284: Ms. MILLENDER-MCDONALD, Mr. GINGREY, Mr. ACEVEDO-VILA, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. JENKINS, Mr. HOEKSTRA, Mr. HOLT, Mr. OSBORNE, Mr. KUCINICH, and Ms. LOFGREN.

H.R. 328: Mr. EMANUEL, Mr. CLAY, Mr. LANGEVIN, Mr. DOGGETT, Ms. SLAUGHTER, Mrs. MALONEY, Mr. LARSEN of Washington, Mr. DICKS, and Mr. CARDOZA.

H.R. 368: Mr. SMITH of New Jersey.

H.R. 391: Mr. RAMSTAD and Mr. COLLINS.

H.R. 419: Ms. HART.

H.R. 423: Mr. HENSARLING.

H.R. 463: Mr. HAYES and Mr. JANKLOW.

H.R. 466: Mr. UDALL of Colorado.

H.R. 475: Mr. BAIRD.

H.R. 476: Mr. PASTOR and Mr. BALLANCE.

H.R. 501: Mr. HASTINGS of Florida and Mr. CLAY.

H.R. 528: Mr. ROYCE, Ms. WOOLSEY, and Mr. FOLEY.

H.R. 548: Ms. MAJETTE, Mr. PRICE of North Carolina, and Mr. SHERMAN.

H.R. 594: Mr. HOBSON and Mr. TOOMEY.

H.R. 623: Mr. SCHIFF.

H.R. 627: Mr. SHERMAN.

H.R. 660: Mr. TAYLOR of North Carolina.

H.R. 669: Mr. WOLF.

H.R. 732: Ms. MCCOLLUM.

H.R. 761: Mr. ACEVEDO-VILA.

H.R. 792: Mr. BLUMENAUER, Ms. WOOLSEY, and Mr. JANKLOW.

H.R. 800: Mr. JANKLOW.

H.R. 811: Mr. KENNEDY of Rhode Island.

H.R. 898: Mr. JACKSON of Illinois, Mr. GIBBONS, and Ms. CARSON of Indiana.

H.R. 919: Mr. MICHAUD, Ms. BERKLEY, Mr. MEEKS of New York, Mr. HONDA, Mr. SCOTT of Virginia, Mr. THOMPSON of Mississippi, Mr. RODRIGUEZ, Mr. COOPER, Mr. MEEHAN, Mr. UDALL of New Mexico, Mr. HOLT, Ms. DEGETTE, Ms. MILLENDER-MCDONALD, Ms. ROYBAL-ALLARD, Ms. WATERS, Mr. THOMPSON of California, Mr. VAN HOLLEN, Mr. ANDREWS, Mr. HINOJOSA, Mr. GUTIERREZ, Mr. BECERRA, Mr. DAVIS of Tennessee, Mr. DICKS, Mr. RUSH, Mrs. DAVIS of California, Mr. JOHN, Mr. COSTELLO, Mr. PASTOR, Mr. ABERCROMBIE, Mr. BOUCHER, Mr. CLAY, Ms. MAJETTE, Mr. OBERSTAR, Mr. PETERSON of Minnesota, Mr. DAVIS of Florida, Mr. SCOTT of Georgia, and Mr. SMITH of Washington.

H.R. 941: Mr. DEAL of Georgia.

H.R. 972: Mr. LATOURETTE and Mr. WAXMAN.

H.R. 983: Mrs. NAPOLITANO and Mrs. BONO.

H.R. 998: Mr. CAPUANO.

H.R. 1077: Mr. FROST, Ms. DELAURO, and Mr. VISCLOSKY.

H.R. 1101: Ms. LORETTA SANCHEZ of California and Mr. BERMAN.

H.R. 1102: Mr. RAMSTAD.

H.R. 1157: Mr. LAHOOD, Mr. LEACH, Mr. FILNER, Ms. SOLIS, Mr. HINOJOSA, Ms. DEGETTE, Mr. FROST, Mr. GUTIERREZ, Mr. RUSH, and Mrs. MALONEY.

H.R. 1179: Mr. DEMINT and Mr. COLLINS.

H.R. 1191: Mr. PRICE of North Carolina.

H.R. 1209: Mr. PAYNE, Mr. KILDEE, Mr. TOWNS, and Mr. JACKSON of Illinois.

H.R. 1252: Mr. GARRETT of New Jersey.

H.R. 1257: Mr. ACEVEDO-VILA.

H.R. 1264: Ms. MILLENDER-MCDONALD.

H.R. 1285: Mr. BISHOP of Georgia, Mr. CLYBURN, Mr. CUMMINGS, Mr. GUTIERREZ, Mr. JACKSON of Illinois, Ms. EDDIE BERNICE JOHNSON of Texas, Mrs. JONES of Ohio, Ms. KILPATRICK, Mr. LANTOS, Mr. OWENS, Mr. RODRIGUEZ, Mr. RUSH, Ms. SCHAKOWSKY, Mr. SCHIFF, Mr. SERRANO, Ms. SLAUGHTER, Mr. STARK, Mr. TOWNS, and Mr. WAXMAN.

H.R. 1336: Mr. GARRETT of New Jersey and Mr. GERLACH.

H.R. 1351: Mr. RANGEL, Mr. CASE, Mr. GUTIERREZ, Mr. SERRANO, Mr. FRANK of Massachusetts, Mr. PASTOR, Mr. BACA, and Ms. VELAZQUEZ.

H.R. 1367: Mr. PUTNAM.

H.R. 1385: Ms. JACKSON-LEE of Texas, Mr. OSE, Mrs. MILLER of Michigan, Mrs. CAPPS, Mr. HINCHEY, Mr. BERMAN, Mr. ISRAEL, Mr. UPTON, Ms. WOOLSEY.

H.R. 1388: Mrs. MALONEY.

H.R. 1448: Mr. CUMMINGS, Mr. ISRAEL, Mr. GRIJALVA, Mr. MORAN of Virginia, and Mr. DOYLE.

H.R. 1472: Ms. BORDALLO, Mrs. JOHNSON of Connecticut, Mr. LINCOLN DIAZ-BALART of Florida, Mr. SOUDER, Mr. DUNCAN, Mr. WOLF.

H.R. 1479: Mr. ENGLISH.

H.R. 1489: Mr. DEMINT, Mr. HERGER, Mr. SESSIONS, Mr. AKIN, Mr. FRANKS of Arizona, Mr. BARTLETT of Maryland, Mr. KENNEDY of Minnesota, Mr. SOUDER, Mr. WICKER, Mrs. BLACKBURN, Mr. ISTOOK, Mr. BURGESS, Mr. RYAN of Wisconsin, Mr. ADERHOLT, Mr. MILLER of Florida, Mr. GUTKNECHT, Mr. TOOMEY, Mrs. MYRICK, Mr. BRADY of Texas, Mr. SAM JOHNSON of Texas, Mr. CHOCOLA, Mr. BEAUPREZ, Mr. SHADEGG, Mr. HOSTETTLER, Mr. HEFLEY, Mr. RYUN of Kansas, Mr. OSBORNE, Mr. MCKEON, Mr. FLAKE, Mr. WAMP, Mr. WELDON of Florida, Mr. EHLERS, Mrs. MILLER of Michigan, Mr. PEARCE, Mr. BROWN of South Carolina, Mr. RENZI, Mr. GOODE, Mr. CANTOR, Mr. CUNNINGHAM, Mr. DOOLITTLE, Mr. MARIO DIAZ-BALART of Florida, Mr. LINCOLN DIAZ-BALART of Florida, Mr. BISHOP of Utah, Mr. PENCE, Mrs. JO ANN DAVIS of Virginia, Mr. SMITH of New Jersey, Mr. HYDE, Mr. PITTS, Mr. JENKINS, Mr. TANCREDO, Mrs. CUBIN, Mr. CAMP, Mr. MCCOTTER, Mr. HALL, Mr. DELAY, and Mr. BARRETT of South Carolina.

H.R. 1511: Mr. FORBES, Mr. PENCE, Mr. GOODE, Mr. PITTS, Mr. NETHERCUTT, Mr. SIMPSON, and Mr. ANDREWS.

H.R. 1523: Mr. COOPER, Mr. BELL, Mr. OXLEY, Mr. MORAN of Kansas, and Mr. GILLMOR.

H.R. 1532: Mr. PRICE of North Carolina, Mr. SAXTON, Mr. QUINN, Mr. GEORGE MILLER of California, Mrs. JOHNSON of Connecticut, Mr. MCDERMOTT, Mr. INSLEE, and Mr. MOORE.

H.R. 1534: Mr. EMANUEL, Mr. MATSUI, and Mr. BERMAN.

H.R. 1539: Mr. DICKS.

H.R. 1565: Mr. KUCINICH.

H.R. 1582: Mr. EHLERS and Mr. REHBERG.

H.R. 1621: Ms. JACKSON-LEE of Texas.

H.R. 1626: Mr. SMITH of New Jersey and Mr. HOLT.

H.R. 1628: Mr. HOLDEN, Mr. DOOLITTLE, Mr. REHBERG, Mr. KILDEE, and Mr. HAYWORTH.

H.R. 1631: Mr. GARRETT of New Jersey.

H.R. 1652: Mr. PAYNE, Mrs. MALONEY, Mr. SERRANO, Mr. BACA, and Mr. CONYERS.

H.R. 1662: Mr. PETERSON of Pennsylvania and Mr. PITTS.

H.R. 1677: Mr. BALLANCE and Mr. DAVIS of Alabama.

H.R. 1683: Ms. GINNY BROWN-WAITE of Florida.

H.R. 1698: Mr. FRANK of Massachusetts.

H.R. 1708: Mr. GREEN of Wisconsin, Mr. LUCAS of Kentucky, Mr. HOEFFEL, and Mr. HOYER.

H.R. 1709: Ms. KAPTUR, Mr. FRANK of Massachusetts, Mr. EVANS, and Mr. KILDEE.

H.R. 1713: Mr. BLUMENAUER.

H.R. 1738: Ms. KILPATRICK, Mr. KILDEE, Mr. OLVER, and Ms. NORTON.

H.R. 1758: Mr. PORTER.

H.R. 1771: Mr. KNOLLENBERG.

H.R. 1778: Mr. SMITH of Michigan and Mr. HOEFFEL.

H.R. 1814: Mr. TERRY.

H.R. 1874: Mr. LOBIONDO.

H.R. 1889: Mr. LANTOS, Mr. MORAN of Virginia, Ms. SCHAKOWSKY, Mr. HINCHEY, Mr. LATOURETTE, Mrs. TAUSCHER, Mr. KILDEE, Mr. MARKEY, Ms. ESHOO, Mr. GRIJALVA, Mr. EMANUEL, Mrs. FILNER, Mr. MCHUGH, Mr. DAVIS of Tennessee, Mr. MCNULTY, Ms. MCCOLLUM, Mr. KING of New York, Mr. WALSH, Mr. ALLEN, Mr. HOLT, Mr. BLUMENAUER, Mr. MCGOVERN, Mr. KENNEDY of Rhode Island, Mr. LYNCH, and Mr. UDALL of Colorado.

H.R. 1901: Mr. HINCHEY, Mr. KLECZKA, Mr. TOWNS, Ms. LEE, Mr. DAVIS of Illinois, Mr. MEEKS of New York, Mr. OWENS, Mr. LEWIS of Georgia, Mr. RUSH, Ms. CARSON of Indiana, Mrs. JONES of Ohio, Mr. THOMPSON of Mississippi, Mr. SCOTT of Virginia, Mr. WATT, Mr. PAYNE, and Mr. JEFFERSON.

H.R. 1904: Mr. PITTS, Ms. GRANGER, Mrs. KLINE, Mr. CHOCOLA, Mrs. MILLER of Michigan, Mr. WAMP, Mr. TIBERI, Mr. FOLEY, Mrs. MYRICK, Mr. LEWIS of Kentucky, Mr. HOUGHTON, Mr. ROHRABACHER, Mr. SHUSTER, Mr. CUNNINGHAM, Mrs. BLACKBURN, Mr. REYNOLDS, Mr. KNOLLENBERG, and Mr. CARTER.

H.R. 1911: Mr. ACEVEDO-VILA.

H.R. 1949: Ms. GINNY BROWN-WAITE of Florida.

H.R. 1954: Mr. PEARCE and Mr. PUTNAM.

H.R. 1999: Mr. BOSWELL, Mr. MEEHAN, Mr. MURPHY, Mr. MEEK of Florida, Mr. SANDLIN, Mr. ROTHMAN, and Mr. GEORGE MILLER of California.

H.R. 2008: Mr. SIMMONS, Mr. HINCHEY, Mr. MCNULTY, Mr. LANTOS, Mr. SERRANO, Mr. FROST, and Mr. KILDEE.

H.R. 2009: Mr. PETERSON of Pennsylvania, Mr. CUMMINGS, Mr. TOWNS, Mr. CLAY, Mr. NEY, Mr. UDALL of Colorado, Mr. EHLERS, and Mr. PASTOR.

H.R. 2011: Mr. RYAN of Ohio, Ms. LOFGREN, Mr. GOODLATTE, Mr. PRICE of North Carolina, and Mrs. DAVIS of California.

H.R. 2023: Mr. VAN HOLLEN.

H.R. 2028: Mr. EVERETT. Mr. MCKEON, Mr. THORNBERRY, Mr. SIMMONS, Mr. CARTER, and Mr. TURNER of Ohio.

H.R. 2030: Mr. LYNCH, Mr. WAXMAN, Mr. BELL, Mr. VAN HOLLEN, Mr. COOPER, Mr. CLAY, Mrs. DAVIS of California, and Ms. LINDA T. SANCHEZ of California.

H.R. 2032: Mr. HOEFFEL, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. REYES, Ms. SLAUGHTER, Mr. COOPER, Mr. CLAY, Mr. MORAN of Kansas, and Mr. COSTELLO.

H.R. 2035: Mr. LANTOS and Ms. ROYBAL-ALLARD.

H.R. 2053: Mr. OWENS, Mr. MCHUGH, Mr. FRANK of Massachusetts, Mr. WOLF, and Mr. PAYNE.

H.J. Res. 4: Mr. HUNTER, Mr. BEREUTER, Mr. CANTOR, Mr. DOOLITTLE, Mr. WALDEN of Oregon, Mr. LAHOOD, Mr. SANDLIN, Mr. PICKERING, Mr. NORWOOD, Mr. HYDE, Mr. COLLINS, Mr. JOHNSON of Illinois, Mr. COBLE, Mr. TURNER of Texas, Ms. KAPTUR, Mr. BOEHNER, Mr. CRANE, Mr. REYES, Mr. REYNOLDS, Mr. MENENDEZ, Mr. STUPAK, Mr. ISAKSON, Mr. SAXTON, Mr. RAHALL, and Mr. BARTON of Texas.

H.J. Res. 45: Mr. NUNES and Ms. MCCOLLUM.

H. Con. Res. 119: Mr. PORTER and Mr. GARRETT of New Jersey.

H. Con. Res. 152: Mr. OSBORNE and Mr. KOLBE.

H. Con. Res. 155: Mr. SHIMKUS, Mr. HINCHEY, Mr. GILLMOR, Mr. FRANK of Massachusetts, Mr. FILNER, Mr. FROST, Mr. EHLERS, Mrs. TAUSCHER, Ms. LORETTA SANCHEZ of California, Mr. ORTIZ, Mr. HILL, Mrs. DAVIS of California, Mr. ALEXANDER, Mr. SNYDER, Mr. MARSHALL, Mr. MEEK of Florida, Mr. COOPER, Mr. ISRAEL, Mr. TAYLOR of Mississippi, and Mr. MCINTYRE.

H. Con. Res. 164: Mr. BURTON of Indiana and Mr. MORAN of Virginia.

H. Res. 121: Mr. CONYERS.

H. Res. 136: Mr. JOHNSON of Illinois.

H. Res. 194: Mr. DOYLE.

H. Res. 198: Mr. KINGSTON.

H. Res. 218: Mr. CONYERS, Ms. CORRINE BROWN of Florida, Mr. MCDERMOTT, Mr. HOEFFEL, Mr. OBERSTAR, Mr. WAXMAN, Ms. WATERS, Mr. SANDERS, Mr. SABO, Ms. WOOLSEY, Mr. FRANK of Massachusetts, Ms. LEE, Mr. GRIJALVA, MS. CARSON of Indiana, Mr. WEINER, Ms. SLAUGHTER, Mr. RYAN of Ohio, Ms. KAPTUR, Ms. SCHAKOWSKY, Mr. CASE, Mr. CAPUANO, Mr. MENENDEZ, Mr. SCOTT of Virginia, Mr. INSLEE, Mr. ALLEN, Mr. KILDEE, Mr. MORAN of Virginia, Mr. MCGOVERN, Ms. MCCOLLUM, Mr. DEFAZIO, Mr. SPRATT, Mr. TIERNEY, Ms. SOLIS, Ms. DELAURO, Mr. WATT, Ms. JACKSON-LEE of Texas, Ms. VELAZQUEZ, Mr. ABERCROMBIE, Mr. NADLER, Mr. UDALL of New Mexico, Mr. CROWLEY, Mr. KUCINICH, Mr. COSTELLO, Mr. ROTHMAN, Mr. RODRIGUEZ, Mr. OWENS, Mr. BECERRA, Mrs. NAPOLITANO, Mr. MICHAUD, Mr. PETERSON of Minnesota, Mr. DELAHUNT, Mr. ACKERMAN, Mr. MCNULTY, Ms. DEGETTE, Mr. PRICE of North Carolina, Mr. FARR, Mr. FILNER, Ms. MILLENDER-MCDONALD, Ms. KILPATRICK, Ms. LINDA T. SANCHEZ of California, Mr. HOYER, Mr. ETHERIDGE, Mr. KIND, Mr. HOLT, Mrs. LOWEY, Mr. GREEN of Texas, Mr. RANGEL, Mr. GEORGE MILLER of California, Mr. OLVER, and Ms. MCCARTHY of Missouri.

H. Res. 220: Ms. EDDIE BERNICE JOHNSON of Texas.

H. Res. 226: Mr. LATOURETTE.

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PROCEEDINGS AND DEBATES OF THE 108th CONGRESS, FIRST SESSION

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Senate

The Senate met at 9:15 a.m. and was called to order by the President pro tempore [Mr. STEVENS].

The PRESIDENT pro tempore. This morning the Senate will be led in prayer by a great personal friend and father of one of my staff on the Appropriations Committee. I present to the Senate Pastor James C. Hayes of the Lily of the Valley Church of God in Christ of Fairbanks, AK. He is a three-time former mayor of Fairbanks.

PRAYER

The guest Chaplain offered the following prayer:

Oh, gracious and eternal God who rules Heaven and Earth and has been with all of us from the very beginning of time, You have never left us. As you stated in Your word, ''Lo I am with you always even unto the end of the world'' (Matthew 28:20). We thank You. We also thank You for America, the greatest Nation founded upon the belief ''In God we trust.''

God, I pray no prayer that You have not heard before. I speak no words that have never been uttered. Ezekiel 22:30 says, ''And I sought for a man among them that should make up the hedge, and stand in the gap before me for the land, that I should not destroy it; but I found none.'' God, as Your servant, I stand in the gap and pray an intercessory prayer of faith, hope, and love. I pray for these men and women who are elected to serve Your people in the U.S. Senate as they deliberate and make tough and sometimes unpopular decisions that affect all of us who live in the land of the free. I Timothy 2:1–2 says, ''I exhort, therefore, that first of all, supplications, prayers, intercessions, and giving of thanks be made for all men; for kings and for all that are in authority, that we may lead a quiet and peaceful life in all godliness and honesty.'' I pray that You empower each Member with Your vision and courage as they seek to continue making this Nation the greatest nation on Earth.

God, let us remember that You are the author and finisher of our faith. Let us also remember You are our Father, and You have the last word. Amen.

PLEDGE OF ALLEGIANCE

The PRESIDENT pro tempore led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDING OFFICER (Mr. BROWNBACK). The majority leader is recognized.

SCHEDULE

Mr. FRIST. Mr. President, this morning the Senate will begin consideration of the jobs and economic growth package which was reported by the Finance Committee. Under the agreement reached yesterday, there are 14 hours remaining for consideration of the bill.

I again ask that all Senators who intend to offer amendments contact the chairman and ranking member of the committee to facilitate their structuring of consideration of this bill for today and tomorrow morning.

As I indicated last night in closing, I expect a very busy day today and, indeed, a busy day tomorrow and on Friday. We will have a busy day and likely a busy night tonight as we address this important jobs and economic growth package.

When we complete this measure tomorrow, we will proceed directly to the bipartisan global HIV/AIDS bill. The Senate will complete both of these important issues this week. A number of Senators do have engagements planned Saturday, a number of commencement addresses and interaction with their constituents, so we will not be in on Saturday, but we will likely be voting late into Friday. I urge them to make appropriate arrangements but to be here Friday. We will clearly be voting through tomorrow as well.

Mr. President, I made a few statements yesterday on the fact that this HIV/AIDS bill will be addressed this week. The focus today and much of tomorrow will be on the jobs and economic growth package. I hope we can go to the HIV/AIDS bill tomorrow afternoon. This virus, HIV/AIDS, casts a shadow of death that reaches across oceans; it knows no borders, and it is sweeping across continents. It goes to remote villages and countries all across the globe. It has killed 23 million people, and 42 million people are living with this virus. Of those 42 million people, most don't know they have the virus. Another 60 million people will likely die of HIV/AIDS by 2020.

We have an opportunity to reverse this moral, this humanitarian tragedy. The work has been done by the House of Representatives, by the President of the United States, and now it is up to this body. As I have mentioned before, history will judge whether America has led in the fight against HIV/AIDS, which has caused the greatest destruction in human life in recorded history, and whether we stood up in a timely fashion and performed heroic rescues. President Bush opened the door to that possibility, the House acted, and we will act this week to pass legislation and get this program established without further delay.

RECOGNITION OF THE ACTING MINORITY LEADER

The PRESIDING OFFICER. The Senator from Nevada is recognized.

Mr. REID. We have two of the most experienced managers in the Senate working on this bill, Senators GRASSLEY and BAUCUS. The rules of this tax

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

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debate are not the ordinary rules of the Senate. They are unique in this piece of legislation. So we need to make sure that Members understand that, and that those who have amendments, as the majority leader has indicated, give the managers some indication as to when they will be ready. We don't have the luxury, as we have on a lot of pieces of legislation, to just wait around until they show up. With some exceptions, the time runs all the time—with the exception, of course, if there are rollcall votes.

I ask that all Members understand that the rules of this debate are different than others. If we are going to complete all of the work people want—we have a significant number of amendments on this side that people want to offer, and they may not be able to offer them. If the majority wants to take time on our amendments, they can do that, of course.

This is also one of those times when we have the ability to enter into debate and have amendments voted on. We are going to have this trimmed down as much as we can on our side, but we have a lot of amendments. Voting alone on this bill could take several hours. So I hope everybody will cooperate with Senators GRASSLEY and BAUCUS and help us move this important piece of legislation.

RESERVATION OF LEADER TIME

The PRESIDING OFFICER. Under the previous order, leadership time is reserved.

JOBS AND GROWTH TAX RELIEF RECONCILIATION ACT OF 2003

The PRESIDING OFFICER. Under the previous order, the Senate will proceed to the consideration of Calendar No. 97, S. 1054. The clerk will state the bill by title.

The legislative clerk read as follows:

A bill (S. 1054) to provide for reconciliation pursuant to section 201 of the concurrent resolution on the budget for fiscal year 2004.

The PRESIDING OFFICER. Under the previous order, there are 14 hours of debate on the measure to be equally divided.

The Senator from Iowa is recognized.

Mr. GRASSLEY. Mr. President, I yield to our majority leader whatever time he might consume.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. FRIST. Mr. President, we are now on the jobs and economic growth package. By statute, the clock is running and we will have a very healthy and productive debate in the next 14 hours, as the assistant minority leader said.

It is critically important that we do this in a disciplined and organized way. The rules are different than on the usual debate. They are very clear. What it means is that we need to have participation as early as possible with the two leaders who will be managing this bill. I want to reiterate what the assistant leader said.

The legislation that we will be discussing—and, ultimately, I believe will pass—will clearly lower tax burdens, increase jobs, and expand and grow the economy in the short term, midterm, and in the long term. That is an objective I think both sides of the aisle share—expansion of the economy. With that, you have job creation and an increase in savings and investment.

The House has done its work on the bill, and now it is time for the Senate to do the same, to send a very clear message to the American people that we are serious as a body, as an institution, as a Government, as the Congress, about creating jobs. When you say creating jobs, you are really saying to give job security to the people who have jobs, and also to those people across America who don't have jobs but who want jobs and are willing to work, to have that opportunity.

Growing the economy is sort of a surrogate of what we say because if you look at the economy and you make that pie larger and larger, in truth, you are creating jobs and growing our gross domestic product in a way that is consistent with the increased productivity of individuals that has occurred over the last 15, 20 years.

A lot of people ask how much. It is hard to give an exact number. We all look for those exact numbers. How much will the Senate Finance Committee jobs and tax package grow the economy? We make references to other proposals, and the other side of the aisle put a package on the table and quantified it. The President's proposal has been quantified, and those numbers have been used. People are asking: What about the package that passed out of the Finance Committee last night? How many jobs will it create?

The Heritage Foundation's Center for Data Analysis specifically studied the Senate Finance bill, and the results paint a very clear picture of growth—growing the economy. The study shows that the Finance Committee package will raise the economy's growth rate in 2004 from 3.3 to 3.6 percent. That six-tenths of 1 percent may not seem to be much, but what it does do is translate into an additional 437,000 jobs in 1 year, in 2004 alone, and an increase in gross domestic product that year of more than $42 billion.

I want to remind my colleagues that outside of the White House, the Senate is perhaps the only place in Washington where one person literally can make the difference. We have seen that play out in many of the votes thus far this year in our very closely divided Senate. One vote makes a difference.

So I say to each of my colleagues, please remember that the people back you, and how you participate in this debate and in growing the economy is important to our constituents—constituents in your State but indeed people all across the country. We will, through this bill, make a difference in the lives of each and every one of our constituents. Our constituents want to feel good again about the economy. They want to be able to find a job or get a better job. They want to be able to grow their businesses, most of which are small businesses, as we all know. They want a fighting chance to grab a piece of that American dream.

In closing, I urge my colleagues to move this jobs and growth package through the Senate quickly over the course of today. We can complete our job in this body in preparation for a final vote in the conference committee before we leave for the Memorial Day recess. In the form that is created over the next really 24 to 36 hours, building upon the very solid package put forth by the Finance Committee, we will be able to create jobs and we will be able to put Americans to work.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I yield myself such time as I might consume.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. Mr. President, we are in a position where there is a lot of anxiety about the economy. That anxiety probably started back in March of 2000, when we first saw a downturn in the manufacturing index, and the manufacturing index has been in a downturn for 33 months, at least as far as it relates to employment.

There is anxiety that the economy might go back to mid-2000 and later in 2000 when Nasdaq lost half its value. Then September 11 happened. There is anxiety about the war on terrorism, reinforced by the murder of Americans in Saudi Arabia yesterday. There is anxiety about the economy because of the war in Iraq and the war in Afghanistan. As far as war and foreign relations are concerned, there is not a lot we in Congress can do about it because people expect us to fight a war against terrorists. They expect us to make sure that bases for terrorism training against American citizens are not maintained by protection of foreign countries, such as Afghanistan.

Americans expect us to not allow a nation such as Iraq, where there has been a great deal of evidence of the existence of weapons of mass destruction that could be used against American citizens, to continue to exist, or a nation such as Iraq that supports terrorist organizations such as Hezbollah or Hamas, to create greater turmoil in the Middle East, threatening the oil supply coming to the United States which will affect our economy. There is not much we can do about that, but the American people expect us to do what we can.

Also, there are some actions we can take domestically that deal with the anxiety about the economy, whether it

is related to the downturn of the domestic economy or whether that downturn is related to our international relations, our international responsibilities, or the protection of American citizens.

What we are doing today is responding, as best we can, through the tax policy of our country, to the anxiety about the economy. We have had the good fortune of a President with vision, with ideas to stimulate the recovery and, in the process of this legislation, as economists will tell us, create more than 1 million new jobs through changes in tax policy.

We are responding to the issues that are on the minds of Americans, and those issues are the need to create jobs and bringing robust growth to the economy.

I have the good fortune of serving in the Senate at the same time we have a President who has a tax policy that tries to accomplish what I have been working for in the Senate as a member of the Finance Committee for a much longer period of time than President Bush has been President of the United States.

As chairman of the Senate Finance Committee, that good fortune gives me the opportunity to work for my goals simultaneously with the goals the President seeks. Many times being a member of the Senate Finance Committee—I was not chairman at that particular time—I found myself trying to fight what I thought were bad ideas put forth by Presidents of the United States on tax policy. Today I have the good fortune of trying to accomplish for President Bush good things for our economy along the lines that I have tried to accomplish over a long period of time. Not often do Senators have that opportunity.

On the other hand, we faced a challenge in meeting the President's goals. As many of my colleagues know, several weeks ago the Senate agreed upon the size of the reconciled tax relief cuts for jobs and for growth. I join many of my colleagues in wishing the reconciliation amount had been larger, and I believe we have put together a good proposal, given the limitation we face of the realities of compromising on the budget which we adopted 1 month ago.

I am pleased that the Finance Committee was able to report out legislation that received bipartisan support, although not as broadly bipartisan as I had hoped. While I wish the number of supporters from the other side of the aisle had been greater for final passage, I think the vote reflects broad bipartisan support for a significant majority of the provisions in this bill.

The vote also reflects a common goal: to see our economy strengthened by tax relief policies. At least three-fourths of this bill enjoys bipartisan support, for instance, with major parts of the income tax policy that is in this legislation, meaning personal income tax policy.

I believe the bill before us today is a balanced package of consumption and investment incentives that will provide short-term stimulus and provide the building blocks for meaningful future economic growth.

There is wide support for the provisions that accelerate the child tax credit, the marriage penalty relief, expansion of the 10-percent bracket, almost all of the marginal rates expanding small business expensing, and providing much needed alternative minimum tax relief.

These six provisions make up approximately $300 billion of the total package of economic growth proposals before the Senate and represent the three-fourths of the bill that I described that had broad bipartisan support. Unfortunately, from the statements by a few of my colleagues, one would never know about these items having broad bipartisan support.

I believe the American people sent us here to get the people's business done. Sadly, despite a bill that provides so much benefit to working families and will create over 1 million new jobs, there are many who put partisanship first and turn the other song on its head: accentuate the negative and eliminate the positive.

Let me try to counter the efforts to eliminate the positive by briefly taking Members through key provisions of the bill. I will emphasize first those that I can say categorically would have overwhelming support, meaning overwhelming bipartisan support, if they were voted upon separately.

With regard to the child tax credit, we immediately bring the child tax credit to $1,000 per year instead of waiting for that to be phased in over the rest of this decade. In addition, we also accelerate the refundable portion of the child credit.

In other words, we are going to speed up the giving of money to people who have not even paid income tax so that they benefit from our emphasis upon helping families with children.

Finally, we simplify the definition of a child for several different tax programs. I know it is not imaginable to the average taxpayer that somehow we would complicate the Tax Code by having half a dozen different definitions of the world ''child,'' but we do have. We simplified this by expanding who is eligible and making more families eligible for certain tax benefits. This is what that means: Over $75 billion that hard-working families will get to keep in their pockets. Thus, by far and away the biggest part of this bill is direct benefits that help middle and lower income families.

There is one more thing. Not only are hard-working families getting the biggest benefits, they are first in line to get the benefits of this bill because we include the President's proposal that would send checks—rebate checks, if you want to call them that—to those who receive the child credit in their 2002 tax year. The Treasury Department states that these checks will be sent out within 6 weeks of Congress approving this bill. So in just a few weeks, eligible families will receive a check from the Treasury of up to $400 per child.

Why $400 per child? Because presently the child credit is $600 and it would not reach $1,000 until later in this decade, gradually phased in. We make that $1,000 credit effective right now for the year 2004.

Now, there is another very popular change in this bill that a vast majority of this body believes should have been done a long time ago and was done in the year 2001 tax bill but phased in over this decade. What we do is provide marriage penalty relief of $51 billion in this package to de-emphasize the penalty for people being married, meaning they pay a higher tax bill than people who would have the same incomes not being married. So these people will not be penalized for being married and having both husband and wife working.

It also enhances tax relief for those families where one spouse decides to stay home and spend their time, rather than outside the family and the workforce, doing that work in the family, raising kids. As my wife reminds me, raising the family is one of the hardest and most important jobs, and that has been emphasized very effectively by the President of the United States.

So the marriage penalty would have been phased in over this decade, and now, retroactive to January 1, 2004, we are going to have the marriage penalty fully brought in under the 2001 tax bill policy.

There is another problem particularly for middle-income taxpayers, and that is how the alternative minimum tax is hitting an increasing number of American taxpayers. The bill before us actually ensures that fewer Americans will be subject to the alternative minimum tax through the year 2005, and we devote $49 billion in this bill to addressing the alternative minimum tax.

I want to be candid with the taxpayers of America and tell them that we are not doing in this bill, because of costs now, what we did in 1999 when, during the Clinton administration, the Senate and House sent to the President a bill abolishing the alternative minimum tax. That was vetoed by President Clinton. I am sure I am going to have Members on the other side of the aisle saying we are not doing enough for the alternative minimum tax. I hope they remember that when it was not as far down the road as it is now on covering more Americans being hit by the alternative minimum tax, this Congress had the foresight to do away with the alternative minimum tax and President Clinton vetoed it.

In this regard of how we handle the alternative minimum tax, we eliminate more people from being hit by the alternative minimum tax than we would have under the 2001 tax law.

In another area where we want to increase investment to create jobs, the bill provides for increasing expensing of depreciable investment by small

business. We increase that from a $25,000 a year write-off to a $75,000 a year write-off, to encourage expansion and investment by small business today and the new jobs that will result from that small business investment.

The acceleration of the expansion of the tax brackets at the 10 percent bracket benefits all taxpayers and will mean thousands of taxpayers no longer even owe Federal income tax. That 10 percent bracket relief reports $44 billion of revenue loss in this bill, meaning that people hit by the 10 percent bracket will pay $44 billion less in taxes. This is another one of the provisions in the 2001 tax bill that would have been phased in over the next decade that we are bringing back effective January 1, 2004, fully implemented.

The reduction of tax rates at all other levels—and this does reduce marginal tax rates back to January 1, 2004, rates that would have otherwise been reduced gradually over the rest of this decade, making those marginal tax rates fully effective this year. The reduction of the top rate amounts to less than 7 percent of the total cost of this package, although I fear that many speakers will have us think it is 93 percent from all the words spent on this matter.

The reduction of all tax rates will help the husband and wife who, after years of hard work, have finally achieved good paying jobs and now face the triple threat. That triple threat is the cost of paying for their children going to college, saving for their own retirement and, oddly enough, probably helping their own parents in retirement.

The reductions of rates as well as expensing will help small business owners, as in my own city of Dubuque, IA, and small business owners across the country. These small business folks are key to job creation. If they hire more workers, if they expand their businesses, we are all better off.

That brings me to the point of who most benefits from the reductions of rates as well as small business expensing: The people who are hired by the small business owner. What this bill is all about is the creation of jobs. Of all the people benefiting, it is going to be those who want to work and will have an opportunity to work because of the 1 million-plus jobs that will be created by this legislation. These new jobs and the people who will be in them do not show up on any of the charts that we will see. They do not show up on the benefit table. But it is those people and their families who benefit greatly from this bill.

This is jobs creation legislation. This is based on the presumption that if money is in the taxpayers' pockets and 110 million taxpayers in America decide how that money is going to be spent or invested, it will do more economic good, turn over the economy many more times, than if it comes through the Federal Treasury and 535 Members of Congress decide how it will be divided.

Do not buy into the argument: How can we afford a tax cut when the budget deficit is what it is. A lot of the same Members who are going to be bringing that issue forward are some of the same Members who offered amendments on the Budget Act or offered amendments on the appropriations bill in January to spend more money. A lot of the votes on the budget took money away from tax relief in the budget and spent it somewhere else. Anyone who is concerned about the budget deficit ought to have reduced taxes and put it against the bottom line, not spend it someplace else.

The conclusion can be drawn that a lot of Members expressing concern over the budget deficit are not really concerned about the budget deficit but want more tax money coming through the Federal budget, through the Federal Treasury, so 535 Members of Congress can spend the money rather than 110 million American taxpayers having it in their pockets.

I happen to believe how 535 Members of Congress spend the money is not going to respond to the dynamics of our free market system, compared to 110 million taxpayers making the decision of how that money is spent.

Much of the discussion I have spoken about, worry of the budget deficit, is going to be related to discussion regarding the top rate and whether or not we should reduce the top rate from 38.6 to 35. Remember, that was already legislated in 2001 but not going to be fully effective until the year 2006. We made a judgment that putting money into the pockets of people who will invest it and create jobs, particularly small business owners, is better to do now, starting January 1, 2004, rather than waiting until 2006.

For those listening, do not look exclusively at the number of taxpayers impacted by those rates. Such an analysis fails to tell a complete story about the efficacy and efficiency of lowering top rates and seems to focus instead on who gets what in a distributional sense, not the economic good that comes from the policy decisions.

In my opinion, the better way to think about it is to focus on: One, what most efficiently changes behavior of taxpayers; two, what provides incentives for the creation of jobs; and, three, what has the largest multiplier effect on the economy. And by ''multiplier effect,'' I mean what is going to be done with the money by the 110 million taxpayers who create jobs. That has to be one of two ways. Either they spend it and it enhances two-thirds of the economy related to consumer spending or it will be invested and, with investment, the creation of jobs.

We will hear a lot about distributional analysis of how this tax bill might affect certain classes of taxpayers. It also ignores the fact that successful businesses—in other words, profitable businesses that pay proportionately higher taxes and the highest marginal tax rates—are the ones who will disproportionately add the most labor and capital. This is an important point to keep in mind.

Everyone knows most of my livelihood outside of Congress or even while I have been in Congress has been from farming. But throughout my lifetime I have had jobs with small business people in the Waterloo-Cedar Falls area of Iowa. I have had those jobs because I started out as a small farmer. If you are farming 80 acres, you cannot make a living so you moonlight someplace else to provide income to support your family. I had an opportunity to work at a little business called Universal Hoist. We made grain-moving equipment for farmers and grain elevators to buy. That business is still operating in Cedar Falls. I worked 10 years, from 1961 to 1971, as an assembly line worker at a company called Waterloo Register Company. We made furnace registers. I had the beautiful job of putting screw holes in those registers. Do that for 10 years and you have a lot of time to think about public policy, too, I guess. Regardless, that is what I did. That factory closed down in 1971. It no longer exists.

The point I make about higher income people, they provide jobs for people in my State. They probably provide a lot more jobs than the John Deeres and Maytags. These are outstanding businesses in my State and I do not denigrate their contribution to the economy. I had jobs because of small entrepreneurs investing and creating a job for me that I could not create for myself on an 80-acre farm. I created a part-time job on an 80-acre farm. Someone else invested money. These were middle-income taxpayers, as I knew them at that time. It takes people with money to create jobs.

Also, people who have money have not always been rich. And they are not always going to be rich. We have economic mobility studies that show that. One might get the opinion from debate on this bill—and I hope I am accurately anticipating because I have heard these debates before. One gets the idea from the debates on class warfare that somehow people who are poor in America are poor throughout their lifetime, and people who are rich are rich throughout their lifetime. People at the top levels have problems and they come down, and there is great mobility upwards in our society. I want people who discuss we are not doing enough for the poor or we are doing too much for the rich in America, I want these Members to understand the studies show as we divide our working people into quintiles of income, these studies show the people in the lowest quintile after 10 years have moved to the second, third, and fourth quintile, maybe some even up to the fifth quintile. But there is only 10 percent of the original 20 percent in the lower quintile after 10 years. That is 2 percent of our workforce.

There is great upward mobility. Those studies also show a lot of people

in the top quintile after 10 years are not in the top quintile. There is mobility downward.

What we are talking about in this legislation to create jobs, to give tax relief to American workers, is to give small business, and even large business, an incentive to create jobs in one of two ways: Either take the money and invest it and create jobs rather than spending it for you or for consumers to take their extra money and buy things and create consumer demand, in turn creating jobs.

It also has something to do with enhancing the capital-to-labor ratio. That is because when capital is more available, when there is a surplus of capital, that is when labor in America does its best because labor is going to be much more in demand when there is a surplus of capital. That is where labor is going to make its progress, with higher wages and more jobs being created. This bill will enhance the capital-to-labor ratio.

To further be definitive on what I have said as a philosophical statement with statements that are backed up by studies that have been made, we have, as far as cutting the marginal tax rate is concerned, studies suggesting that a 5 percentage point reduction in the top marginal tax rate would increase small business investment by as much as 10 percent. The Treasury has indicated that 80 percent of the benefits from the top rate acceleration go to small business.

I will digress for a minute to talk about something that troubles me about the debate on bringing down the top rate to 35 percent. Some folks, especially those who have acquired their wealth through professions, big business, or inheritance, are the ones most violently opposed to reducing the top rate. It makes you wonder why these people so oppose bringing down the tax burden on businesses that they probably do not even know about—small business.

I gave this some thought while I was out in the field helping to plant corn the other day. I asked myself, Could it be that they are envious? No, that doesn't make sense because these folks generally have more money than successful small business people.

I asked myself another question: Could it be they do not want others, maybe those looking to make the transition from modest success to very successful status, to make that transition that is possible given the economic mobility of our society? Could it be that they see high taxes as a way to bar others from moving up? Could it be that they believe high taxes are the necessary tool to block successful small business people? Could it be that these elitists want to block a class of people who move up because of hard work rather than by pedigree? Could it be that high taxes on small businesses is a way to sustain the status quo?

I hope that is not true, but it makes you wonder. I know in the heartland of America people do not resent or try to block success of those who acquire it through developing small businesses. In my State of Iowa, the opinion of a successful small business person is very important, if not more important, than that of a corporate CEO.

I was amused to read some press reports about how K Street lobbyists and the Fortune 500 have reservations about this Finance Committee bill before us. There were too many revenue raisers, too many loophole closers, too much to ask from big business.

I would like to ask a different question. Are we doing enough for small business and the people who want to hire them? I want to focus on that question. Small businesses, as I have indicated, are engines of growth for our economy. In the recent past, they have been the source of most newly created jobs. I also continue to believe it is important to ensure that small businesses do not operate at a competitive disadvantage vis-a-vis large corporations because they are forced to pay higher marginal income tax rates. Currently, successful small businesses incur a 10-percent rate penalty when compared to their big business counterparts. In other words, if you are not incorporated, you pay the higher marginal tax rate of 38 percent. There is a bias in favor of corporations away from small business, individual entrepreneurs, because of the 38-percent bracket on personal income versus the 35-percent bracket for the corporate tax rate.

Even common sense would tell you that does not make good economic sense. Why should you have a bias in the Tax Code against people who do not want to incorporate?

I want to leave that issue now and turn to the last major part of the bill, and that is the part of the bill that provides for a partial exclusion of dividend income from taxes. As my colleagues know, the President called for a complete end to this double taxation of dividends. He would even go further, as I would, and say that double taxation of anything is wrong, dividends or otherwise. I have to admit that our bill is not a bill that is an absolute victory against double taxation because the proposal as reported covers only 86 percent of dividend-receiving taxpayers and is a good step in the effort to eliminate economic distortion resulting from that tax policy framework. When in full effect, this policy would ensure that dividends would be subject to the top rate of 28 percent. All other ordinary income would be subject to a top rate of 35 percent. This means that dividend income would enjoy a significant preference over other forms of periodic investment income such as interest.

Let me note to my colleagues that we provide State fiscal relief in this bill. A lot of Senators, over a 2-year period of time, have talked to me about the necessity of doing this, both members of the Senate Finance Committee as well as people even in my own Republican caucus, and people who are not on the Senate committee. They have been indicating to me that they view State fiscal relief as a key component to an overall agreement on taxes and on growth.

To be perfectly candid, we have Members of this body, right or wrong, who are telling us if we don't have something in here for fiscal relief, this bill is not going to get 51 votes to pass. Like it or not, they have a great deal of leverage. So we are dealing with that and hopefully dealing with it in a responsible way, through programs where there has been a Federal/State partnership, such as Medicaid. There are some areas where there has not necessarily been a State/Federal partnership. These funds, under our agreement—and there will be an amendment that fleshes this out to a greater extent—could be used for education, health care, law enforcement, and essential Government services. I look forward to continuing to work with my colleagues on this important issue as we start filling in the details of that that will be part of an amendment offered later on.

I conclude by commenting briefly about the offsets that are in this bill.

Let me first note that there has been some surprise in the media about the fact that these are offsets. I respond by saying that if the media is somehow shocked that we would have offsets, they haven't been paying attention to a lot of tax bills which have been going through here. The fact is you are not going to get a tax bill through this body under what you call regular order unless there is unanimous consent to do it without a point of order. If there is a point of order, you have to have 60 votes, or you have to avoid a point of order, which is hard to do, by having offsets, meaning it would be revenue neutral.

As the President's own spokesperson stated, the President in his budget provided several billions of dollars in offsets—not necessarily the same ones we are using in this bill. In addition, my counterpart in the House has stated that he will look to offsets to pay for improvements in the international tax arena. Offsets are not new.

I will not discuss all the offsets at this point. But my colleagues should know that many of these offsets deal with the scandals we have seen recently at Enron and many other bad actors in corporate America.

That is not denigrating corporate America because the bad actors are a few compared to tens of thousands of legitimate, ethical, honest corporations in America.

It is my view that while we are trying to help shareholders with reductions in dividends, we should also be closing down the loopholes, the games and the gimmicks that executives have been playing. The shareholders and the workers—and many of the workers who also own shares—have been greatly

harmed by the actions of corrupt executives. This bill takes great strides in ending these loopholes.

Thus, shareholders benefit greatly from the dividend deductions as well as our efforts to end the fast and loose games being played in some corporate suites.

I haven't thanked Senator BAUCUS yet for his continued efforts to work with me despite our inability to find common ground on all the elements of this economic recovery package. Senator BAUCUS, ranking Democrat and former chairman of the committee, has worked very hard to help me move this bill along even though he could not vote for it in committee. That is particularly in the tradition of our committee. Rarely does a bill come to this floor where he and I are not on the same side of the fence. Yet there are going to be a lot more bills coming to the floor this year, as before, on which we are on the same side of the fence.

I look forward to continuing to work through our differences to produce legislation that will be helpful and getting things moving again as quickly and effectively as possible.

AMENDMENT NO. 555

Mr. GRASSLEY. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER (Mr. GRAHAM of South Carolina). The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Iowa [Mr. GRASSLEY] proposes an amendment numbered 555.

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

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

The amendment is as follows:

(Purpose: To increase the criminal monetary penalty limitation for the underpayment or overpayment of tax due to fraud)

At the end of part I of subtitle C of title III add the following:

SEC. 335. INCREASE IN CRIMINAL MONETARY PENALTY LIMITATION FOR THE UNDERPAYMENT OR OVERPAYMENT OF TAX DUE TO FRAUD.

(a) IN GENERAL.—Section 7206 (relating to fraud and false statements) is amended—

(1) by striking ''Any person who—'' and inserting ''(a) IN GENERAL.—Any person who—'', and

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

''(b) INCREASE IN MONETARY LIMITATION FOR UNDERPAYMENT OR OVERPAYMENT OF TAX DUE TO FRAUD.—If any portion of any underpayment (as defined in section 6664(a)) or overpayment (as defined in section 6401(a)) of tax required to be shown on a return is attributable to fraudulent action described in subsection (a), the applicable dollar amount under subsection (a) shall in no event be less than an amount equal to such portion. A rule similar to the rule under section 6663(b) shall apply for purposes of determining the portion so attributable.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to underpayments and overpayments attributable to actions occurring after the date of the enactment of this Act.

Mr. GRASSLEY. Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I very much thank my friend and colleague, Senator GRASSLEY, chairman of our committee. He has done an excellent job working on this bill. As he said, I do not support the bill but I do support the process and the will of the Senate to proceed; let Senators vote as they wish. That is, frankly, why we are standing here—to get things done, although we may not always agree.

I now yield to the Senator from Illinois 15 minutes from the time on our side.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. I thank the Senator from Montana.

I would like to acknowledge my friendship and respect for the Senator from Iowa. We have been working together, as we will in the future. We come from neighboring States and have a lot of neighboring concerns. I think we will find common ground in the future to work on many issues. I look forward to that opportunity.

Let me tell you that today we couldn't be further apart. There is such a chasm and such a divide between those who support this bill and those who oppose it. It really comes down to a very fundamental issue. It is not a question of who is good and who is evil or who is right and who is wrong. It comes down to the way you look at the world. The way Senator GRASSLEY looks at the world as he describes it in his opening remarks and the way he puts the reasoning forward for this legislation describes a vision of the world. I have a different view of the world.

It comes down to this: From Senator GRASSLEY's point of view, when it comes to taxes in America, our Government should find ways to provide more comfort, more help, and more financial assistance to the elite in America, the investors who have made a lot of money, successful businesspeople—those who have done well in America, some by their own hard work, some by virtue of being born into a family with a lot of money. But the belief of the Senator from Iowa and those who support the President's tax package is that those are the people who really are the future and hope of America; if we can just make life more comfortable for them, if we can give them more of our national resources, then the economy will move forward and all boats will rise. That is their view of the world—help the elite and America will be better off.

On this side of the aisle, we see it a little differently. We kind of view the world in terms of the people who get up every morning and go to work and struggle—teachers, policemen, firefighters, people who own small businesses, those who get up and work every day for a paycheck and pay more in payroll taxes than they do in income taxes—and some who are struggling under difficult family circumstances. From our point of view, if we focus on these God-fearing, middle-income, hard-working Americans and give them a helping hand, give them an additional small slice of the pie so they can enrich their lives, we on this side of the aisle believe that America will be stronger; these people will have stronger families, stronger neighborhoods, stronger churches, stronger schools, and they will spend their money building a stronger economy in each community.

We have two very different views of the world.

Senator GRASSLEY, a Republican, sees the Bush tax plan as a way of helping the elite. We on the Democratic side believe it is far more important to make certain that what we do is fair and balanced, particularly when it comes to working families who are struggling to get by.

Senator GRASSLEY said in his opening remarks that ''it takes people with money to create jobs.'' I quote him. That is his point of view. That is his philosophy. It takes people with money to create jobs. What he overlooks is the fact that people who may not be rich, when given a tax break, will spend it. They will buy washers, dryers, refrigerators, and stoves in addition to a house, paying their bills, and making certain their kids are taken care of and the school tuition is paid.

I suggest to the Senator from Iowa and those of his point of view that it not only takes people with money to create jobs, but to create jobs you ought to give people who are struggling every single day with the burdens of family life a helping hand. In so doing, they will help us create jobs.

The Senator from Iowa said, incidentally, that this is about class warfare; the speech I am giving is about class warfare.

A month ago, we had a visit from a man named Warren Buffett. He is one of my favorites. You may have heard of him. He is one of the most successful businessmen in the world. He lives in Omaha, NE. He owns a company called Berkshire Hathaway. He is extremely successful. Warren Buffett came to talk to us, as he does once in a while, about his view of the world. I always enjoy it. I think his annual report should be must-reading for anybody interested in American business because he has such a refreshing and honest point of view.

We asked Warren Buffett, the second wealthiest man in America, about this claim of class warfare and this tax bill. He said: You bet there's class warfare going on, and my class is winning. He said: My class is winning. And he is right.

This bill is designed so Warren Buffett and the wealthiest people in America will get the tax breaks. Warren Buffett knows that is unfair. He said that publicly. I think most Americans know it is unfair.

Take a look at this morning's New York Times. Consider this for a moment: Despite all of the hectoring by

rightwing television, despite all of the best efforts of the President of the United States visiting America from one corner to the next, despite all the speeches by Republicans in Congress, this is what the American people think about the debate in which we are engaged.

Question to the American people, across the board: Which is a better way to improve the national economy: cutting taxes or reducing the Federal budget deficit? Simple choice. Well, 31 percent said: cut taxes, which is what Senator GRASSLEY, President Bush, and the Republicans propose. But 58 percent said: reduce the deficit—almost 2 to 1.

The American people get it. They understand this cutting taxes is not the answer to every problem, and yet that is all we hear from this White House.

Then they asked the American people: Have the reductions in Federal taxes enacted since 2001 under President Bush been good for the economy, bad for the economy, or have they made much difference? So think about this, for a tax cut which most people usually applaud, they asked the American people: Take a look at the President's last tax cut. Did it help the economy or did it not? Those who said it was good for the economy, 19 percent; those who said it was bad for the economy, 12 percent—not much difference: 63 percent.

We took $1 trillion out of the Federal Treasury, gave it to the wealthiest people in America, ran our deficit to record levels, and by a margin of 63 percent to 19 percent the American people said it did not make much difference to those who said: Good idea. Do it again.

Then they asked the American people: If adopted, do you think President Bush's latest tax cut will or will not make a significant difference in the amount of money you have after taxes? Will: 33 percent; will not: 58 percent.

The American people understand. The winners in the Bush tax bill are the elite in America. It isn't the working families and small businesses that will come out ahead. They are going to be saddled with this deficit created by a tax cut when the country is in recession, a tax cut when we are still trying to find out how much we are going to pay for the war in Iraq and the war in Afghanistan and the war against terrorism.

Then, the final question: Would a new tax cut be good for the economy, bad for the economy, or won't have much effect? Good: 41 percent—not bad, huh?—and then those who said bad or won't have much effect: 52 percent. So a majority of the American people think it is either not going to have any impact or it is going to be bad.

They get it. They understand it.

I listen to my fiscally conservative Republicans come to this floor and say: For goodness' sake, don't mention the ''D'' word. Don't mention deficits. Deficits don't count anymore. Deficits aren't important. Why are you Democrats tied in knots over deficits?

Well, the reason they do not want to talk about it is because the record is so miserable. Look where we are ''Stuck in the Bushes'': Federal deficits, surpluses, and then deficits again. Here we have a runup, from the first President Bush, a bad deficit situation; then the beginning years of the Clinton administration, deficits, still red ink; finally, at the end of the Clinton years, we break out of it, and for the first time in over 30 years we start generating surpluses in America; and then comes President George W. Bush, and here we go again, red ink for as far as the eye can see. My fiscally conservative Republican friends say: It doesn't count.

Mr. REID. Will the Senator yield for a question?

Mr. DURBIN. I am happy to yield.

Mr. REID. Is the Senator aware of some statements made by some of our friends on the other side of the aisle?

For example, I quote Senator SANTORUM. And this is from the Pittsburgh Post Gazette on November 15, 1995:

> The American people are sick and tired of excuses for inaction to balance the budget. The public wants us to stay the course towards a balanced budget, and we take that obligation quite seriously.

I quote the majority leader at the time, Senator TRENT LOTT:

> I think the most important thing really does involve the budget, keeping a balanced budget, not dipping into Social Security, and continuing to reduce the national debt.

I quote Senator HAGEL, from the Omaha World Herald, on February 6, 1997:

> The real threat to Social Security is the national debt. If we don't act to balance the budget and stop adding to the debt, then we are truly placing the future of Social Security in jeopardy.

Final quote—there are others—but the final quote I will give you is from Senator JUDD GREGG. This is from the New Hampshire Sunday News, February 1, 1998:

> As long as we have a Republican Congress, we're going to have a balanced budget, and if we can get a Republican President, we can start paying down the debt on the Federal government.

I give you these quotes.

Also, very soon, in the next few days, we are going to take up the issue of increasing the national debt by almost $1 trillion. So will the Senator comment on these direct quotes from Republican leaders and the fact we are being asked by the President of the United States to increase the national debt by almost $1 trillion in the next few days?

Mr. DURBIN. I say to the Senator from Nevada, it is totally unfair to call out the quotes of our Republican colleagues about deficits because he has failed to take into account this new era of compassionate conservatism. Things have changed. The Senator from Nevada, in all fairness, should understand when Republicans stood on the floor of the Senate and the House and railed against deficits, it was before we came into this new era where deficits don't count. We are now in a new era where the debt we are leaving our children is not important. What is important is giving tax breaks to the elite in America.

The Senator, once he comes to grips with this, once he comes to understand this, will really understand the Bush economic policy. But I say to the Senator, he is in good company because I struggle with this concept, and the majority of the American people do. This just does not compute and it does not work.

For the President and his supporters to stand before us and say this Bush tax plan is going to increase jobs—take a look at the job growth we have seen in the last few years. Take a look, starting with President Truman, at all the job growth, and then take a look at what has happened when we get to President George W. Bush.

The President told us, 2 years ago: If you will just let me cut taxes on the wealthy, America is going to have more jobs.

Well, we have lost 2 million jobs. Sorry, Mr. President, you missed it by a mile.

Now he says, this time around, the best thing for us to do is more of the same. I can tell you that more of the same is not good for America. Take a look at those who are facing long-term unemployment: 6 percent. It is back to the highest rate—President Bush has not matched his father's 7.5-percent unemployment rate, but he is creeping up there. It is higher and higher each year. That does not say much for his economic plan.

I think America gets it. The President, as Commander in Chief, is sounding retreat when it comes to the economy of America. He is walking away from the greatest challenge our families face today. It is not just the threat of terrorism; it is the threat of economic insecurity.

Let me be specific. The Republican plan does not address, does not spend one dollar, does not even concern itself with an overwhelming issue I find from businesses across Illinois: the cost of health insurance. Go to any business—large or small—and ask them what they are facing. Ask them what the premiums are. They are going to tell you that the health premiums are killing them, killing their competitiveness, killing their ability to offer health insurance protection to their employees. Many of them are facing absolutely awful choices they have to make.

Not one penny, not one word, not one provision in the Bush plan for businesses deals with health insurance, but the Democratic plan does. The Democratic plan provides that we are going to increase the tax credit, a small business tax credit for those offering insurance for their employees.

I will tell you, I will take that to any chamber of commerce, any meeting of

the National Federation of Independent Businesses—you pick it—and let them decide which is better for the future of their business, a tax credit for health insurance or reducing the tax rate on the wealthiest people in America. I will take that referendum and I will go to the bank on that one. I know what the outcome is going to be.

What we believe is that there should be a tax cut, if there is going to be one, for every American taxpayer, particularly for those in lower income categories. We should accelerate the child tax credit to $800, even higher than the Republicans have proposed. We should eliminate the marriage penalty. We should have a small business health tax credit. We should triple the amount that small businesses can expense. We should encourage business investment. We should make certain that we limit the amount of this tax cut to what we can afford; otherwise, we are digging ourselves deeper and deeper and deeper in this deficit hole.

The Republicans who push this tax plan have to face stubborn facts, and facts can be stubborn. The last time they got a tax cut through, the American economy fell backward. We did not make progress. We lost jobs. We lost opportunity. We lost a lot of hope in this country.

We need to move forward. We can do it with a sensible tax plan, one that does not reward the elite but rewards working Americans across the board.

I yield the floor.

Mr. BAUCUS. Mr. Chairman, I yield 5 more minutes to the Senator from Illinois.

Mr. REID. If the Senator would allow me to ask him a question.

Mr. DURBIN. I would be happy.

The PRESIDING OFFICER. Does the Senator from Montana yield?

Mr. BAUCUS. I yield 5 minutes off the amendment to the Senator from Illinois.

Mr. REID. Is the Senator from Illinois aware that the Congressional Budget Office, the White House Council of Economic Advisors, and the private sector economists who helped the President analyze this proposal have stated that the President's tax break plan will weaken the long-term health of our economy? This is from the Congressional Budget Office, the first part of April of this year. Is the Senator aware that these institutions and individuals have so stated?

Mr. DURBIN. I say to the Senator from Nevada, the interesting thing about that is—I was aware of it—this is the new Congressional Budget Office that brought us the new economic concept of dynamic growth. The Republican conservatives have been screaming for years that the Democrats and those following their point of view were too conservative: We don't take into account what a tax cut will do, that it will just mushroom growth. Here comes the new Congressional Budget Office. They are now believers in this new dynamic growth economic religion, and they still don't buy it. As the Senator from Nevada said, they believe as we do, that this Bush tax plan for the elite investors is not going to create jobs or create the kind of growth that we want to see. I think the Senator from Nevada has pinpointed one of the weaknesses in their argument.

Mr. REID. Is the Senator aware that in the State of Illinois the number of jobs lost since the beginning of the Bush administration is nearly 200,000, and last month alone it was almost 20,000 jobs?

Mr. DURBIN. I am aware of it. Virtually every State has lost jobs. We have lost over 20,000 manufacturing jobs in the last 12 months with the last Bush tax cut. Adding insult to injury is the fact that this administration resists providing additional unemployment compensation for people who are out of work. When his father faced recession, five different times we increased unemployment compensation, three times under President Bush, and twice under President Clinton. We have only done it twice in this situation.

To me, it is heartless to ignore what is happening to unemployed people. They have lost good jobs. Some of them have been victims of corporate scandals. They are in trouble, trying to find some way to get by. Every single day is a challenge. We find over a fourth of them have had to leave their homes and move in with family and friends. We find over half of them struggling to pay utility bills. More and more of them are paying less for food and clothing for their family and ultimately many of them are losing health insurance—words Republicans don't want to talk about, the cost of health insurance. That is an indication of what we should be focusing on in terms of our priorities. Instead, what we are doing is increasing the deficit at the expense of Social Security and Medicare. That is not fair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I ask unanimous consent that the pending amendment be temporarily laid aside and that the amendment to be offered by the Senator from North Dakota be in order.

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

The Senator from North Dakota.

AMENDMENT NO. 556

Mr. DORGAN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from North Dakota [Mr. DORGAN], for himself and Mr. BAUCUS, proposes an amendment numbered 556.

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

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

The amendment is as follows:

(Purpose: To repeal the 1993 income tax increase on Social Security benefits and to offset the revenue loss)

Strike section 102.

Strike title II.

At the end of subtitle C of title V, add the following:

SEC. ___. REPEAL OF 1993 INCOME TAX INCREASE ON SOCIAL SECURITY BENEFITS.

(a) RESTORATION OF PRIOR LAW FORMULA.—Subsection (a) of section 86 is amended to read as follows:

''(a) IN GENERAL.—Gross income for the taxable year of any taxpayer described in subsection (b) (notwithstanding section 207 of the Social Security Act) includes social security benefits in an amount equal to the lesser of—

''(1) one-half of the social security benefits received during the taxable year, or

''(2) one-half of the excess described in subsection (b)(1).''

(b) REPEAL OF ADJUSTED BASE AMOUNT.—Subsection (c) of section 86 is amended to read as follows:

''(c) BASE AMOUNT.—For purposes of this section, the term 'base amount' means—

''(1) except as otherwise provided in this subsection, $25,000,

''(2) $32,000 in the case of a joint return, and

''(3) zero in the case of a taxpayer who—

''(A) is married as of the close of the taxable year (within the meaning of section 7703) but does not file a joint return for such year, and

''(B) does not live apart from his spouse at all times during the taxable year.''

(c) CONFORMING AMENDMENTS.—

(1) Subparagraph (A) of section 871(a)(3) is amended by striking ''85 percent'' and inserting ''50 percent''.

(2)(A) Subparagraph (A) of section 121(e)(1) of the Social Security Amendments of 1983 (Public Law 98–21) is amended—

(i) by striking ''(A) There'' and inserting ''There'';

(ii) by striking ''(i)'' immediately following ''amounts equivalent to''; and

(iii) by striking '', less (ii)'' and all that follows and inserting a period.

(B) Paragraph (1) of section 121(e) of such Act is amended by striking subparagraph (B).

(C) Paragraph (3) of section 121(e) of such Act is amended by striking subparagraph (B) and by redesignating subparagraph (C) as subparagraph (B).

(D) Paragraph (2) of section 121(e) of such Act is amended in the first sentence by striking ''paragraph (1)(A)'' and inserting ''paragraph (1)''.

(d) MAINTENANCE OF TRANSFERS TO HOSPITAL INSURANCE TRUST FUND.—There are hereby appropriated to the Hospital Insurance Trust Fund established under section 1817 of the Social Security Act amounts equal to the reduction in revenues to the Treasury by reason of the enactment of this section. Amounts appropriated by the preceding sentence shall be transferred from the general fund at such times and in such manner as to replicate to the extent possible the transfers which would have occurred to such Trust Fund had this section not been enacted.

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to taxable years beginning after December 31, 2003.

(2) SUBSECTION (c)(1).—The amendment made by subsection (c)(1) shall apply to benefits paid after December 31, 2003.

(3) SUBSECTION (c)(2).—The amendments made by subsection (c)(2) shall apply to tax

liabilities for taxable years beginning after December 31, 2003.

Mr. BAUCUS. Mr. President, I ask unanimous consent that the following staff of the Joint Committee on Taxation be granted the privilege of the floor, and I send the list to the desk. We worked out an arrangement so they rotate.

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

The list is as follows:

Thomas A. Barthold.
Ray Beeman.
John H. Bloyer.
Nikole Flax.
Roger Colinvaux.
Harold Hirsch.
Deirdre James.
Lauralee A. Matthews.
Patricia (Tricia) McDermott.
Brian Meighan.
John F. Navratil.
Joseph W. Nega.
David Noren.
Cecily W. Rock.
Carol Sayegh.
Gretchen Sierra.
Ron Schultz.
Mary M. Schmitt.
Carolyn E. Smith.
Allison Wielobob.
Barry L. Wold.
Tara Zimmerman.

Mr. DORGAN. Mr. President, let me briefly describe the amendment I offer on behalf of myself and Senator BAUCUS. This amendment deals with repealing the 1993 provision that would increase the amount of Social Security income received by a senior citizen to be reported for tax purposes. Let me describe the history of this a bit and then talk about why I believe we ought to do it.

For a good many years after Social Security was created, the Social Security receipts that a senior citizen would receive would not be required to be reported for tax purposes on their income tax return. It was exempt income. Then at one point the Congress decided that one-half of the payments for Social Security that go to a recipient should be described as income on their income tax return. So we went for a long while with 50 percent of the Social Security payments to senior citizens being required to be reported for tax purposes.

In 1993, in a rather large piece of legislation that moved this country towards a different fiscal policy in a very significant way—the results of which throughout the 1990s expanded the economy, created jobs, did a number of things—one of the provisions was to increase from 50 percent to 85 percent the amount of income that would be required to be subject to income tax and reported on the tax return for single beneficiaries with incomes over $34,000, married couples income over $44,000. So moving that 50 percent to 85 percent now means that roughly 8 million senior citizens pay an average increased income tax of about $1,500 a piece per year. I propose that we repeal that provision, go back to previous law which is a 50-percent reporting requirement.

Let me talk for a moment about the Social Security issue and senior citizens. There is discussion on the Senate floor—and there will be much more, I expect—that this tax proposal that comes to the Senate will use all of the trust funds that are to be set aside for Social Security to pay for tax cuts. I don't think that is going to be disputed. I don't think that is subject to contest. There will not be Social Security trust funds if we pass this tax cut.

This is a circumstance where upper income Americans will receive very generous tax cuts and senior citizens will see their Social Security trust funds depleted in order to finance it.

I mentioned yesterday that on page 4 of the Budget Act, which brings us to the floor under reconciliation, the description of what is happening to the debt is it goes from $6.7 trillion to $12 trillion in a decade.

Some say: That is not much to worry about. Don't worry about debt.

I don't understand that. The debt, of course, is going to be inherited by our children because they will inherit this economy and this country. We are saying to them: We have a new plan. Our fiscal policy plan will double the Federal debt to $12 trillion in 10 years.

I have never heard of a plan doubling the debt described as a success. But that is what I am hearing in the Senate. This is a plan that is gearing this country towards long-term economic solvency, economic opportunity, growth, hope, and most especially jobs by doubling the Federal debt to $12 trillion—a rather curious argument.

I managed to teach economics for a couple of years. I don't think there is anything in any book anywhere that would have you teach this lesson. This is apparently a new form of economic theory.

I recall the book written by Tom Brokaw called ''The Greatest Generation.'' I have visited with many of the folks described in that book, the folks who lie on their belly on the sands of Normandy, risking their lives for their country, seeing their comrades die in foxholes beside them, those who were asked to go halfway around the world to fight for liberty and did so without complaint, never asked for much, but were told by this country a couple things: When you get back from serving your country, we will provide free health care for life for you in the veterans health care system.

That turned out to be a promise this Congress is unwilling to keep, regrettably. They also were told: When you come back, there will be a Social Security system you can count on; you can rely on. Of course, what is happening now is we have people who don't support that system, don't believe we ought to keep the promise, don't believe trust funds ought to include the word ''trust.''

If I can digress for a moment, I recall one day going to a veterans hospital in Fargo, ND, about which I have told my Senate colleagues before.

When we talk about the greatest generation and senior citizens, I went to a veterans hospital on a Sunday morning to provide the medals that had been earned by a Native American veteran. His name was Edmond Young Eagle. He was dying of lung cancer. I learned later that he died a week after I had been there. His sisters asked if we could get his medals, and so I did. I presented them to him at the VA hospital that Sunday morning. The doctors and nurses gathered, and his sisters were there. We cranked up his bed so that he was in a seated position, and I pinned the medals he had earned during the Second World War on his pajama top.

Edmond Young Eagle never had much in life. He fought in Africa and in Europe, and he went where this country asked him to go. He risked his life and served America with great distinction. He came back to live on the reservation, and he never had very much, never had a very good life. He had it pretty tough. That day, on a Sunday morning, having the medals that he earned 50 years previously pinned on his pajama tops, Edmond Young Eagle, 7 days from dying of lung cancer, said: ''This is one of the proudest days of my life.'' He didn't have much, but he deeply valued the service he had given his country. I told him how much this country valued the service he had provided and how proud we were of him.

Edmond Young Eagle and millions of others have answered the call to serve this country in so many ways. I talk about the greatest generation. Yes, it was the soldiers and it was ''Rosie the Riveter'' back then. Moving forward, so many people have served this country, and this country made a bargain with them and a promise to them. We said to them: If you will pay from your paycheck, every time you receive a paycheck, a tax that goes into a trust fund to fund something called Social Security, when you reach retirement age, that Social Security payment will be there for you. Yes, we want you to save and invest yourself, but at least this will be a basic insurance retirement payment for you.

We have always made that promise. In fact, we changed that promise in 1983 and said: You know what? Because the largest baby crop in the history of this country will retire after the turn of the century—and that is called the war babies, the group of babies who came after the soldiers came home after the Second World War and the largest outpouring of affection in the history of the country occurred, and we had so many babies born, the largest baby crop in the history of America. They will begin to retire now. When they retire and hit the retirement rolls, then we have maximum strain on the Social Security system.

So in 1983, we put in place a little different approach. The approach was to say we are actually going to collect more money than we spend on a current basis in order to have a trust fund

balance that begins to save so that the resources are there when the baby boomers retire. That is what the trust fund is about. I mentioned that if we decide to increase the Federal debt—as is the case in the bill brought to the floor of the Senate, and as was the case with respect to the Budget Act—from $6 trillion roughly to $12 trillion, there won't be a Social Security trust fund. It is to say that that which is to be put away in a trust fund for Social Security will be used as an offset to provide tax cuts for Donald Trump. I know I should not use his name, but he likes to have his name used. I think he is an interesting guy, a good businessman and investor. He does very well. He puts his name on his buildings, so he certainly won't mind my using his name.

The question is, Should we decide that the trust funds we are trying to save for the future, which we need when the baby boomers retire, will be used as offsets so that we can give Donald Trump, or others in the upper income bracket in the country, large tax cuts?

Is that what you would sit around a table and decide as an American family that represents the priorities, values, and needs? Is that what you would decide we ought to do now? Is that the urgency for our country in public policy? I don't think so.

In addition to trying to save money in a trust fund, in 1993 we changed the mechanisms by which we assessed taxes, and especially with respect to senior citizens. We said: We will require you to report more of our Social Security payments as income on your tax returns—from 50 percent to 85 percent. That means about 8 million senior citizens now pay $1,500 a year in additional taxes.

I wish we had not done that in 1993. I voted for a bill that included it because it had a lot of things in it that put this country back on track, but I wasn't pleased that was in it. Twice since then, I have voted to try to repeal it. Now if we are going to have a substantial change in tax laws and evaluate who ought to get a tax break and who should not, and where should we cut taxes or where should we not, perhaps we ought to consider this at the top of the list. Why not make this change now? Why not go back to the 50 percent? That is where it was. Why not say that senior citizens—those who reached their declining income years—are those who ought to get the tax breaks?

That is what my amendment does. It is fairly simple. Senior citizens are living longer and better lives. Really, people say we have all these problems with Social Security and Medicare. Do you know what they are? They are problems of success. Just go back to the old life expectancy. People are living longer and better lives. I know a woman who is 89 years old. She bought a car a while back, and she used 5-year financing. God bless her. I have an uncle who is 81 years old. He runs in the Senior Olympic events. He has 43 gold medals. He runs the 400 and the 800. Thirty years ago when one reached 80 years of age, they had to find a La-Z-Boy. You were then at that age where it was time to find an easy chair because you were not going to run races or buy a car and finance it for 5 years.

Now things have changed in a very dramatic way. People are living longer and much better lives. But it is true that as they live longer lives, they reach a period of time when their income declines. Inevitably, they stop working and retire. Their income declines. As they reach the declining income years, then the question of what kinds of taxes they pay is a very important question. Do they, as some are required, go into a grocery store, where the pharmacy is in the back, and have to ask themselves: Should I buy groceries first so I can see how much I have left for prescription drugs? Of course, they make those choices.

When they reach their declining income years, the question is, What should their tax obligation be? How should we construct this tax obligation? My amendment is devastatingly simple: Let's relieve them of that 30 percent in extra income on Social Security they are required to report, which will save 8 million people $1,500 a year. These are not the top-income folks. These are folks who have retired and now have less income than they had during their working years. In many cases, they are folks who saved and are trying to help their kids and grandkids. They have less income, and they are now in the last 10 years, and they are required to pay higher taxes.

This provision will relieve them of some of that burden. I was thinking the other day about this tax debate because it is the case that some will benefit and some will not. There is an old saying: When you rob from Peter to pay Paul, you can always count on Paul being grateful.

The fact is, this bill is going to make some people in this country very grateful—but it is not the senior citizens, unless we pass this amendment; it is the folks at the very top of the income ladder. We have people come to the floor of the Senate and say the big priority here is to exempt dividends from taxation.

First of all, most dividends are not double taxed. I will make that point. Second, if you want to talk about double taxation, why talk about double taxation just for the top of the income heap—those who clip coupons to get unearned income to the tune of millions of dollars a year? Why talk about them being exempt? Why do you have a philosophy that says let's exempt investment and tax work? What kind of value system is that? Nobody is saying let's exempt work, let's just exempt investment. I don't understand that.

The tax system ought to be about values. But if you are talking about double taxation, which I think is the principle by which some brought to the floor this issue of dividends, how about double taxation of Social Security? That is a good example. Wages. We tax on your wage, you put some money away, and then you come back and get a Social Security payment, and you have to pay a tax on part of that. It is 85 percent now. I propose 50 percent. Double taxation on Social Security. Is that more or less important? I guess you could talk about almost anything, could you not? Go buy a car this afternoon. You pay taxes on the wages you earn, and when you buy a car, they are going to charge a big old excise tax. Double taxation.

So the question I have is, When some people apparently got bottled water and sat around a big old mahogany table and started thinking, the biggest problem in America is double taxation so let's try to get rid of that, how did they come up with the notion that dividends represented that priority? Were there people smoking Cohibas there who were getting a lot of dividends and said: The biggest problem for me is that I get $10 million of dividends and, by God, that is double taxation? Is that where that came from?

Or were there perhaps some senior citizens who were supposed to be there and their chairs were empty? I assume they would have said: Double taxation? Here is an example of double taxation. Help us.

No, that is not the priority. The priority is not about helping them. The priority is helping the folks at the top and then saying: And if we do that, we are going to create a massive amount of new jobs in America.

We have heard this argument before—massive new jobs—new jobs. Jobs is a four-letter word, but it is a good one, as long as jobs are present someplace. We went through this with a very large tax cut 2 years ago, and now we have 2.3 million fewer jobs. It might be because other events happened. They certainly did.

One wonders, if the first dose of medicine makes you sick, whether you ought to trot out the same bottle and label another batch to an unsuspecting public. Is there a time perhaps when we decide maybe the way we create new jobs in America is to put the economy back on track and say we are not going to double the debt, we are not going to run the largest deficits in history, and we are not going to tell the working folks who represent, in my judgment, the engine of our economy and of our country: By the way, you do not matter much.

I will finish my remarks. I am going afield. The fact is, in the Senate, you speak when you have the opportunity to do so.

My amendment deals with senior citizens. I am trying to describe some of the circumstances that would persuade senior citizens to think they have not been treated fairly in this bill, and this is a way to remedy that.

It seems to me both political parties have something to offer this country that is constructive in discussing taxation and economic policy. I happen to think those on the Republican side are a little better at trying to make sure we tamp down spending. They are a little better at that than we are. Sometimes I do not think they have the judgment they should have when they tamp down spending, but the fact is they are a little better at it than we are.

It seems to me we are a little better at the notion of how you do things that give people confidence in the future that can provide the buoyancy, the growth, and the lift to the American economy. Getting the best of what both parties have to offer is better than getting the worst of either. I think often we get the worst either party can offer this country.

My proposal is just to begin to amend this tax bill. I am not saying the bill is worthless. There are some provisions in this bill that have great worth, some provisions I support. The child tax credit and others, I think, make sense. We should do what is contained in these provisions, even as we try to put this economy on track so that the numbers add up.

There is not any way the numbers add up. My colleague, Senator CONRAD from North Dakota, has spoken on the floor at great length about this issue. We also were together yesterday at a presentation. Even as we do these things, some of which have great worth and some of which, in my judgment, are just waving a flag to the upper income folks in America to say our party is still with you—those on the other side of the aisle—it seems to me you need to do them in the context of saying to the American people that the future of this economy is not going to be a future mired in debt and choking on yearly deficits.

I will make one final point. As we do this, understand that what is being proposed now is the largest deficits in history, in fiscal policy, on top of the largest trade deficits in history. Those two problems together potentially can cause very significant problems for the value of this country's currency.

As Mr. Friedman says in ''The Lexus and the Olive Tree,'' when the electronic herd runs and begins to move to other currencies, it has a profound impact on your economy, and we should be concerned about that.

To come back to my amendment, this amendment is about priorities—what is important and what is not; what should we do and what should we not do. It seems to me one of the high priorities for us in dealing with reducing taxes ought to be to say to senior citizens, among them the greatest generation and others who are struggling and who are trying to make sure they get through these difficult times, those who have reached their lowest income years: We are going to repeal that portion of the law that was passed 10 years ago. We are going to do it because we believe the 8 million people who are now required to pay $1,500 apiece in additional taxes ought to be relieved of that burden.

As I indicated, I have on two previous occasions voted to repeal this tax. It has never gotten done. I know there is disagreement as to whether it should get done. I believe it should get done because, frankly, this is double taxation. It is not just dividends. It is this as well.

I am proud to offer this amendment with my colleague, Senator BAUCUS from Montana, and I assume many other colleagues would like to cosponsor it before they vote. I hope we have a vote on it.

I did not mention this will be paid for by offsets. We would not accelerate the scheduled rate reductions in the highest rates, and we would strike the dividend income relief in the bill. We do not increase taxes. If someone stands up and says what you are going to do is increase taxes with your offset, that is not the case. There is no increase in taxes in this amendment, but we do not accelerate the top rates and, at the same time, we decide not to proceed with the dividend income tax relief in the bill, the bulk of which goes to upper income Americans.

I hope, perhaps, this amendment will be accepted on a voice vote. If that is not the case, we will have some debate and then I am hoping we will have a successful record vote. Perhaps I will be inspired to speak again after I have heard the debate on this amendment. I yield the floor.

The PRESIDING OFFICER. Who yields time? The Senator from Iowa.

Mr. GRASSLEY. Mr. President, the Senator from Alaska has asked for time to speak as in morning business for whatever time she needs. I will be glad to yield time to the Senator from Alaska.

Mr. REID. Mr. President, it is my understanding the Senator is asking that in the form of a unanimous consent agreement she speak in morning business.

Mr. GRASSLEY. Off our time, not extra time.

Mr. REID. I am not going to object to this request, but I do want everyone to understand that the majority leader asked that we expedite the tax bill. We are trying to do that, but speaking in morning business is not going to expedite consideration of this bill. There is limited time. We have 7 hours on our side. We are going to try to spend all 7 hours on tax matters. I want everyone to understand this when the majority leader is asking why this is not moving more quickly

Mr. GRASSLEY. Let me explain why the distinguished Senator from Nevada is wrong. We are going to take it off the time on the bill, not extra time. This will come off the 7 hours we have on the bill.

I yield whatever time the Senator from Alaska may consume. I understand she is only going to take about 5 minutes.

The PRESIDING OFFICER. The Senator from Iowa has that right. Without objection, the Senator from Alaska is recognized.

NATIONAL POLICE WEEK 2003

Ms. MURKOWSKI. I thank the Chair. Mr. President, I do appreciate the consideration of my colleagues and the chairman in allowing me a brief opportunity to speak. I do recognize that taking this time out of the very important consideration of the legislation that is before us is significant, but I remind Members that the events that happened last evening, at the National Law Enforcement Officers Memorial, are equally significant. I will take a few moments this morning to speak to that.

Last evening, some 10,000 law enforcement officers, representing all corners of our Nation and foreign lands, gathered at the National Law Enforcement Officers Memorial to pay tribute to 377 of their colleagues and comfort their survivors.

Each of the 377 honorees bears the distinction of having lost his or her life in the line of duty. The attendees represented a cross-section of many different agencies that make up the law enforcement community, including Federal law enforcement officers, State troopers, municipal cops, sheriff's deputies, corrections officers, game wardens, and National Park Service rangers. Most came in uniform. Many were joined by their spouses. Many were joined by their children, not only those who are old enough to understand, but also the little ones.

At dusk, thousands of candles were lit, and the names of each of the 377 departed officers was read.

The purpose of this annual event is not to reflect on the events that prematurely ended the lives of these brave officers, but those who created this memorial remind us that ''It is not how these officers died that made them heroes, but how they lived.''

This year, the names of three Alaskans were added to the memorial. Two of the three died in the line of duty in 2002, while the third died in the line of duty in 1917, in the days when Alaska was still a territory. This third individual was added to the memorial as a result of diligent research by the City of Seward, AK and its police department. I would like to introduce these exemplary Alaskans to the Senate.

Correctional Officer James C. Hesterberg, was known as ''Jamie.'' At age 48, he was killed in the line of duty. A 19 year veteran of the Alaska Department of Corrections, he was contemplating retirement in September 2003. On November 19, 2002, Officer Hesterberg, and his partner, Officer Dennis Nilsen, were transporting seven prisoners to the Spring Creek Correctional Center by van on a snow and slush covered highway. Their van was struck by a large semi truck, killing Officer Hesterberg and four prisoners.

Officer Hesterberg was the first employee of the Alaska Department of Corrections ever to die in the line of duty. He leaves behind his wife, Debra, his three children, Scott, Catherine and Mark, his mother and father, and many good friends and fellow officers. The people of Alaska mourn his loss. Jamie's commitment to protecting Alaska's citizens and to fulfilling the mission of the Department of Corrections will not be forgotten.

Thomas Patrick O'Hara, at age 41, was a protection ranger and pilot for the National Park Service at Katmai National Park and Preserve in the Bristol Bay region of Alaska. On December 19, 2002, Tom and his passenger, a Fish and Wildlife Service employee, were on a mission in the Alaska Peninsula National Wildlife Refuge. Their plane went down on the tundra. When the plane was reported overdue, a rescue effort consisting of 14 single engine aircraft, an Alaska Air National Guard plane, and a Coast Guard helicopter quickly mobilized. Many of the single engine aircraft were piloted by Tom's friends. The wreckage was located late in the afternoon of December 20. The passenger survived the crash, but Ranger O'Hara did not.

Tom O'Hara was an experienced pilot with 11,000 hours as a pilot-in-command. He was active in the communities of Naknek and King Salmon where he grew up, flying children to Bible camp and coaching young wrestlers. Tom provided a strong link between the residents of Bristol Bay and the National Park Service.

Tom leaves behind his parents, Dan and Sharon O'Hara, who are in Washington, DC, today and who are distinguished leaders in the Bristol Bay region, his wife Lucy, and three children, Jonathon, Nicole and Heidi. I also had an opportunity to meet with his brother this morning. The deputy director of the National Park Service characterized Tom as one of its finest and he will be missed deeply by all of us.

The third Alaskan, Charles H. Wiley, came to Seward from California to work on the construction of the Alaska Railroad. He was appointed to the post of night marshal in April 1917. On the evening of October 2, 1917, Marshal Wiley went to the Overland Hotel in Seward to investigate an incident. Marshal Wiley knocked first, but entered the hotel room when nobody answered. He was met by a round of gunfire. Marshal Wiley died two days later.

I thank the Chair for allowing me to share a bit of the lives of these brave Alaskans. I want to thank the organization Concerns of Police Survivors and the staff of the National Law Enforcement Officers' Memorial for their hard work in organizing the candlelight memorial last evening.

To the children of Jamie Hesterberg and Tom O'Hara, I to say, your fathers lost their lives doing something important for Alaska and the Nation. Public service is an honorable profession and I hope that each of you will consider making it a part of your lives. In valor, there is hope.

I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. Who yields time?

The Senator from Minnesota.

Mr. COLEMAN. Mr. President, I ask unanimous consent that I be permitted to speak as in morning business for up to 5 minutes and that the time be charged against the majority's control of time on S. 1054.

Mr. DORGAN. Mr. President, reserving the right to object, I shall not object, but I want to clarify with the Chair, do I control the time on the amendment on this side?

The PRESIDING OFFICER. The Senator does, and the Chair recognizes the Senator from Minnesota as the first person seeking recognition.

Mr. DORGAN. Mr. President, following the presentation, then, it would be my opportunity to yield time; is that correct?

The PRESIDING OFFICER. That is correct.

Mr. REID. Mr. President, reserving the right to object.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. My dear friend from Iowa was wrong in saying that the time would be used up anyway, and here is the point I am making: We have been asked to move the tax bill. That is what we should be doing. We have turned down a number of requests on this side of people wanting to speak, no matter how important it might be, on issues other than those relating to the tax bill. The time used on the bill talking about morning business, no matter how important it might be, does not deal with the tax issues of this country. The majority leader has asked us to cooperate in trying to move this bill along. It is obvious as the day is clear that we are not moving this along when we are talking about extraneous matters. That is the point I am making. I have no objection.

The PRESIDING OFFICER. The Senator from Minnesota.

BRING YOUR DAUGHTER TO WORK DAY

Mr. COLEMAN. Mr. President, today I am engaging in my own version of ''Bring Your Daughter to Work Day.'' As we all know, this day does not fall on May 14, nor does it involve the daughter bringing along 40 of her friends, but this was the unique situation I faced today when my daughter Sarah stopped by my office with some of her schoolmates from the Twin Cities Academy in St. Paul, MN.

Like many other students from across the Nation, seventh and eighth graders from the Twin Cities Academy are in Washington this week for a school trip. Their plans include visiting the countless museums and monuments throughout the city, a Capitol tour, and also the chance to be with us today in the Senate Chamber.

I want to again welcome Sarah and her schoolmates to the Senate, and I am glad they have the opportunity to observe the activities of this body.

In honor of their visit, I want to talk a while on the importance of young people understanding how Government works. So that they can better follow along, and since I trust the students are familiar with it, I am going to use parts of the Twin Cities Academy mission statement as an example.

The Twin Cities Academy mission stresses collaboration between the school, parents, and the community to develop each child's talent, potential, and character. When this process succeeds, the mission statement says that the end result is a group of productive citizens who will contribute to sustaining American democracy.

Thomas Jefferson, one of the great leaders and legislators of this Nation, had a vision for public schools and the role they were to play in America, to create a public of informed and engaged citizens capable of sustaining the Republic he and his colleagues had formed. Twin Cities Academy had modeled its vision after these ideals, and they are committed to fostering productive citizens, as stated in its mission.

Having a strong history program at school is a good thing for young people like my daughter Sarah. Students need to understand how the three branches of Government work together. Also import is having the opportunity to come to Washington and witness first hand the rights and duties of citizens. It helps them realize what it means to celebrate freedom, to celebrate opportunity, and to be an optimist and have a hopeful spirit.

My good friend and colleague Senator ALEXANDER understands the importance of sharing these values with the next generation, which is why he introduced The American History and Civics Education Act, an act which will help us ensure young people grow up learning what it means to be an American. I was pleased to have the opportunity to cosponsor this legislation.

When their school trip comes to an end, I hope that my daughter Sarah and her schoolmates have thoroughly enjoyed all that they experienced in Washington, particularly my version of ''Bring Your Daughter to Work Day.''

I mentioned earlier in this statement how I hoped to give them an understanding of how Government works. If these Twin Cities Academy students were to look up the word ''understand'' in a thesaurus, they would see as a synonym the word ''appreciate.'' I hope at the end of the day, these students have even a greater appreciation, not just understanding, of this great institution and our process of Government that makes us the greatest Nation in the world.

I yield the floor.

Mr. DORGAN. I yield 5 minutes to the Senator from Montana.

The PRESIDING OFFICER. The Chair advises the managers of the bill and those controlling time that there

is no requirement that the Senator speak on this legislation when yielded time.

Mr. BAUCUS. I thank the Senator.

The amendment the Senator from North Dakota is offering, that I cosponsor, is a tax cut amendment. Most Members of this body like to cut taxes. That is what this amendment is all about. It is cutting taxes.

Second, which group is getting the benefit of the tax cut under this amendment? Under the amendment offered by the Senator from North Dakota, cosponsored by myself, it is senior citizens who get the benefit of the tax cut.

I join the Senator in offering this amendment. It repeals the 1993 tax of Social Security benefits, the tax this body imposed on certain senior citizens in 1993.

We are currently debating a $350 billion tax cut reconciliation bill. This bill is about priorities, about values. That is what budgets are about. Part of the budget is $350 billion in tax cuts. The budget we are working under that was adopted by the Congress set those numbers. I am pleased there was a commitment to limit that reconciliation bill through conference to $350 billion. That was the commitment made by certain key Senators on this side.

It is within this tax reconciliation bill we debate and decide how the changes in revenues and outlays affect our constituents. The debate is about who the $350 billion benefits: do we give more money to some taxpayers or others? The choices are real. We are here to make decisions. We are here to decide.

We need to make sure our Nation's seniors receive a significant benefit. If this bill before the Senate will allocate benefits to certain groups, certainly senior citizens in our country should be a main beneficiary of a tax reduction. This amendment offered by the Senator from North Dakota is just that, a tax reduction for senior citizens. It repeals the 1993 provision which imposed taxes on certain senior citizens.

The bill reported by the Finance Committee provides a tax break for taxpayers with dividend income. That proposal costs $81 billion over 10 years out of the $350 billion. That proposal provides a few seniors, not very many, a few with a small amount of tax relief; 77 percent of seniors in our country will receive no relief, no tax reductions, under the Finance Committee bill on dividends; 77 percent of Americans do not receive any of the $81 billion that will go to very few Americans, the most wealthy, the least in our country.

In contrast, our amendment will provide 8 million seniors with a significant tax cut. All the cost of this goes back to America's seniors. That means $150 billion over 10 years is put back into the pockets of our senior citizens.

The current law enacted in 1993 has two significant flaws. First, in 1993 we changed the rules in the middle of the game for people receiving Social Security benefits. I will never forget. Suddenly that was enacted. It came out of the blue, an additional tax on our senior citizens and their benefits. We began to tax Social Security benefits at a higher rate for individuals at certain income levels.

The second flaw in 1993, we failed to adjust the income levels for inflation. For the past 10 years, there has been no adjustment. This means more and more seniors will be subjected to this tax as each year passes. We need to correct those flaws.

Again, this debate is about choices. We make choices here. Life is making choices. We think the choice here is clear. If we have $150 billion to spend, spend it on seniors. As such, we offset the cost of our amendment to repeal the tax to Social Security benefits. That is the purpose of the underlying amendment by striking the dividend proposal in the bill and also striking reductions in the top rates.

Again, this is a tax cut amendment. Those seniors I mention are currently paying that tax. We are proposing that tax be repealed. That is a tax cut amendment. It is being paid for by a promise to the future. Those provisions of the Finance Committee dealing with dividends are not currently in effect. They are future promises, we suggest, to be repealed so our seniors get the benefit of the repeal of the taxes imposed upon them in 1993.

A couple of numbers: Repealing the 1993 tax of Social Security benefits gets an average of $1,500 into the hands of 8 million seniors. Contrast that with the dividend proposal in the Finance Committee bill. The dividend proposal in the bill gets an average of $19,000 to fewer than 5,000 seniors. Again, what is better: $1,500 in the hands of 8 million seniors or $19,000 in the hands of the most wealthy, only 5,000 seniors? And fewer than 1 million taxpayers, regardless of whether they are 65 or 25, would benefit from the top rate reductions. Remember, there are 130 million filers in America. Fewer than 1 million taxpayers who are not seniors, who are between 65 and 25 get reductions from the top rate reductions.

Members on the other side of the aisle have supported this in the past. Repealing the 1993 Social Security tax is a better choice for our constituents than enacting dividend proposals in the top rate reductions contained in the underlying bill.

Mr. REID. Will the Senator yield?

Mr. DORGAN. Mr. President, I yield 2 minutes to the Senator from Nevada.

Mr. REID. Mr. President, the amendment offered by the Senator from North Dakota will be voted on as it stands. If there is any suggestion that there will be an offer or attempt to second-degree the amendment or somehow not give us a straight up-or-down vote, we will continue to offer this second-degree amendment on other things. There will be a vote on this amendment.

It would be to everyone's best interest to get that out of the way as quickly as possible and vote on this very important amendment offered by the Senator from North Dakota.

Mr. DORGAN. I yield 10 minutes to the Senator from North Dakota, Mr. CONRAD.

Mr. CONRAD. Mr. President, I ask unanimous consent I be named as a cosponsor of the amendment of my colleague.

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

Mr. CONRAD. Mr. President, I wish my colleague a happy birthday. This is his birthday, and I hope it is a happy one for him. I hope what helps make it a happy birthday is this amendment passing.

This is a good amendment. This is reversing a tax increase previously imposed on recipients of Social Security. That was part of a deficit reduction plan back in the 1990s that helped get us back on track. We did that. Now in the context of this bill, since there will clearly be tax reductions, we ought to do it in a way that is fair and balanced and that recognizes a tax increase previously imposed that could be reversed at this moment.

My colleague mentioned what is happening to the Federal debt under the President's budget plan. This chart shows it in graphic form. The debt of the United States is absolutely skyrocketing. It is over $6 trillion now, and it will be over $12 trillion in 10 years if the President's plan is adopted, including the overall tax bill before the Senate.

All of this is at the worst possible time. Right now, the trust funds of Social Security and Medicare are running surpluses. The blue bar is the Medicare trust fund; the green bar is the Social Security trust fund; the red bars are the tax cuts, both those enacted already and those proposed. You can see that when the trust funds that are now running big surpluses turn cash negative within the next decade, at that very time the cost of the tax cuts proposed by the President explode, driving us deep into deficit and deep into debt. That is right as the baby boom generation retires, right as we are least able to have deficits. You don't have to take my word for it or the word of the Congressional Budget Office; this is the President's own analysis of the long-term effects of his plan.

Some have said these deficits are small. The deficits currently are at record levels. We are going to have the biggest deficit this year we have ever had in our history. That is right here.

But look where we are headed, according to the President's own analysis. This is from his budget document. It shows deficits now are small compared to what they will be, even though they are at record levels now. These are the biggest deficits we have ever had, and they are tiny compared to what is to come if we adopt the President's plan, because the costs of

the retirement of the baby boom generation explode at the very time the costs of the President's tax bill explode.

Some on the other side are saying if you cut taxes you are going to get more revenue. Let's do a reality test. They said that 2 years ago. This was the range of possible outcomes, looking forward, that was given to us 2 years ago by the Congressional Budget Office. They adopted the midpoint of this range. That was what told them we were going to have nearly $6 trillion of surpluses over the next decade.

Republicans said, Oh, wait a minute, that is too conservative. If you cut taxes, as we did 2 years ago, you will get much more revenue. They are making the same claim now: If we cut taxes again, we will get more revenue.

Let's look back at history. Let's look at the record. What it shows us is here is what actually happened. This is what the projections were; this is the midpoint of those projections that said there would be nearly $6 trillion of surpluses. This red line is what has actually happened. We didn't get more revenue. We didn't get more surpluses. We got less revenue and no surpluses. Instead, we got deficits, massive deficits, record deficits. Now we get the same old song: Let's just do another big round of tax cuts; we will get more revenue.

It didn't work last time. It didn't come close to working. In fact, we just got the latest numbers from the Treasury Department. Revenue this year is running $100 billion below the forecast made just 7 months ago. They said, based on the tax cuts of 2 years ago, we would get more revenue. We are not getting more revenue. In fact, if this trend continues this year, we will have the lowest revenue as a percentage of our gross domestic product since 1959.

All those who claimed we were going to get more revenue were wrong. The President was wrong. Our Republican colleagues who told us we were going to get more revenue with the big tax cut enacted 2 years ago were wrong. They were not wrong just by a little bit; they were wrong by a lot.

That is why some of the most distinguished economists in the country are telling us that this tax cut plan is not going to do the job. These are the names of the economists who signed this statement. Ten of them are Nobel laureates in economics, the most distinguished economists America has produced. This is what they say:

> The tax cut plan proposed by President Bush is not the answer to these problems—of weak economic growth.
>
> Regardless of how one views the specifics, there is wide agreement that its purpose is a permanent change in the tax structure and not the creation of jobs and growth in the near term. The permanent dividend tax cut, in particular, is not credible as a short-term stimulus. As tax reform, the dividend tax cut is misdirected in that it targets individuals rather than corporations, is overly complex, and could be, but is not, part of a revenue-neutral tax reform effort.
>
> Passing these tax cuts will worsen the long-term budget outlook, adding to the nation's projected chronic deficits.

They conclude:

> To be effective, a stimulus plan should rely on immediate but temporary spending and tax measures to expand demand, and it should also rely on immediate but temporary incentives for investment.

It is not just 10 Nobel laureates. This morning a distinguished Republican economist was quoted in the Washington Post reacting to a plan to phase-in and later sunset the President's dividend proposal. Here is what he wrote in a website editorial:

> Administration sources admit that dividends will likely decline relative to today under this plan between now and 2005.

Dividends are going to decline.

> How can that be a harmless event, given that increases in dividend payments are viewed to be so wonderful?

This Republican economist, distinguished Republican economist whom they have called to testify before committees of Congress repeatedly concluded:

> Clearly, this proposal is one of the most patently absurd tax policies ever proposed.

This is from a Republican economist whom they have called repeatedly before committees to testify on economic proposals.

It is not just 10 Nobel laureates. It is not just a distinguished Republican economist. It is even the people they have hired to do the analysis of their plan, Macroeconomic Advisers, hired by the White House, hired by the Congressional Budget Office to do macroeconomic forecasting. Do you know what they say? The President's plan will give you a little boost, less than half of 1 percent of additional GDP, until 2004. Then look: straight down. That is what this policy provides. It hurts economic growth. In fact, past 2004 it is worse than doing nothing. That is a great economic growth plan. That is a great jobs plan. It is worse than doing nothing, according to the people they have hired to give them advice on what the results will be.

It is not just those Nobel laureates, it is not just a distinguished Republican economist, it is not even the firm the Congressional Budget Office and the White House have hired to do macroeconomic analysis. This is the chairman of the Federal Reserve: ''Greenspan Says Tax Cut Without Spending Reductions Could Be Damaging.''

He is saying:

> With a large deficit . . . you will be significantly undercutting the benefits that would be achieved from the tax cuts.

The President of the United States is not proposing cutting spending. He is proposing increasing spending and he is proposing massive tax cuts when we already have record deficits. There can only be one result: massive deficits, massive debt, that will hurt economic growth, that will hurt the economic security of the country, and finally, on an amendment that involves Social Security, that will take virtually every penny of Social Security surplus over the next decade to pay for these tax cuts. What a profoundly mistaken policy.

The PRESIDING OFFICER. The time of the Senator has expired. Who yields time?

Mr. BAUCUS. Mr. President, how much time is remaining on both sides?

The PRESIDING OFFICER. The Senator from North Dakota has 20 minutes on the amendment. The Senator from Iowa has 1 hour.

Mr. DORGAN. Mr. President, I was unable to hear.

The PRESIDING OFFICER. The Senator from North Dakota has 20 minutes. The Senator from Iowa has an hour.

Mr. DORGAN. I ask if the Senator from Iowa wishes to use some of his time at this point.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I yield myself such time as I consume.

I have enjoyed listening to this debate. It is just like being in another world. The reason I say that is, why do you think that we tax 85 percent of Social Security income for certain Americans in the higher income tax brackets—I would say even in the middle-income tax brackets—at 85 percent? That was done in 1993. Do the people who have just spoken forget that every one of them voted that increase, to have the Social Security income be taxed at 85 percent of that income that has to be reported? Every one of the people who have spoken are responsible for that level of income reporting of 85 percent being on the tax books. Why do they want to repeal what they are responsible for passing? During the debate on the tax bill, every one of the Democratic Senators now serving in the Senate, except for Senator BINGAMAN from New Mexico, voted to have this money taxed. Now they are trying to take it out.

On June 24, 1993, there was an amendment offered by Senator LOTT to change the amendment which was in the Democrat tax increase bill at that time to not report 85 percent of Social Security income for taxation. The rollcall shows that the motion to table was agreed to 51 to 46. The 51 Members who voted at that particular time were the ones who were voting to keep the level of Social Security income that was taxed at 85 percent and which needed to be reported. Every Democrat still serving in the Senate voted to table Senator LOTT's amendment. Every Republican voted not to table the Lott amendment, which meant that every Republican was voting against that. We had the support of Senator BINGAMAN—the only Democrat from whom we had support.

They wonder why I am amused? If they think it is so bad today, why didn't they think it was bad 10 years ago? And we wouldn't even be debating this issue. It looks to me as if they want to maybe detract from the mistakes of the past. I don't know.

But also, earlier this year, on an amendment by Senator BUNNING to the Budget Act, the very same Members opposing this amendment voted against the very same amendment when Senator BUNNING offered it. What has happened in the last month? Do they realize that maybe the vote at that time was wrong and they have to have cover? I don't know. But every one of the Members who are proposing this amendment or speaking for it voted just the opposite way on Senator BUNNING's amendment. That amendment was defeated 48 to 51.

But there are bigger things to worry about than how people voted in the past. I want the public to understand that there is some game playing going on here. We are talking about serious business as well. We are talking about a jobs bill before the Senate to give tax relief to American working men and women so they can have more money in their pockets.

To get the cover that some people need for previous votes, they are going to take tax decreases away from middle-class Americans to pay for that. I will be a little more specific on that in just a minute.

I have to repeat something I said in my opening remarks. We just heard a speech on the debt situation which might be forthcoming if we grow the economy. Reducing taxes is one way to grow the economy and will not have the debt situation we found with the growth we had in the 1990s. We paid down the national debt $550 billion.

We hear about this debt situation. My friends on the other side of the aisle are worried about the debt. They said if we adopt the President's plan, we are going to have greater debt. If they are so concerned about the debt, why didn't they offer all of their amendments on the budget bill about a month ago? They wanted to take money away from the tax reduction aspect of the budget. It begins at the bottom line. They took money away from tax decreases and spent it someplace else. If they are concerned about the national debt, it seems to me—and they believe that one more dollar coming into the Federal Treasury is going to reduce the national debt—they shouldn't have been offering amendments to spend it someplace else. But they are very consistent in doing that. Amendment after amendment after amendment took money away from the tax reduction figure in the budget, which this bill is a result of, and spent it someplace else.

Do you know why? I think there is a difference in philosophy between my party and the other party. That difference in philosophy is very basic to this debate going on today. I just think people ought to realize that this is not a Republican-Democrat fight, or some little cat fight over some little bill in the Senate.

There is the difference between one party that believes money in the pockets of 110 million taxpayers is going to do more economic good if the 110 million taxpayers spend it or invest it than if I, Senator GRASSLEY, and 534 others here in DC are going to make that decision. We have to believe that if the money is in the pockets of 110 million taxpayers and they spend it or invest it, it is going to do more economic good. It is going to turn over more times in the economy. It will respond to the dynamics of our free market economy rather than a political decision being made about what to do with it.

Obviously, I believe people on the other side of the aisle have the attitude that we in Congress know better than they do how to spend the taxpayers' money. If we are going to have a tax reduction, that will mean less money for us to spend. But it ignores the economic good that comes from private sector investment and private sector spending as opposed to public sector spending.

I think there is very much an inconsistency here. What we are talking about is a $430 billion tax reduction package—net $350 billion. As we have been told, we have been led to believe that this is responsible for doubling the national debt. This tax package is only one-half of 1 percent of all the dollars that are going to be collected by the Federal Government under existing tax law over the next decade. That is going to be $24.7 trillion. Tell me things are so tight here in Washington, DC, that somehow one-half of 1 cent on the dollar left in the taxpayers' pockets is going to be responsible for doubling the national debt. No. What is going to be responsible for doubling the national debt—if it were to happen; I don't think it is going to happen—is not because the people of this country are undertaxed; it is because this Congress overspends.

There again I would remind the Senator from North Dakota, the distinguished ranking member of the Budget Committee, the President's plan does not follow the pattern of the last few years, where back to back we had 9-percent increases in domestic discretionary spending each of those years. But the President's program, plus the budget of this Congress, has domestic discretionary expenditures not at 9 percent but at 4 percent. Now, yes, that is an increase. That is an increase, but that is an increase that is sustainable over the long haul. Nine-percent budget increases are not sustainable.

We are in a situation where nothing around here surprises me anymore. The very people offering this amendment are the same ones who created this tax increase back in 1993. As I indicated, they even voted against repealing the tax just 2 months ago on the budget resolution.

I think this is an amendment that is trying to fool the American people. Just about every Member on the Republican side has vehemently opposed the Democrats' 1993 tax increase on Social Security. Except for Senator BINGAMAN, every Democrat in the Senate today voted for that back in 1993. Now they want to try to cover up their votes supporting this tax, and they want to do it by destroying the underlying jobs and growth bill.

This is how they destroy it: The Dorgan amendment strikes our efforts to reduce all marginal tax rates above 10 percent. The efforts to reduce marginal tax rates for the middle class are eliminated by this amendment. As a result, a single mom making $40,000 in taxable income will see no reduction in the tax on her small pay increase. A family with taxable income of $70,000 will see no reduction in their marginal tax rate.

The Dorgan amendment takes away our bill's tax cuts for middle-income Americans. The Senator from North Dakota says this isn't a tax increase. I would like to have you tell that to the single mom, who is one of the targets of this amendment, who, on her pay raise, will not see a reduction in her tax. A vote for this amendment is, in fact, a tax increase, no matter how the authors want to try to dress it up.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. DORGAN. Mr. President, I yield myself such time as I may consume.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Mr. President, this was an interesting and clever argument to listen to. I have great respect for my colleague who chairs the Finance Committee. We have worked on many issues together. But I listened to his argument, which was more about motives with respect to this amendment than it was about merits.

It is, I guess, perfectly plausible to talk about the motives of others. I won't do that at this moment, but he was describing the motives of people dealing with this amendment. Let me talk a bit about the merits and correct some of the misstatements, if I might, and then describe why this is an important amendment.

Let me take the last point first. My colleague says this is going to take away the tax cuts for middle Americans. Nonsense; simply untrue. Is this going to take away the tax cuts for the child credit, which is going to be very significant to that single mom? Does this take that away? The answer is no.

So if someone says this takes away the tax cuts for middle Americans, they are wrong, just wrong. It is not supported by the facts. I will go through a whole list of others that this does not take away.

This does take away the tax cut that accelerates the rate reductions going down to the 28 percent. It is not all those above 10 percent, as my colleague suggested. But let me go back to the top and take his arguments one by one.

The Senator from Iowa is right, this was put in place 10 years ago as part of a large plan. I was not happy it was there 10 years ago, but it was part of a plan we passed.

Twice, since that time, I have supported efforts to get rid of this tax on Social Security—the 50 percent to 85 percent—but we have been unsuccessful. The question now is, Are we willing to cut taxes now by abolishing the 85 percent back down to 50 percent? That is the question for us now.

As a result of the 1993 new economic proposal, which included this piece, we had unprecedented economic growth that turned this country around, turned the biggest budget deficits then into the biggest budget surpluses we have ever had. Now, we have people who are still huffing and puffing that it really was not the result of that economic plan, but, notwithstanding that, the fact is, that put this country back on track. This piece was a part of it. I am not pleased it was, but it was. As I said, I voted previously to try to get rid of this piece. Now we have the opportunity.

If the prospect of the majority is to come to the floor of the Senate and say, let's have very large tax cuts, the question is, it seems to me, Where do you start? Who benefits most? Wouldn't it be a good thing to cut these taxes so 8 million senior citizens who are paying $1,500 a year more in taxes as a result of that change 10 years ago would be able to begin to pay less as a result of our repeal of that provision?

My colleague said: Gee, there was just an amendment offered by Senator BUNNING on the floor of the Senate that dealt with this very issue. Total nonsense. It was offered during the budget debate, and the budget debate did not have anything to do with what we were going to do on specific tax cuts. That can only be done with respect to the Finance Committee and on the floor of the Senate.

The Bunning amendment was a proposal to increase the overall tax cut by $146 billion. But the Bunning amendment—if I just ask you to go read it—says nothing about this issue that I have as a matter of the amendment today. I assume my colleague will say: Everybody knew what he was doing. No, you can't do that during a budget debate. There is no vote during the budget debate that is going to affect what the Finance Committee does to cut taxes at some point later. So the Bunning issue is a specious issue.

We are told this is a jobs bill, and we are also told by my colleague as to this ''debt situation,'' don't worry so much about that because we are going to grow the economy and the debt isn't going to happen. This reminds me of that old joke in the movies: Who are you going to believe, me or your own eyes? Well, let's take a look with our own eyes here.

When somebody says, this doubling of the Federal debt, from $6 to $12 trillion, is probably not going to happen, let me refer you to the budget that was passed by this Senate, embraced by the previous speaker and all on his side of the aisle, I believe—or almost all—except two. On page 4 of that conference report, they say, if they get all they want—they grow the economy, they create the jobs, they get all they want in budget and appropriations and tax cuts and so on—they say they will have a $12 trillion debt in the year 2013. This isn't a case of, well, if we grow the economy, the debt situation will not happen. No. This is what they predict will happen if they get all they want.

So I would refer you to page 4 of the conference report, that you voted for—I say to those who voted for it—and ask yourselves: Were you creating a plan and supporting a plan that doubles the Federal debt? The answer is yes. Case closed. No more discussion about that, I am sorry.

Now, the question was asked: Do we want to repeal this or don't we want to repeal this? The reason I have offered the amendment is, yes, I think we ought to repeal that provision. I did not like that provision when it was put in, but it was. It was part of a larger plan we all protected in order to make that plan work. The fact is, I did not like it then. I do not like it now. I think we ought to repeal it.

The question now is not, What did you think about someone doing that 10 years ago? The question is, In the year 2003, do you support repealing this provision or don't you?

This, in fact, is a tax cut for senior citizens, 8 million of them who have reached their declining income years and who have earned the opportunity to go back to the provision we used to have where 50 percent of their Social Security payments are counted as income for tax purposes rather than the 85 percent. That is what my proposal does.

We are told that what this larger tax bill is about is putting money in the pockets of American taxpayers. That is true. It will be borrowed, of course. We are going to borrow money to provide tax cuts. But if we are going to provide tax cuts, it is perfectly appropriate to ask the question: What are the priorities? Who ought to be first in line? Those at the very top of the income ladder who earn the biggest dividends, should they be first in line? Is that who edges up to the trough here? Or perhaps should we take a look at the issue of the tax burden on senior citizens and especially the income they receive from Social Security?

If this is about putting money in the pockets of the American taxpayers, I say without respect to the motives of those who disagree with me, if the motive is to put money in the pockets of senior citizens who have had to pay a higher tax than they should have to pay, this amendment gives you the opportunity to vote yes or no.

We can have people stand and steam and bluster about other people's motives, but in the end, we will vote on this. And the vote is going to be, do you believe we ought to relieve senior citizens of this tax obligation they have had to pay? In my judgment, the answer ought to be yes. My hope is that enough colleagues will join me so we can make this kind of affirmative change that will be helpful to cut taxes for 8 million senior citizens to the tune of $1,500 a year. These are taxes that ought to be cut. I hope my colleagues will support this amendment.

One more time. There are a lot of mirages created in this Chamber, a lot of word castles being built: We will grow; we will create jobs; we will grow the economy; we will expand all these things that we hear about.

It is not contestable that we have a fiscal plan passed by one vote in this Congress that says: Let us borrow a great deal of money, provide very large tax cuts mostly to upper income folks, double the Federal debt from $6 to $12 trillion, increase funding on defense, increase funding for homeland defense and security, and then shrink domestic discretionary and at the same time double the Federal debt. That is a legacy we will leave to our children if everything goes as is predicted.

I happen to think this fiscal policy makes little sense. If we are going to cut taxes, let's make sure we have a priority in terms of the value system we want to exhibit as we cut taxes. I say those who have reached their declining income years and who are now paying higher taxes because of this provision put in 10 years ago deserve the opportunity to see this provision repealed, and my amendment does exactly that.

I yield 3 minutes to the Senator from Montana.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, there isn't anybody in this body for whom I have higher respect and more affection than the Senator from Iowa. I must say when I listened to his arguments against this amendment, virtually nothing was said that addressed the merits. In fact, there were some statements which were a little bit misleading. Lawyers like to call them red herrings. That is when you say something to try to get people off track so they don't think about the subject at hand. It is called a red herring.

One of the red herrings we heard was that Democrats voted against this amendment in the past, and it was Democrats who voted for this increase in Social Security taxes back in 1993. That was 10 years ago. That is a different time, a different situation, different circumstance. Back then the Congress voted to reduce deficits, and that was part of a large deficit reduction package. This is 10 years later, 2003. We are faced with the question, within a $350 billion tax bill, how should the tax cuts be allocated. That is the question before us.

Many of us believe it is a far wiser policy that seniors receive more of the tax benefit as a result of the cuts than is the case under the Senate Finance Committee bill. That is why we think the 1993 provision should be repealed

because then seniors will receive significant benefits if it is repealed, and we believe that is a higher priority than giving a lot more dollars to very few Americans who are the elite, the extremely wealthy Americans.

Repealing the 1993 tax on Social Security benefits gets an average of $1,500 in the hands of 8 million Americans. Eight million seniors will receive, on average, a benefit of $1,500 under our amendment. Otherwise, if this amendment does not pass, then by contrast, under the committee bill, which gives dividends to all Americans tax free, a few seniors, 5,000 seniors, will get $19,000.

We are saying there should be a better priority; that is, the money should be given to people who are going to spend it. It should be spread out more evenly rather than have the benefits, as in the Finance Committee bill, so heavily skewed to the Nation's elite. This should not be an elite bill. This should be an American bill. This should be a bill for Americans, and American seniors should be included as the rest of America.

There are other provisions of the bill that give tax benefits other than to seniors. We believe seniors should get a significant part of the benefit. I strongly urge passage of the amendment.

The Senator from Iowa also said there is a difference in philosophy: One party wants to put money in the pockets of people; the other does not.

That, too, is not a valid argument. We are talking about whose pockets this money should be put into, if you want to put it in those terms. We on our side are suggesting that the people whose pockets should receive the money are the seniors, that they should receive the benefits, much more than is the case in this bill. In this bill, the people who receive the money, whose pockets get the money, are the elite, the wealthy elite of America generally. That is not right. That doesn't work. It is not fair. It is not American. We believe this should be a bill that is more evenly balanced for all Americans.

For all those reasons, I urge my colleagues to support the amendment. It is good for America.

The PRESIDING OFFICER. Who yields time? The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I ask how much time remains on the Dorgan amendment on both sides.

The PRESIDING OFFICER. The Senator from Iowa has 45 minutes; the Senator from North Dakota has 7 minutes.

Mr. GRASSLEY. Forty-five minutes on my side?

The PRESIDING OFFICER. The Senator is correct.

Mr. GRASSLEY. I rise to address a couple of issues that have been presented before we go to other people who want to speak. This is on the Dorgan amendment. It might be in the form of asking rhetorical questions or what have you. But first of all, I want to say to my friend from Montana, the distinguished ranking member of this committee, that for this farmer to be called a lawyer, if he were not a good friend of mine, I would take offense.

Regardless, before us is this amendment that reduces the amount of Social Security income that must be reported for taxation. One of the issues I didn't mention in my debate against the amendment is the fact that all the money raised from this tax goes into the Medicare health insurance trust fund. We all know the Medicare Program is in much more serious condition than the Social Security Program.

The Medicare trust fund has a drop dead date of 2026. The Social Security trust fund has a drop dead date of 2042. None of those dates are anything that I am making light of, that they are so far off that we should not be concerned. We have to be very concerned. But people ought to understand that to the extent this amendment is adopted, it would take money out of the Medicare health insurance trust fund. And I don't think we ought to be doing anything to weaken the Medicare trust fund. I would rather refer to a point made by the two Senators from North Dakota, most often made by the sponsor of this amendment. I cannot help but ask both of these Senators who are trying to make an issue about this bill by saying that this bill will increase the debt. Somehow that just doesn't add up, when you consider the thrust of their amendment.

How does this amendment they have before us reduce the debt? The bottom line of the bill is exactly the same with or without the Dorgan amendment. In other words, it costs the same as the underlying bill. So, again, we have people speaking on three sides of a two-sided coin. Senator DORGAN's amendment will increase the debt, so I don't hear any more about increasing the debt on the part of the underlying bill, because with their amendment, we end up exactly in the same place.

The PRESIDING OFFICER (Ms. MURKOWSKI). The Senator from North Dakota is recognized.

Mr. DORGAN. Madam President, my colleague from Iowa just won a debate we were not having. That is an interesting thing to do. I wasn't proposing this amendment as one that would dramatically reduce the Federal debt. I never suggested that or proposed it.

My point is, we lost on that issue when my colleague and his party passed in the Senate this budget which, on page 4, says they want to double the Federal debt from $6 trillion to $12 trillion. They passed that without my vote. I didn't support it. But I didn't propose this amendment saying it will reduce the Federal debt. I am saying this: Since they won, and since they are going to cut taxes, the question is of choice and priority: Which of the taxes ought to be cut? Which ought to be cut first?

My amendment simply says I think it is more important to cut these taxes for senior citizens—8 million of them who pay $1,500 a year, at this point, more than I think they should pay. I think the priority ought to be to cut taxes for them at this point. Is it more important to do that than to, as I said earlier, cut dividend taxation? I think it is. I think those individuals are in the highest income levels.

Again, I hope Donald Trump won't mind, but since he names everything after himself, and he is a very successful businessman, he probably doesn't mind my using his name. He is at the top of the income ladder, and God bless him. But it is a reasonable thing to ask: what is the priority? Is it providing tax exemptions that will provide large tax cuts to those at the top or to provide tax exemptions for senior citizens who have reached the lower part of their income in their lives and are struggling to make it?

What I propose has nothing to do with the debt. This doesn't reduce the debt. I am not saying it does. If we are going to cut taxes, the question ought to be one of choice and priority. That is what this amendment is. I am going back to the question of debt because it is the very reason I voted against the budget in the first place. We cannot come to the floor and say this debt situation ''isn't real'' because it may not happen because we have this policy or plan that will grow the economy, and if and when we do these debts won't appear.

I am sorry, that just doesn't wash. This plan is a plan that says if we get all we want, if we get this economic growth, if we create these jobs, if our plan is approved, we will then double the Federal debt. Are we concerned about that? You bet your life we are. Are some others around here concerned about it? No. There is a lot of thumbing of suspenders and saying, ''Aw shucks, this doesn't matter.'' Well, it matters. Our kids and their kids will inherit this debt. It will be their burden to pay this.

We just came through a war, and God bless the soldiers we called on to ask to fight that war. This country is enormously blessed that it lasted only a very short time. But I think it is very unusual that America sends her sons and daughters to war but says we don't choose to pay for it at this point. It is a very costly enterprise. Nobody is saying we ought to pay for this. What we said was: When you come back from the war, you can come back to the welcome arms of your family and then inherit the burden of paying the costs. That is my point about the debt and deficit.

Have I used my 7 minutes?

The PRESIDING OFFICER. Yes.

Mr. DORGAN. I yield the floor.

Mr. BAUCUS. Madam President, I yield myself 5 minutes off the bill. For the record, I want to make a correction. I know it was an oversight by the Senator from Iowa when he mentioned that the Medicare trust fund will be somewhat in jeopardy in future years.

That is true, but I know it was an oversight when he failed to state that, under the terms of our amendment, the trust fund will be made whole through transfers from the general fund over to the Medicare trust fund, so it will be made whole or kept whole and held harmless under this amendment.

I know that was an oversight, but I wanted to say that for the record.

Mr. REID. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

Madam President, my understanding is that when I asked whether I had used the 7 minutes, the response was not accurate and that there are, in fact, 3 minutes left.

The PRESIDING OFFICER. The Senator is correct.

Mr. DORGAN. I knew I talked fast, but I didn't think I finished all 7 minutes then. I thank the Presiding Officer and the Parliamentarian as well.

I wanted to make a point in response to something said earlier that, well, if this amendment passes, the tax cuts for American families will be gone. That is simply not the case. I will describe that I don't, with this amendment, change the child tax credit. That moves to $1,000. It has nothing to do with that. That stays in place. I don't propose changing expensing to $75,000. That stays in place. The increase in the AMT, the alternative minimum tax, exemption stays in place. Acceleration to the 10 percent bracket stays in place. Acceleration to the 15 percent bracket stays in place.

My point is that a lot of things are said on the floor of the Senate, and they are often said by someone who might mean them, but they might be mistaken. It is a mistake to say that this amendment somehow, in some way, jeopardizes tax cuts to most American families. It doesn't. It simply does not.

The only question the Senate will be voting on with respect to this amendment is the following: Do we, at long last, repeal the provision put in place 10 years ago? And, yes, many voted 10 years ago for that large package and put the country on track, and that led to awfully good economic times. But do we repeal that provision? I felt 10 years ago it would be better not to have that provision in the package. I have on two occasions voted to repeal it. Let's try again.

If we are on the floor saying there will be very large tax cuts, let's ask the question: Should this tax cut be one of them, a tax cut for senior citizens that says to them the $1,500 in additional taxes that 8 million of you are now paying, because we changed the rules on what percent of the Social Security receipts you get should be reported for tax purposes, should that be cut? The answer is yes.

While we are talking about double taxation, yes, some dividends—fewer than 50 percent—are subject to double taxation in this country, but all of this is double taxation—all of this. Senior citizens pay a tax on their wage when they are working. When they retire, they get a Social Security benefit and pay a tax on now 85 percent of that. That is double taxation.

If, in fact, the culprit we are chasing is double taxation, why do we start with dividends first? What about double taxation that results in Social Security recipients being taxed while they work on the same income we will now tax when they retire? It does not make any sense to me. The only question is not one of motives of someone who might be supporting this or offering it, as my colleagues suggested a moment ago, the question is when the roll is called, do you believe we ought to repeal this tax increase that senior citizens face? My answer is yes, let's repeal this tax increase. That ought to have a priority over other provisions in the bill.

One last point. The Senator from Montana clarified the point with respect to Medicare. I appreciate he did that. I failed to do it. This bill does not jeopardize the Medicare trust funds at all. They are restored in the bill.

I yield the floor.

Mr. LEVIN. Mr. President, I support the amendment offered by Senator DORGAN that would cut taxes for 8 million of our seniors that pay Social Security taxes.

This boils down to a question of priorities. If we are going to pass a huge tax cut as the majority insists, who would we rather provide the tax cuts to? This amendment would provide tax relief to senior citizens who pay taxes on their Social Security benefits. Those who oppose this amendment apparently would rather provide tax breaks that mostly go to the wealthiest among us. They apparently would rather cut taxes on dividends that studies show will disproportionately benefit upper income folks. They apparently would rather accelerate tax cuts for taxpayers in the top bracket making over $300,000 a year. I would rather cut taxes for seniors than do these things.

I will support the Dorgan amendment as a major improvement to the underlying bill reported by the Finance Committee.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Madam President, I ask unanimous consent that the pending amendments be temporarily laid aside so the Senator from Nevada may offer an amendment.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Nevada.

AMENDMENT NO. 560

Mr. REID. Madam President, I ask that amendment No. 560 be reported.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. REID] proposes an amendment numbered 560.

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

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

The amendment is as follows:

(Purpose: To ensure that Social Security surpluses are not raided in order to fund tax cuts on corporate dividends)

At the appropriate place, insert the following:

SEC. ___. MECHANISM TO PROTECT SOCIAL SECURITY

(a) CERTIFICATION.—

(1) IN GENERAL.—Each year, beginning in 2003, when the Final Monthly Treasury Statement for the most recently completed fiscal year is issued, the Secretary of the Treasury shall—

(A) certify whether there was a on-budget balance or surplus in that fiscal year; and

(B) estimate whether there would be an on-budget deficit in any of the succeeding 10 fiscal years if section 201 of this Act takes effect January 1 of the following year.

(2) ESTIMATE.—The calculations for the estimate under paragraph (1)(B) shall be consistent with the baseline rules specified in section 257 of the Balanced Budget and Emergency Deficit Control Act of 1995, except for the assumption that these provisions take effect and remain in effect permanently.

(b) DELAY IN DIVIDEND TAX CUT.—Notwithstanding any other provision of law or this Act, section 201 of this Act shall not take effect until January 1 of the year following—

(1) a certification by the Secretary of the Treasury pursuant to paragraph (a)(1)(A) that no on-budget deficit existed in the preceding fiscal year; and

(2) an estimate by the Secretary of the Treasury pursuant to paragraph (a)(1)(B) that no on-budget deficits will occur in any of the 10 succeeding fiscal years even if section 201 takes effect.

Mr. REID. Madam President, I can remember as a little boy my grandmother getting what she referred to as her old-age pension check. That is what she called it. We have refined the name. That is not politically correct anymore. We now refer to someone receiving a Social Security check.

The Social Security check my grandmother received gave her dignity. She had eight children. The children helped her, but my grandmother, a proud widow, did not want to feel dependent on people, even her own children. I repeat, that old-age pension check gave her dignity. It gave her independence. She had money of her own that she could spend. She was unable to work. My grandmother, for all the time I remember her, could not walk very well. She was very heavy and did not move around very well. But that check still gave her the ability to feel free to do things on her own.

Social Security is the most important, the most successful social program in the history of the world. There has never been a program that has worked as well as Social Security. In addition to helping my grandmother as it did, Social Security has other important effects. It helps those who are widows.

I have said on this floor before and I will repeat it, I was in my Senate office in the Hart Building, and a woman was there representing an agency from Nevada. It was obvious she was very anxious to make her flight. I asked: You can make your plane easily; why are you so nervous? She had to get home to her children. She proceeded to tell me she was a widow. She was a young woman. I asked her what happened to her husband. He was murdered. Social Security steps in in situations such as that to help widows and orphans. Social Security also helps the disabled.

Social Security is more than a check for my grandmother. It is a check for the widow whose husband was murdered. It is a check for someone who has a debilitating disease and cannot work. Social Security is an important program. Our Social Security program is the envy of the rest of the world. It is a program that came about during the Great Depression, the brainchild of Franklin Delano Roosevelt, and the program has been remarkable.

Not every Member of this body is committed to protecting Social Security. That is a fact. The former majority leader of the Senate, my friend, the distinguished Senator from Kansas, Mr. Dole, is proud of the fact he voted against Medicare. He acknowledges, as do a number of other distinguished Republican leaders, that Social Security and Medicare are bad programs.

I carry in my wallet—I still have them here; I have read them so many times and I am not going to do it again—quotes from Republican leaders—Gingrich, Armey, Dole, and there are others who are not as nearly forthright as these three men who acknowledge their dislike for these programs, but we know there are people in the other body who do not like these programs. We know there are people in this body, Senators who do not like these programs.

As has already been stated on this floor by the distinguished Senator from North Dakota, the former chairman of the Budget Committee, Senator CONRAD, part of this tax program of the majority is simply to do away with programs they cannot defeat head up. They cannot get rid of Medicare and Social Security with votes on the Senate floor. So these tax programs will starve domestic discretionary spending and cause us to cut back and maybe even eliminate, if they get what they want, these important programs.

I repeat, not every Member of this body is committed to protecting Social Security. The amendment I have offered will give Members an opportunity to show not only seniors, but others, that Social Security is a program believed to be important to this country.

Young people believe in Social Security, and there has been this myth propounded by the majority that Social Security is about to go broke. Social Security is not about to go broke. We need to do things in the outyears, probably around 2040, to make Social Security a better program than it would be without our help, but even if we did nothing, Social Security recipients would be able to draw 75 to 80 percent of their benefits. We need to do something.

What is being done is exactly the wrong approach. The Republican tax bill that is before this Senate—call it growth and opportunity, call it whatever you want—is a tax bill that is devastating to the security of this country. It is devastating to the Social Security program.

My amendment is very simple. It says Congress cannot raid Social Security surpluses to fund tax cuts on corporate dividends. It is as simple as that. The Social Security trust fund is being raided as we speak.

During the Clinton years, we came to the conclusion that it was not appropriate to mask the yearly deficit with Social Security surpluses. So we had an accurate accounting system. When we talked about there being a surplus, there was a real surplus. What we have here is a report in the newspapers by the administration of what the deficit is, but that deficit is masked because of Social Security surpluses.

As we speak, there are huge amounts of money coming in to the Social Security trust fund, and these moneys are not being spent. There is a surplus.

As the late Senator Moynihan and I, in a dialog in the Senate one afternoon, talked about, it should be a Social Security trust fund, not a Social Security slush fund.

It is being used as a slush fund to cover deficits. The deficit this year will approach $600 billion. So I believe that we should protect Social Security. We used to have debates going on about lockboxes. What was a lockbox? A lockbox was a box that the Social Security surpluses were in and it could not be raided. We said: You cannot have the key to unlock that lockbox for Social Security surpluses. That debate is gone. Nobody talks about it anymore because everyone knows this administration has not only given the key away to the lockbox but thrown away the lockbox. Social Security surpluses are raided every day in this country.

The last 3 years of the Clinton administration there were huge surpluses, retiring hundreds of billions of dollars of debt. Now we have the direct opposite. We are creating hundreds of billions of dollars of debt, and in the next few days we are going to be asked to vote upon increasing the national debt ceiling by a trillion dollars, approximately, some 980-odd-billion dollars. Round it off to a trillion dollars.

My amendment is about priorities. Are we going to protect Social Security or are we going to take the money raised with payroll taxes and use it for a tax cut for the elite of this country?

Every worker pays payroll taxes. Yet every worker will not benefit from a corporate dividend tax cut. So it hardly seems right that we would support using payroll tax money to fund a tax cut that will benefit a select few of the elite of this country.

A short time ago the county assessor from Washoe County, NV, Reno, NV, came to my office. He came for one reason, to tell me: Please, Senator, do not do anything to allow this dividend tax cut to go through. It will devastate Washoe County. How we build roads, bridges, and schools is through floating bonds. That is how we do our assessment districts, to put in water systems, curbs and gutters. If the dividend tax cut goes through, State and local governments are going to be devastated. They will not be able to raise money as they did before.

So as far as I am concerned, this dividend tax cut is not good for our country. In just 6 years, the baby boom generation will begin to retire and our senior population will double—almost double from 44 million to 77 million. We need to make sure that we are prepared to meet the obligations we have made to our parents, our grandparents, as well as our children and our grandchildren.

When the Bush administration came into office, there was a projected $5.6 trillion 10-year surplus. Some say it was over $7 trillion. Now, the Government will have a record of a $1.8 trillion deficit, and maybe a $2 trillion deficit, and spend every dollar of the $2.2 trillion Social Security surplus over the next 10 years.

Before Social Security, 1 in 3 older Americans lived in poverty. Social Security has reduced that number to 1 in 10. Over the past few decades, millions of older Americans have been lifted out of poverty by Social Security.

I believe Social Security is one of the greatest success stories in the history of our country. I have already stated that.

As I said, Social Security is something everyone in this country wants to believe is going to continue to be as successful as it has been. Yet it is a success story that will be rewritten with a tragic ending if we decide to plow ahead with the corporate dividend tax cut before we meet our commitment to future generations. If we are going to build on the success of the Social Security Program, we cannot allow Congress to raid the Social Security surplus in order to fund corporate dividend tax cuts. New tax cuts will run up debt, make it harder for Social Security to meet its future obligations, and further threaten its long-term solvency. Simply, this means future generations of seniors can look forward to uncertain retirements. For many, this will mean retirements into poverty.

Social Security is a guarantee of some measure of security in retirement. It is not everything, but it is a guarantee of some security in retirement. The collapse of corporations like Enron and WorldCom underscore the importance of maintaining this guarantee and not forcing workers to depend entirely on pensions for their retirement savings.

We have just started to see what is happening to the retirements of people who have worked all their lives. For example, in the airline industry we have real concern about the future. Are they going to be able to maintain their programs so people can draw their benefits? The airline industry is only one. We have battled with the steel industry, coal miners. We have had all kinds of problems and that is only a small portion of what is probably going to happen in the future.

Not everyone agrees on how to approach Social Security reform. But one thing is certain, nearly every single Social Security reform plan that has been proposed requires additional resources, not less resources. In fact, the plan recommended by the President's own commission to strengthen Social Security required over a trillion dollars. What has happened to that? The true question is, Where does Social Security rank on the page of important issues voted on? Will this Senate say that protecting Social Security is more important than giving a dividend tax cut to the elite of this country? I hope the answer is yes. I hope people vote to put Social Security first. I hope every Member in this body agrees we should not raid Social Security trust fund dollars so we can offer tax cuts for the elite of this country.

Let's show our seniors and future generations we are serious about fulfilling our obligations to them. It is time, and this amendment is the time to demonstrate that Social Security is a top priority for this Congress and for the Nation.

A constituent said it best in a recent e-mail that he wrote to me. I do not know if that is a proper term for e-mail, but I received it. He said:

> Tax cuts are nice . . . but if we can't depend on what the Federal Government promises, then what is left for us to believe in?

Of course, that was referenced directly to Social Security.

I hope we will join to do the right thing for the millions of people who are on Social Security, the millions of people who will go on Social Security, and for those people who recognize that this program is the most successful social program in the history of the world.

The PRESIDING OFFICER. Who yields time?

Mr. REID. I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second.

Mr. REID. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. GRASSLEY. Madam President, the arguments we hear for various amendments are very interesting. It is kind of like the other side is going in a circle. In regard to the amendment of the distinguished Senate minority whip, the Senator argues against the jobs bill because Social Security funds are used.

Well, let's compare that argument to the arguments Senator DORGAN was using. How does the Senator from Nevada think the Dorgan amendment he supports is paid for? As the Senator from Montana pointed out, general revenues will be used to cover the costs of the Dorgan amendment.

We are in a deficit situation. Everybody acknowledges that. So where does the Senator think these revenues will come from? They will raid the Social Security trust fund to pay for the Dorgan amendment.

Once again, it seems to me the other side is trying to be on three sides of a two-sided coin. Maybe if we keep this up long enough with their circular arguments they will be supporting the jobs bill when we finally get to final passage.

I yield the floor.

Mr. REID. Madam President, I personally think we should have a real jobs bill. For example, there has been a lot of talk about how many jobs this tax bill will create. Let's analyze this.

There is no dispute that for every $1 billion we spend on public works projects—for example, building highways, roads, bridges, dams, water systems, sewer systems—for every $1 billion we spend, we create 47,000 jobs. The math is simple. By spending just a few billion dollars compared to the multitrillion-dollar tax program that has been recommended, we could create many more jobs. Those are direct, high-paying jobs. Every $1 billion, 47,000 jobs. Multiply that and it comes out to lots of jobs, especially those that would be created indirectly.

I hope some day we have a real jobs bill, instead of what we are talking about, jobs and growth; call a pig a horse all you want, but it is still a pig. You can talk all you want about this tax bill and how much growth it will create; the fact is it is a program for the elite of this country.

Simple and direct to the point, it is what it is. It is an effort to devastate the ability for domestic discretionary spending and cause tremendous harm to programs such as Social Security and Medicare.

I hope when we vote on this measure there will be a resounding yes vote. I understand there will be a technicality raised because, under this rule, germaneness is a very tight rule and it will require 60 votes. That is not such a high burden.

We should be able to have 60 Senators vote to put Social Security before giving tax cuts to the elite. My amendment goes only to the dividend tax cut. I hope we have support on that. If 60 Senators do not agree to support Social Security over a dividend tax cut, I feel very sorry for the remainder of the session and what it will do to the American people.

Mr. GRASSLEY. Madam President, I yield such time as he might consume to the Senator from Utah to either speak on the pending amendment or to speak on the bill.

Mr. REID. Will the Senator withhold for a brief minute?

Madam President, there are Senators wondering what will happen this afternoon. It is my understanding that the distinguished Senator from Iowa will propound a unanimous consent request that we will have a vote around 2 p.m.; is that right?

Mr. GRASSLEY. I am prepared to do that. The answer is, yes, we will have a vote at 2 o'clock, but I don't want to propound the unanimous consent right now.

Mr. REID. It is my understanding, though, that we will have a vote, try to have a unanimous consent agreement and vote on the Dorgan amendment and the Reid amendment, and the Senator from Iowa may raise points of order against those.

Mr. GRASSLEY. I could make the unanimous consent request and then raise a point of order later.

Mr. REID. That is right.

Mr. GRASSLEY. Madam President, I ask unanimous consent, notwithstanding the remaining debate time, it be in order for me to raise a point of order against the pending Reid amendment No. 560; provided further that Senator REID then be recognized and ordered to move to waive. Finally, I ask consent that the vote in relationship to the amendment occur at 2 p.m.

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

Mr. GRASSLEY. Madam President, I yield such time as the Senator from Utah might consume.

Mr. BENNETT. Madam President, I thank the chairman of the Finance Committee for his support.

We continue to hear about jobs in this debate and the question of what creates job. We heard the assistant Democratic leader say for every $1 billion we put into the economy, we get 47,000 jobs. I am not sure what study produced that number, but if it were absolutely true, any time we wanted we could say, let's appropriate another $1 billion and get another 47,000 jobs. If we need to put 470,000 people to work, appropriate $10 billion and go buy the jobs—as if jobs are used cars sitting in a car lot which can be purchased if you have enough money.

Unfortunately, the economy is not that simple and does not work that way. Jobs are created by two things. No. 1, enterpreneurism, risk taking, somebody does something. A human activity is required. No. 2, accumulated capital. Jobs come because somebody accumulates enough capital to fund the risk taking. In many instances the risk that is being taken is that the capital will be lost.

If we look at the creation of jobs through this prism, that it requires

risk taking and it requires accumulated capital, we see things a little differently. It is not a matter of the Federal Government spending $1 billion to purchase 47,000 jobs. It is a matter of the Federal Government creating an atmosphere in which those who are willing to risk their accumulated capital—or in the case of borrowing, somebody else's capital—and produce the jobs that come out of that activity.

If I may be personal, I will outline my own experience as an entrepreneur in risking some accumulated capital and creating some jobs. I was given the award as Entrepreneur of the Year by Inc Magazine in 1989 for the Rocky Mountain area. Frankly, I had not thought of myself as an entrepreneur prior to that time when I received the award. I sat down and said to myself, Self, let's draw up a little tally of whether or not I have, indeed, been involved in entrepreneurial activities in my life. Because I had not kept track before, I did that inventory. I was a little surprised at what I found. I had been involved in 11 different startup or turnaround activities. That is, 11 different attempts to create new economic activity where none had been before. Then I tallied up the record of success.

Four of these efforts failed outright. The money represented by the accumulated capital being risked in our attempt to create new jobs did not work. The money was all lost. Four of these efforts were sold without having succeeded or failed. In other words, we started it, we got it going, we decided to bail out before we found out whether or not we were going to make it, and someone else took us out. We neither made money nor lost money. We lost money in the sense of our opportunities in the period of time we were working on these efforts was gone, but at least we did not lose the accumulated capital with which we went into the venture.

That left only 3 out of the 11 that had been successful. Interestingly enough, enough money was made out of those three to cover all of the expense of the other eight. Enough jobs were created out of those three to compensate for everything that went down the drain with the other eight. I decided, having done this 11 times in my life, I guess I did deserve to be called an entrepreneur, a risk taker.

Now, I will focus on one of those companies with which I was involved, to make the point that cannot be stressed too often or too strongly in this debate. I was recruited to be the chief executive officer of a company that at the time had four full-time employees. It was doing somewhere between $250,000 and $300,000 per year. Frankly, its long-term prospects were not all that bright, if you looked solely at where it was. It was not making any money. It was just barely able to support those four full-time employees, and it probably couldn't have afforded me.

Indeed, when I became the CEO, I was part-time and I was paid a consulting fee rather than a CEO's salary because the company couldn't handle that.

That was in 1984. The reason I point out that year is because that is the year many of our friends who are discussing this bill in apocalyptic terms would describe as part of the Decade of Greed. The Decade of Greed, as that phrase is used—usually in the Democratic Party and on the editorial page of the New York Times—refers to that period of time when Ronald Reagan was President of the United States and the top marginal tax rate was ultimately brought down to 28 percent.

Think of it, how greedy rich Americans were that they demanded, and Ronald Reagan and the Republicans responded, a tax rate of 28 percent. Why, that is terrible. We should clearly have moved away from that, and we have. The tax increase that occurred under President Bush the first, and then the tax increase that occurred under President Clinton, has brought us up to the rates they now insist are right and proper, an effective marginal tax rate—when combined with the Medicare tax—of 42 percent on the Nation's highest paying taxpayers.

They say 42 percent is about right; 42 percent shows the rich are paying their fair share. They say 28 percent is giving in to the demands of the greedy and isn't life much better when the effective rate is 42 percent.

Now they say President Bush the second is trying to bring us back down into the area of the Decade of Greed. He is not going as far as 28 percent, but he is going to bring us down to 35 or 32, depending on the brackets. He is going to bring us down away from the 42 and back toward the attitudes of the Decade of Greed.

So, as I say, back to my own experience. We were building that business in the Decade of Greed. I can assure you, no one in our company was earning a six-figure salary. We couldn't afford to pay that on the amount of revenue we got. But we had high hopes. We were taking big risks. I signed a guarantee on the bank loan that would have cost me my house if we had not been able to pay it, and every other shareholder in the business did the same thing. We were on the line. At that point, that was the only real asset I owned. But I signed it because I believed we could make it go.

We were on the line then, for losing our houses—talk about taking a risk—in order to get the accumulated capital that we needed to build that business in the form of a business loan. It was $75,000.

Madam President, $75,000 doesn't sound like a lot of money, but when you are going to lose your house, $75,000 is a huge amount of money. It was added to $75,000 that had been there before I showed up, so the total debt of the company was $150,000, and they were going to take after me to take $150,000 out of my house and I didn't have $150,000 in equity in the house. We had to add it all up with everybody else's houses to get to the $150,000, and then the amount on top that the bank wanted.

We were successful. I will not bore the Senate with the details of what happened, but we were successful. Madam President, 6½ years later, when I stepped down as the CEO of that company, prior to my decision to run for the Senate, we were doing $80 million a year.

The debt had grown from the original $75,000 to $7.5 million, but we didn't care about the debt because we had more than enough money to cover it. As a percentage of our sales, as a percentage of our profits, the debt was now de minimis. I make that point because the argument has been made on the floor today that the debt of the United States is going to go from $6 trillion to $12 trillion and isn't that awful?

The answer is, yes; that is awful if the U.S. economy is not going to grow. Then the debt is going to double. But if the U.S. economy is going to double in size in the period that the debt doubles in size, the debt will be no more of a problem in 10 years than it is now. And now the debt as a percentage of the economy is lower in the United States than it is in any other industrialized nation. The other countries of the world would kill to get the kind of debt-to-GDP relationship we have already. So I am not alarmed by the statistic that has been quoted on the other side because I have lived with it personally.

I have seen the debt of the company over which I presided go from $75,000 to $7.5 million, and I recognize that the $7.5 million was a benign figure whereas the $75,000 was threatening to shut us down because the sales of the company had gone from $300,000 to $80 million. The margins had gone from zero—at $300,000 we weren't making any money—to 20 percent before taxes, so we had an aftertax margin of about 10 percent. Twenty percent of $80 million is $16 million. We had a $16 million pretax profit, which makes it very easy to service a $7.5 million debt. So let's not talk about the debt figures in the aggregate and scare everybody with relationships that make no sense.

However, back to the point of the marginal tax rates. As we built that business from $300,000 a year to $80 million, we did it during the Decade of Greed when the top marginal tax rate was 28 percent. That meant of every pretax dollar we earned, we got to keep 72 cents of it to finance the growth of the business. We went from 4 full-time employees to over 700 in that period. We created 700 new jobs, and we did it without a dime of Federal money. Nobody walked out and said: Here is your portion of the $1 billion we are going to use to purchase 47,000 jobs.

The way the Federal Government helped us was they said to us, for every pretax dollar you earn, you get to keep

72 cents. We funded the growth of that company, from 4 employees to 700 employees, out of the earnings of the company.

Just for a moment, look at what would happen if we had founded that in 1994 instead of 1984. The Federal Government would have said to us, in 1994: For every pretax dollar you earn, you get to keep 58 cents because we are going to take 42 cents. The difference between 58 cents and 72 cents would have made, for that company, the difference between rapid growth and stagnation. I am not saying we couldn't have made it under the effective tax rate of 1994, but I am saying, with great certainty, that it would have been much more difficult and the growth, even if it had come, would have been much slower. In other words, the number of jobs created would have been substantially less with a marginal tax rate of 42 percent than it was with a marginal tax rate of 28 percent.

In the spirit of full disclosure I should point out that once I left the company, it then grew from 700 jobs to 4,000, and I have to say there is a direct cause and effect relationship. Getting me out of there made it grow substantially faster.

The point of focusing so firmly on a single firm and the experience is this: We were an S corporation. That is a tax designation which means that the profits of the company flowed through the company to the personal tax returns of the investors. I would show at some point in that situation a private tax return—a 1040—of over $1 million of personal income.

You can say: Good Heavens, he is the richest man around. He is earning $1 million a year. No. I was earning my salary, which was $140,000. Then I was reporting my share of the company's income so that the income didn't get taxed twice. If the company had paid taxes at the company level, and then had given me my share of the income, the company would have paid taxes and I would have paid taxes.

Does this sound familiar? That is what this debate is about with respect to the taxation of dividends. We could have avoided taxation of dividends because we had a small enough number of shareholders to qualify as an S corporation as opposed to the C, referring to the chapters in the Tax Code that describe all of this. But I was not taking home $1 million a year. I was not taking home after tax $1 million a year. All the company gave me of the million dollars that the company put on my personal tax return was 28 percent; in other words, enough to pay the taxes that were being reported on my form. But the company kept the other 72 cents to grow the business.

That was true of every other shareholder in the company. We had five shareholders, every one of whom was reporting over $1 million a year in personal income but who were in fact receiving only their salaries and giving back to the company 72 cents out of every dollar they were reportedly receiving. That is how we were able to grow the company.

That same pattern still exists even though it was badly damaged when we went to a 42-percent marginal tax rate in 1993. There are still S corporations and sole proprietorships and partnerships where the owners of the company receive a tax form saying they have $1 million or whatever their share of the profit of the enterprise might be, but they give back everything except that which is necessary to pay the taxes.

That means there are small businessmen who have tax returns that very quickly get into the top marginal rate. They are small businessmen who are struggling, and increasingly small business women who are struggling to make the business grow, only being able to keep 58 cents out of every dollar they earn. They may report tax returns that put them in the top 1 percent of taxpayers, but they are not Michael Jordan or Donald Trump. They are doing their best to get along with a little business that employs 5 or 6 people and the business is earning $200,000 plus the salary they pay themselves. They need that $200,000 desperately back in the business to keep it growing. But Uncle Sam comes along and says: The business may be earning $200,000—that shows up on your personal tax return—we are going to take $84,000 of that $200,000 in taxes. Good luck making the business grow.

If there are entrepreneurs good enough and working hard enough, they can make the business grow, but they have to delay hiring that extra person because they are paying $84,000 out of the $200,000 instead of paying at the 28 percent that we paid when we were making our business grow.

When we talk about, the rich don't need this tax cut, the rich don't need to have their effective rate rolled back from 42 percent to, say, 35 percent, and Donald Trump doesn't need that, let's make him pay his fair share, or Michael Jordan doesn't need that, let's make him pay his fair share, we are ignoring the fact that it is the small businessman and the small businesswoman hiring the extra employee, be it in Alaska, Utah, or Colorado, or wherever it is, who will drive the opportunity for new jobs to be created all over the country.

Most of the new job creation in this country comes from small business. That is a truth that has been repeated over and over on this floor. Everybody says they are in favor of small business. Everybody, regardless of where they sit on the floor, says small business is the backbone of the American economy. They are right.

One of the reasons other industrialized countries, such as Germany, France, Japan, and others, have been unable to see their economies grow at the rate ours does is that they have been unable to see their job growth come anywhere close to the rate of ours because they don't have small business. They don't have anything like the network of small business and entrepreneurial activity that is the hallmark of the American economy.

It is right and proper for us to come to the floor regardless of party and tell everybody how much we love small business. But it is deceptive to say that this is a tax cut for the Michael Jordans of the world when we realize that the primary economic activity of rolling back the top marginal rates will be for the small business men and women of this country, if they could ever get back to the level of effective tax rates during the decade of greed, who could create the kind of jobs that were created in that period, could create the kind of momentum that was created in that period.

Back to my company, it was founded in 1984. They say when I stepped down as the CEO in 1991, we had gone from 4 employees to 700, and we had created the momentum that produced that growth in that period where the top marginal rate was 28 percent. That momentum carried forward into the 1990s. That carried forward to the point where they eventually got to 4,000 jobs instead of 700.

We hear in this Congress that some of us in this Congress took credit for that. Some in this Congress looked at that and said: The Clinton increase to an effective rate of 42 percent has created jobs. This company went from 700 to 4,000; that was created by President Clinton; that was created in the Clinton administration. I submit to you it was created in the Decade of Greed. It was created when Ronald Reagan helped the Congress get the effective rate down to 28 percent when we laid the groundwork and sowed the seeds for the kind of explosive growth for which the harvest took place in the 1990s.

I submit that by establishing a top marginal rate of 42 percent in the 1990s, when that momentum of growth was going on coming out of the 1980s, we are now harvesting an opposite kind of situation. Small business faced with an effective tax rate of 42 percent, where they can only keep 58 cents out of every pretax dollar to help grow the business, is growing more slowly than they were. Just as the excitement of the 1990s was harvest of the low tax period of the 1980s, now some of the problem in 2000-plus is the harvest of the high tax rates of the 1990s.

What we have to learn around here is that there is a lag in fiscal policy. People ask me, What is the difference between fiscal policy and monetary policy? Very simply, monetary policy is what the Federal Reserve does about the monetary supply, and fiscal policy is what the Congress does about taxes.

We can pass a tax bill and say, We handled this problem. But the reality is what we have done in a tax bill either for good or ill is sow some seed that will be harvested later on.

As we look back over what was done in 2001, we begin to understand some of

the things about the sowing of seeds. In 2001, we had a balanced tax cut—balanced politically, not economically. The political balance said: We have to put some money in people's hands immediately because there are those who insist that is the thing that will cause the economy to grow. So let's put money in customers' hands right away. That was the genesis of the $300-per-person rebate.

Then there are those who said: No, we have to bring down the top marginal tax rate, for all of the reasons I have been discussing. For small business to create new jobs, for all those S corporations that are reporting on their personal tax returns the corporate income that is placed there, we have to see to it those people get back down into the level where they can create jobs at the same energy and same rate in which they were creating jobs in the late 1980s.

All right. What have we learned in the 3 years since we passed the 2001 tax cut? We learned that amount of money that went out in the rebate had little or no impact on creating jobs. All of us took credit for it. We stood out in front of the Capitol, we waved the $300 check, and we had our pictures taken. We had people come up to us in airports and shopping malls and say: Thank you, Senator. I got my $300. That is terrific. But the economic impact of that, looking back on it, was negligible. Why?

Didn't you want all those people to go out and spend that money? Yes. And a very large percentage of them did not. What do you mean? Did they put it in their mattress? No. They paid down their Visa card. They paid down their MasterCard. They lowered their own personal amount of debt, which was a prudent thing for them to do. But that did not produce very much economic activity.

Also, if you take the total amount of money involved in that rebate, and then compare it to an economy of $11 trillion, you realize we were talking about a tiny percentage. There was no leverage in that amount of money. And while it was a good thing to do, and it helped a lot of people—and I am glad they got their credit card debt down by an extra $300—it did not produce any jobs. And that is what we are talking about.

However, simply the promise that the top marginal tax rate would come down did, in fact, cause some small businesspeople to say: All right, the effect is not immediate, the relief is not here right now, but I can see it coming, and I can plan on it.

The most important quality a small business man or woman has to have in order to succeed in business is the ability to somehow, some way correctly see the future because every business enterprise is involved in selling in the future. No business enterprise survives on the basis of what it did in the past. It is all tied to what it can see in the future.

So as these small business men and women looked out into the future, they said: This 42-percent effective rate that came in with President Clinton is going to start to come down. And as I make my plans for what I will do, as I try to invest and I try to create jobs in the future, I can plan on that coming down. And the mere anticipation and sense of certainty that came out of being able to plan for a reduction in the amount of money that Uncle Sam would take out of their businesses caused some beginning stirrings in the small business community toward the creation of new jobs. But those stirrings were not enough.

We are in recovery, but the recovery is far from robust. Chairman Greenspan calls it a ''soft patch.'' And the soft patch, unfortunately, has gone on longer than he or any of the rest of us would like.

So how do we get out of this soft patch? The most important thing we could do is say to these small business men and women: Guess what. You were planning on this reduction in the amount of money Uncle Sam takes out of your entrepreneurial activity in a few years. We are going to make that reduction effective right now. As a matter of fact, we are going to make it effective January 1, 2003.

All right. Now, as I make my plans as a small businessman, I can say: I am going to be able to keep more than 58 cents. I will be able to keep 60 cents, 62 cents, maybe even 65 cents. Now I can plan on having that much more money coming out of my enterprise. I can go hire that extra person. I can go buy that extra piece of machinery, which means that the manufacturer of the machinery can hire an extra person. Now that I see that marginal rate coming down, and coming down more rapidly than was promised in 2001, I can react accordingly. And now we can start to see the small business job machine get cranked up.

We all need to understand this about economics: Economics turns on incentives. No one will invest in an enterprise where the Government would take 100 percent of the profits because there is no incentive. You say, all right, the Government will take only 99 percent of the profits, and there is still no incentive. So the Government says, all right, we will take 80 percent of the profits. Well, maybe you begin to get my interest now. The Government will only take 50 percent of the profits. All right, now there is an incentive for me to invest.

In the 1980s, the Government said to small business, we will only take 28 percent of the profits, and you saw a period of job growth, job creation, and economic expansion unparalleled in our history. And, based on my own experience, I believe it was an impetus and an inertia of job creation that carried over into the 1990s, for which the Congresses and the President in the 1990s took credit.

But the inertia, as I say, has changed because the incentive got a little less in 1991 when President Bush went to Andrews Air Force Base and said: Let's tell the small business man and woman we are going to take more of their pretax money away from them. And there was a sense: Well, we better not buy that new piece of machinery. We better not hire that new person. We are going to have a problem.

And then President Clinton said: Let's tell the small business man and woman we are going to take even more in 1993, and bring the top marginal tax rate up to the level that I have described.

You sow the seeds of incentive, you reap the fruits. If the incentive is to invest, if the incentive is to hire, if the incentive is to take risk, you get the benefits of higher economic activity and higher job creation. If you sow the seeds of negative incentive that says the Federal Government will take more of your money than it has been, you reap the rewards of higher unemployment and slower economic activity.

It always takes time. It never happens, in fiscal policy, overnight. But I submit we are now in a position where we need to move clearly and firmly back toward the time when the incentive was to invest, when the incentive was to take risk, when the incentive was to build a small business.

I think it disingenuous, therefore, to attack all of the reduction in the marginal tax rate as if every single tax return that shows income being taxed at the top marginal tax rate is coming from a Michael Jordan or a Bill Gates or a Donald Trump.

It ignores the fact that the majority—I don't have the exact statistic; I have heard it as high as two-thirds, but it varies from time to time—of the tax returns filed in the top marginal tax rate are tax returns with small business income on them, tax returns such as the one I described for myself when I had my salary on there and then I had an extra million dollars as my share of the company's profits transferred on to my tax return, none of which money I saw, none of which money I got because all of which had to go back to the company to help it grow and help it create jobs.

Let us understand that this is not a debate about whether Bill Gates should get a tax cut. This is a debate about whether small businessmen and small businesswomen all across this country should get an incentive to hire, an incentive to invest, an incentive to build for the future, whether to plant seeds of growth which will yield a significant harvest for us later on. I believe the sooner we can plant those seeds, the better off we will be.

I believe the lesson of the tax cut of 2001 tells us that what we did there, however salutory, was not good enough and not strong enough, that it has not gotten us through the soft patch that it was supposed to help with, and we need to get on with this.

For that reason, I will support a cut in the top marginal tax rate, and I will

rejoice in the years to come as new jobs are created, new economic activity occurs, and, yes, new tax revenues start to roll in to the Federal Government. At that time whoever is in the Senate will take credit for those tax revenues, whoever is in the Senate will take credit for the good economy that we have. And whoever is managing Presidential campaigns will say it was President this or President that who was personally responsible for it.

We should understand that the economy is much more sophisticated than that. We should do what we can to let the economy do its work by creating the incentives that will produce the two things that produce jobs: risk taking and accumulated capital. This bill moves in the direction of rewarding both.

I yield the floor.

The PRESIDING OFFICER (Mr. HAGEL). The Senator from Nevada.

Mr. REID. Mr. President, I have the deepest affection for my friend from Utah. He lives in a different political world than I do. He just did a stunning job in his debate, but he was debating himself. The matter pending before the Senate is whether we should have tax cuts for the elite—that is, dividend tax cuts—or whether those moneys should be kept for Social Security. That seems pretty simple to me.

I did mention, and the Senator from Utah responded briefly, that my proposal to have public works projects is not in keeping with his idea of how to create jobs. The only way to create jobs, he said, is through entrepreneurship.

Well, Frainer Construction of Nevada, Helms Construction of Nevada, Granite Construction, Las Vegas Paving—large by Nevada standards—are companies that believe in entrepreneurship. Every road they build, every water project they work on, every bridge they repair is entrepreneurship. What is the difference in these huge tax cuts that go to the elite, that create no jobs, as I will shortly show? If past experience means anything, I think we are better off directly doing something.

My friend from Utah has acknowledged that there is not going to be anything happening in the near future. He is talking about future Presidents taking credit, future Congresses. He has acknowledged that nothing is going to happen in the near term with this foolish tax cut that has been proposed.

All this talk about growth and jobs, as this bill is intended to do, simply will not work. I direct my friend to a few people on this chart. These are the economists who support the Bush tax plan. You can see them on the left hand side, few in number. The economists opposing the Bush tax plan are 450 in number. Those who support the plan are 13 in number. Those opposing are 10 people who have won Nobel Prizes for their work. We have, in fact, professors from the University of Utah, Gail Blattenberger, Samuel Jameson, David Kiefer, Thomas Maloney, James M. Rock, Norman Waitzman, all distinguished scholars from Utah who are on this chart who say this tax plan the President has proposed is not good.

The question before the body—the vote will take place at 2—is whether this body will vote to have a tax cut for the elite as it relates to dividends or whether Senators will vote to protect Social Security. The Social Security debate has left this body since Republicans became the party that dwells in the White House. We used to talk about a lockbox. Not only the key has been lost but the whole lockbox has been thrown someplace we can't find. Social Security is not part of the equation anymore. Suddenly deficits don't matter.

I say to my distinguished friend who was a courageous soldier for the United States, somebody who was valiant in battle and who I have the greatest respect for as a legislator, I want to bring to his attention some of the problems that exist with this new philosophy that deficits don't matter.

I refer the distinguished Presiding Officer to a statement he made on the 6th of February 1997, in the Omaha World Herald:

> The real threat to Social Security is the national debt. If we don't act to balance the budget and stop adding to the debt, then we are truly placing the future of Social Security in jeopardy.

I ask my friend, when he comes down to this table in 40 minutes and votes, to remember what he said in 1997. This is clearly an indication that we are driving this country into a terribly difficult situation as it relates to the deficit.

Deficits don't matter? I hope they do. But apparently there has been a new philosophy from the other side of the aisle.

We are going to be asked in a few days to increase the national debt by almost $1 trillion. I hope people will be more concerned about the debt. I agree with the statement made by the Senator from Nebraska.

I believed the chairman of the Federal Reserve System when he told us in the Appropriations Committee that the most important thing we could do is get rid of the deficit. We did that. We took him at his word. As a result of that, we had years where we paid down the debt to the tune of $600 billion.

When the Bush administration took office, they promised to eliminate the national debt and spur the economy with a massive tax cut for the elite. I didn't vote for that tax cut because I thought it would do exactly what it has done. I have been through the years in the past when we were told that the trickle down theory was a great one and would help the country economically. It didn't then, and it didn't during the Bush 2 program. This plan has failed the vast majority of people in America who are worse off than 2 years ago when this man took office.

Since this administration took office, the economy has lost almost 3 million private sector jobs. The economy has shed 500,000 jobs in the past 3 months alone. About 9 million people are looking for work. The unemployment rate is 6 percent. The number of unemployed workers has increased 47 percent since the President took office. A growing share of the unemployed workers are long-term unemployed. In February, nearly 2 million people had been unemployed for 6 months, which is triple what it was before this man became President. The Bush administration is on track to post the worst job creation record of any administration in almost six decades. This tax cut raids Social Security, and that is what this amendment is all about.

I have been here long enough to know that the majority are not very independent. I believe—and I hope my belief is unfounded—that come 2 o'clock people will march down here and vote against this amendment. They will vote that it is not germane. It takes 60 votes. We know the rules of germaneness. They will march down here just like lemmings over the cliff and throw Social Security to the wind, I am sorry to say, but I think that is what is going to happen.

Even without the new tax break for the elite, this Government will spend every dollar of the $2 trillion Social Security surplus over the next 10 years—even without this. So with this, it will be done more quickly.

The real reason for the deficit is the tax cut—the tax cut previously made, which I voted against. It is not easy to vote against tax cuts. People love them. It will be used against me in my campaign. That is the way it is.

The Congressional Budget Office says that only 14 percent of the deficit is as a result of homeland security and defense spending. Over 10 years, Federal spending on interest on the public debt will amount to $2.4 trillion. Of course, every dollar directed toward interest is diverted from Social Security. It is diverted from Medicare, education, defense, and homeland security.

The additional interest burden on a family of four will be $30,000. That is the additional burden. State and local governments are in the midst of the worst fiscal crisis since World War II. Last month, the cumulative 2004 budget shortfall was about $54 billion. A billion of that is in the small State of Nevada. State and local governments, which bear primary responsibility for most education, health care, and first responder expenditures, will bear the brunt of the consequences of this irresponsible tax plan.

The second phase gets even worse. Sixteen States have cut education programs in elementary schools. In Nevada, the Clark County School District is considering going to a 4-day week for kids because it is having trouble paying for a 5-day week. Twenty States have cut health care programs, even though we are living in a heightened risk of bioterrorism and SARS. It makes no sense to just chop to pieces

our State public health budgets. But that is a consequence of what is happening in this administration.

What is wrong with this plan we are being asked to approve? It fails to help working people, for one thing. Our top priority is to create jobs. I will say it again, Mr. President—creating jobs. The moneys that would be given in these public works projects, which are not new jobs—I bet in the States of Utah and Nebraska there are many projects on the drawing board that simply cannot be completed because there is no money to do it—roads, water and sewer projects, bridges, dams, all those activities. They are on the drawing boards now and would go forward tomorrow if there were money to do it.

As I indicated before, for every billion dollars spent, 40,000 jobs are created. Those are direct jobs, all high-paying jobs. These people would buy refrigerators, carpets, cars, all kinds of consumer items. There are a lot of indirect jobs as a result. The Republican plan fails to help working people. It fails to preserve Social Security. It offers no relief to the 9 million Americans who want to work but cannot find a job.

People on the other side refer to this as a ''jobs and growth package.'' As I said earlier today, you can call a pig a horse, but it doesn't matter how many times you call a pig a horse, it is still a pig. Or you can call a horse a pig; it doesn't matter; that animal is still a horse. You can call this program jobs and growth all you want, but it doesn't make it a jobs and growth program. Calling this a jobs and growth program—there could not be anything further from the truth.

The CBO, the White House Counsel of Economic Advisers, and the private sector economists who helped the President analyze this proposal have stated that his tax break plan won't create jobs and will weaken the long-term health of this country. In fact, some economists have forecast that the plan will cause an annual .25 percent drop in GDP and will result in a loss of almost a million jobs in the next 10 years. That is in addition to the jobs that have already been lost. There are the 400 economists there on the chart. And I am sure there would be more if we spent a little extra time. So 400 economists, including 10 Nobel laureate prizewinners, signed a statement warning that the President's plan would do long-term harm to the economy, adding to the Nation's projected deficits.

Mr. President, you were not standing there alone saying deficits matter. Some of your colleagues also felt the same. A number of very distinguished colleagues felt the same. For example, somebody for whom I have the greatest respect, TRENT LOTT—we worked together on the floor very closely for 4 years—said on the 27th day of January, 2002:

> I think the most important thing really does involve the budget—keeping a balanced budget, not dipping into Social Security, and continuing to reduce the national debt.

He gave that quote to the Chattanooga Free Press. What has changed? Nothing has changed in a little over a year. Senator JUDD GREGG—here is a man who has wide-ranging experience. He served in the House of Representatives, he was a Governor, and now he is a Senator. He said to the New Hampshire Sun News on the first day of February 1998:

> As long as we have a Republican Congress, we are going to have a balanced budget. And if we can get a Republican President, we can start paying down the debt on the Federal Government.

What has happened to that? Do deficits not matter anymore? Obviously, they don't. We are going to be asked to increase the national debt a trillion dollars in a few days.

Mr. DURBIN. Will the Senator yield for a question?

Mr. REID. I am happy to yield to the Senator from Illinois for a question.

Mr. DURBIN. I ask the Senator from Nevada, it is not just a question of the national debt—which is bad enough—that has to be repaid, and interest has to be paid on it, not just by us but by our children and grandchildren, but is it not a fact that the money we are putting into the President's program for tax breaks for elite investors in America is coming out of the Social Security trust fund, out of the Medicare trust fund? These are trust funds that are going to struggle with more and more elderly Americans needing their help, and we are going to give a tax break to wealthy people at the expense of Social Security and Medicare. Is that not a part of the problem as well?

Mr. REID. Mr. President, I say to my friend in answer to his question, the Senator is absolutely right. What is happening boggles my mind. I am certainly not a genius, but I did OK in school, and I can understand some basic facts. How can people, for whom I have the highest respect, say one thing about deficits mattering and Social Security mattering and vote for this awful program?

I say to my friend, the distinguished Senator from Illinois, what I said earlier today. I believe this is all part of a program to do away with some of these programs in which we really believe. I repeated in different words what the Senator said today in responding to a statement made by the distinguished chairman of the Finance Committee. I said the same thing to the distinguished junior Senator from Utah. They live in a different world than I live in. It is as simple as that. They live in a different world. They care about the trickle down theory. I do not. I do not think it has worked. Over the years I have seen it trying to work where you give money to the elite of this country. It does not trickle down.

We have significant problems in the State of Nevada. We are battling budget problems in the little State of Nevada, and the Republican Governor in the State of Nevada—I am sure it was very difficult for him—because there is no alternative because of the unfunded mandates the Federal Government passed on to the State of Nevada, is trying to find ways to create new revenues. I say the word, the Republican Governor of the State of Nevada has asked for new taxes.

Mr. DURBIN. Mr. President, if I may ask the Senator from Nevada, if the argument has been made by the Republicans that if we give the President another tax cut for elite investors and wealthy people that this will somehow create jobs, is it not fair for us to look back and see how successful the President was the last time he made this promise?

If I recall correctly, we gave this President a $1 trillion—some say $2 trillion—tax cut just 2 years ago. If I am not mistaken, we have lost jobs. Under this Bush administration, we have lost somewhere in the range of 2 million jobs. In my State of Illinois, under the Bush administration, we have lost 191,000 jobs, 20,000 manufacturing jobs in the last 12 months.

If the President's plan of tax cuts for wealthy people is exactly the medicine to cure our problems, how do we explain the fact that the economy is still so sick 2 years after the President tried this tax cut the first time?

Mr. REID. I respond to my friend, I voted against the first tax cut. It was not an easy vote. Just on general principle you want to vote for tax cuts. I believe the payroll taxes are something most people pay much more than they do in income taxes. I would like to figure out some way to give them a break from payroll taxes. I think there are ways we can reduce taxes.

At first glance, you do not want to vote against a tax cut, but I had an inkling, I had a belief, I had a conviction that doing what was done with the first big tax cut would throw this country into an economic downturn, and that is what it has done.

When the Bush administration took office, they promised to eliminate the national debt and spur the economy with a massive tax cut for the wealthy. They failed to deliver. Most people are not better off; they are worse off than they were 2 years ago, I say to my friend.

Mr. BENNETT. Will the Senator yield for a question?

Mr. REID. I will be happy to yield for a question from my friend from Utah without losing my right to the floor.

Mr. BENNETT. I ask the Senator, if he is interested, if I gave him the names of another 400 economists who were in favor of the Bush tax cut if he would put them on his chart? Such names are available.

Mr. REID. I respond to my friend from Utah, I borrowed this chart from somebody else. I am not much on this chart business, but I know that if there are that many who favor the tax cut, you should do your own chart.

Mr. BENNETT. I further ask, Mr. President, a question of the Senator from Nevada.

Mr. REID. I yield for a question. I will do that.

Mr. BENNETT. Reference has been made by the Senator from Illinois to the effect of a $2 trillion tax cut. Is it not true that what we are asking for in this bill is that the effect of that tax cut be made now because the effects of that tax cut, as you get up to the number of $2 trillion, was stretched out over a number of years and, in fact, the marginal tax rate cut that has actually occurred now, to which the Senator from Illinois referred, has been minimal and we are trying to accelerate the effect?

It does not seem to me fair to say it failed and, by the way, we have not had any effect from it. The reason we have not had the effect is because they have not been put into effect.

Mr. REID. I will be happy to respond to the question. First, it seems a little unusual to me, the huge tax cuts written by the Republicans and passed virtually by Republican votes, with very few Democratic votes, now they are saying the tax cut was not big enough and not quick enough. So now what we are going to do is come back with a bigger tax cut and I guess they say it is not quick enough.

The majority has written both tax bills. I voted against the first tax cut, and I will vote against the second tax cut because I believe the tax cut certainly is not going to help Social Security. Remember, the issue before the Senate today, and we are going to vote on it at 2 o'clock, is whether this body should give tax cuts to the elite of this country in the form of reducing the tax on corporate dividends or whether that money should be put back in Social Security. That is the issue before the Senate. It is a very simple issue.

I have talked about what I think is wrong with the plan in general. Remember, my statement has been directed toward what I feel is a very pertinent question: Does this body, the Senate, want to preserve Social Security or destroy Social Security? The vote at 2 o'clock will take that into consideration.

I believe when we had discussions on the Senate floor dealing with lockboxes and keys to lockboxes that it was a good discussion because I felt very strongly that we should do something to preserve Social Security.

It is interesting to me that there was a constitutional amendment offered on the Senate floor to balance the budget. It was offered by Republicans. I offered a counter amendment. I said that is a great idea, let's do it, but we are going to do it without using the Social Security surpluses. That was not enough for my friends on the other side of the aisle. My amendment received 44 votes. I was six votes short. I wanted a constitutional amendment to balance the budget but not use the surpluses of Social Security. The majority disagreed. They wanted to use Social Security surpluses to balance the budget. That is unfair. I have no regret having done that.

Mr. DURBIN. Will the Senator yield?

Mr. REID. I yield to my friend for a question.

Mr. DURBIN. I would like to speak for a moment to this. Is it not a fact that we are only a few years away from the baby boom generation showing up for Social Security? Isn't it the height of irresponsibility for us to be dragging this Nation deeper in deficit at the expense of the Social Security trust fund when we know that parents and grandparents are going to be asking for the Social Security benefits which they paid for a lifetime? Isn't the same true when it comes to Medicare, that these same senior citizens will need Medicare to make sure they are healthy, independent, and lead strong lives as long as possible, and what we are doing is jeopardizing Social Security and Medicare to provide tax breaks for the elite investors in America?

How in the world can you rationalize that once we have a promise to a generation that has paid for over 40 years into Social Security? I wonder if the Senator from Nevada can remember when President George W. Bush came to us with his first tax cut, he said: This should be easy. We are going to have a surplus over the next 10 years of $5.6 trillion. For goodness' sake, you do not need the money in Washington to waste on programs. Send it back home to the families so they do not have to pay taxes.

A lot of people were enthralled by this message. I was not. Neither was the Senator from Nevada. Today, is it not a fact, I ask the Senator from Nevada, that same projection over 10 years has gone from the President's $5.6 trillion surplus to a $1.8 trillion deficit and that this bill will make the deficit even worse over the next 10 years?

Mr. REID. The Senator is absolutely right. The baby boom generation is upon us.

Our senior population will nearly double from 44 million to 77 million in just 6 years. That is what it is all about. I am just stunned by—I believe in intellectual consistency, and I try to be consistent on what I do in my legislative voting on the Senate floor. I try to remember statements I have made, so I do not want to be inconsistent, to say something today that is inconsistent with something I said previously.

What has happened to our friends on the other side of the aisle who cared so much about deficits and balancing the budget, who offered a constitutional amendment on the Senate floor to balance the budget? Of course, they wanted to use Social Security surpluses, but still they were concerned about balancing the budget.

Senator RICK SANTORUM, the junior Senator from Pennsylvania, who is one of the leaders on the other side of the aisle, is quoted in the Pittsburgh Post Gazette:

> The American people are sick and tired of excuses for inaction to balance the budget. The public wants us to stay the course towards a balanced budget, and we take that obligation quite seriously.

Take it quite seriously, when we are going to be asked to increase the national debt in a few days by a trillion dollars—by a trillion dollars; not a billion, not a million but a trillion? Where are all of these statements? What happened to them? What happened to the consistency? Why all of a sudden do deficits not matter, the national debt does not matter, Social Security does not matter, Medicare does not matter, education does not matter, just give tax cuts to the elite and it will all be fine?

It is going to take care of all the environmental problems we have in America today. We do not have to worry about Superfund, endangered species, clean air, clean water. Just cut taxes. That takes care of it all.

Mr. DURBIN. I ask the Senator from Nevada, if we have now reached a point in our history where deficits do not count, can you not also conclude from that statement that it does not count that our children and grandchildren will have to pay off that debt; that it does not count that the money coming out of Social Security is going to be at the expense of our parents and grandparents—and some of us will be knocking on those doors in just a few years? If deficits do not count, then, frankly, we are counting out millions of Americans who count on us to be financially responsible, fiscally responsible.

This bill is fiscally irresponsible. It was irresponsible 2 years ago. It devastated the economy. It added to our deficit. It has created more problems economically than this country has seen in many years.

I ask the Senator from Nevada this: Do we have a Democratic alternative we are going to offer on the floor of the Senate that is smaller in scope but more focused on the issues we are hearing about, for example, that addresses the costs of health insurance for businesses? Has the Senator met any business leader in America today who has not told him that the cost of health insurance is breaking the bank?

I say to the Senator from Nevada, if we are going to have a tax cut to invigorate the economy, tell us what the Democratic alternative would do and the scope of it and whether or not it reaches the level suggested by the Republicans.

Mr. REID. The Senator from Illinois has raised a question, and I am sure the people watching this have the same question, which is: Okay, you do not like the Republican plan. What is your idea?

Well, we do have an idea. It costs much less money and has a direct impact. We would want a new wage credit, which would provide $300 for each adult in a family; $300 for the first two

children. We want to accelerate the child tax credit to $800 from the current $600. It eliminates the marriage tax penalty. It provides marriage penalty relief for recipients of the earned-income tax credit, which by the way, Ronald Reagan said was the most important tax policy this country has ever had, the earned-income tax rate. What is that? It creates a desire for people to work rather than try to go on, say, welfare, because they can actually make money by working with their hands.

Ronald Reagan loved this program, the earned-income tax credit, and we want to make it even more important.

We want to have a 50-percent tax credit to help small businesses pay for health insurance premiums. These estimates are not exact, but there are from 21 million to 25 million Americans with no health insurance. There are millions more who are underinsured. Now, this is not going to answer all the problems, but it sure is a step in the right direction. It will help small businesses pay for health insurance premiums.

Mr. DURBIN. Just so it is clear, I ask the Senator if the Democratic plan provides a tax credit for small businesses to pay for health insurance? The Republican plan provides no benefit for the health insurance cost to small business. That is as clear as can be. Has the Senator from Nevada found in that Republican approach any help for small businesses to pay for health insurance?

Mr. REID. As I mentioned, the answer to all of the problems—environmental problems, better schools, homeland security—is cut taxes for the elite of this country. That will handle everything. I am sure that is their reasoning for this no-tax policy on health insurance.

In answer to the Senator's question, we would allow small business expensing that I think is very important. That is in the Republican plan. I think it is important we have that in ours. We want a bonus deduction for businesses on depreciation rules. We want a 20-percent tax credit for businesses that invest in the broadband high-speed Internet infrastructure. We want $40 billion direct relief to States and local governments. It is so important we do that.

As I mentioned to the Senator earlier in responding to one of the questions, the State of Nevada is devastated because of unfunded mandates. Leave No Child Behind, as I said, according to the State legislature, is leaving lots of kids behind because they have no money to implement all the testing requirements and things that our school districts are being forced to do. They do not have the money to do it.

Homeland security, we have all kinds of burdens upon us as a result of 9/11, and I think we should be helping with that.

With our tax plan, which we are going to have a chance to vote on and which I think is going to be offered by the Senator from Louisiana, we are going to have an opportunity to do something about unemployment benefits. Our plan calls for unemployment benefits. I think that is extremely important.

Our plan is so much better. It creates over a million jobs right away. It is a program that has something the working men and women in this country will benefit from. We had a meeting with one of the most successful businesspeople in the country, Warren Buffett, a man who is a study in how entrepreneurship should work. We have heard a lot about entrepreneurs in speeches on the other side.

He is what the free market system is all about. When asked a direct question about what he thinks of the Bush tax cut plan, after he wiped the smile off his face, he said: You know, if this tax cut plan passes, next year I will receive—and this figure might not be exact but real close—an extra $390 million for me, Warren Buffett.

He said: I do not need that. I do not want that. It is not going to create jobs. What we should do, if there is $390 million to go around, is give 390,000 people a thousand dollars.

He said: They will spend that. That will help the economy.

That is the difference between our plan and their plan. The Warren Buffett understanding of what our economy is all about is about people spending money.

Mr. DURBIN. I ask the Senator from Nevada, does this not reflect the basic difference in outlook and vision from the Republican side of the aisle to the Democratic side of the aisle, that Warren Buffett—who happens to be the second wealthiest man in America and happens to be a Democrat, by his own professed political faith—understands that helping elite investors in America is not the key to a strong economy, yet that is what the Republicans return to time and time again?

We believe, as Warren Buffett believes, if we want to strengthen America's economy, have faith in America's working families, give them the helping hand they need to cope with the reality of life, the demands of life, and provide a helping hand to the unemployed who, through no fault of their own, are out of work. There are three times as many long-term unemployed in America today—that is, those out of work for over 6 months—than when President George W. Bush took office. His economic plan has failed, and what we are hearing again is this vision that the way to help the unemployed, the way to help the working families is to give to Warren Buffett a $390 million tax break. It is a wide chasm of thought between the two sides of the aisle.

I would argue, for those who want to make up their mind, take a look at what happened to the President's last tax cut. It did not work. It provided some assistance for the wealthy, but it did not create jobs. It did not revive the economy. And this time the President says we need to rerun that play, we need to try it again and again at the expense of Social Security and Medicare.

I ask the Senator from Nevada, as we listen to people such as Warren Buffett talk about this issue, how would the Senator respond to our Republican critics who say: There you go again, class warfare; that is all you Democrats want to do, set the wealthy off against the people who are not so wealthy?

I ask the Senator from Nevada, in this coalition of the willing that we would put together in this class warfare, wouldn't we include an awful lot of people today who are struggling to make ends meet, a lot of seniors who face cuts in Social Security for their own benefits, a lot of people who do not have health insurance because their businesses cannot afford it? I suggest the coalition on our side of class warfare is a pretty broad one across America. I ask the Senator to respond.

Mr. REID. I say to my friend, in parroting something the Senator said earlier today, those people on the other side of the aisle who are pushing this tax plan are not evil people; they are not bad people. They are good people. They just live in a different political world. They live in a world where they are willing to change their political philosophy according to who is in the White House. People who used to say that deficits matter now say they do not matter. People who said we had to balance the budget no longer say we have to balance the budget. They simply are not willing to approach the world the way I think the world needs to be approached.

I think I am right. I believe I am right. Everyone is entitled to their opinion. I have a little substantiation. I have 10 Nobel laureates who believe I am right, that this tax cut is not good; it will not help the economy. However, no one has to accept these Nobel laureates. Ask the Congressional Budget Office. They, the Republicans, picked who runs that, we did not, and the Congressional Budget Office says it will not help anything.

I say to my friend from Illinois, this vote we will take in a few minutes is an example of the difference in philosophy between what is going on with the majority and we, the Democrats. What we are saying is the dividend tax cuts for the elite of this world should not go forward. That money should be saved for Social Security. That money that will go to elite people is coming out of the Social Security trust fund.

If there was ever an example of how we should vote for constituents, it is now. Do you vote for people who want to maintain the strong Social Security Program or do you vote for the people who are going to give big tax cuts to Warren Buffett? There is a simple answer to the question.

Remember the vote today at 2 p.m.: Dividend tax cuts or saving Social Security. It is as simple as that. We recognize that anyone can puff it any way they want; anyone can slam it any way they want. That is what the vote is about. The first vote we will take on this tax cut bill is whether you are going to vote for Social Security or the wealthy of this country. It is as simple as that.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. THOMAS. I understand we will vote in 5 minutes.

The PRESIDING OFFICER. That is correct.

Mr. THOMAS. Mr. President, this has been an interesting dialog and certainly does show a different point of view on that side of the aisle as opposed to this side of the aisle.

The Senator from Nevada summed it up pretty well when he said it is all about spending. That is exactly what it is. The question is whether you are trying to do something to stimulate the creation of jobs or whether you want to throw money out and spend it, such as $40 billion.

What we are talking about is doing something about the economy. It seems as we go through this, we do not ever recognize the situation we are in. One of the reasons we have a problem is that sources of revenue have been reduced substantially because the economy has weakened. They do not talk about that. That is why we are doing some of the things that are different than we may have done before. Revenues registered in 2000 were over $2 trillion, and they fell to the low $2 trillions; and in 2002 we are $1.8 trillion because the economy is not working. What we are trying to do is to stimulate that economy, of course.

There is talk about doing everything for Warren Buffett. That talk is not true, and it has nothing to do with what we are seeking to do. Do you think acceleration of the 10 percent regular income tax rate is good for Warren Buffett? I don't think so.

What we are talking about is raising the amount of money that is tax free for people in the bottom line. We are talking about the acceleration of the regular income tax cuts that were put into place to make it happen more quickly.

What we are trying to do is stimulate the economy. Do you think acceleration of the marriage penalty tax is for Warren Buffett? I don't believe so. It is for everyone. On the question of fairness in taxation for people who are single or married, Warren Buffett has nothing to do with it.

Acceleration of child tax credit that is Warren Buffett? I don't believe so.

How about small business expensing? This is one of the most important things we can possibly do with regard to the economy. It has nothing to do with Warren Buffett.

What we really have is a real declaration of difference in what we are seeking to do. We are seeking to recognize the situation we are in, recognize that part of the reason for reduced income is the economy, and that instead of spending, we are seeking to create jobs.

It is time for a vote.

On this bill, Mr. President, this language is not germane to the legislation now before the Senate. Therefore, I raise a point of order under section 305(b)2) of the Congressional Budget Act, 1974.

The PRESIDING OFFICER. The point of order is in order at this time.

Mr. REID. Pursuant to section 904 of the Congressional Budget Act, I move to waive the section of the Budget Act for the pending amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The question is on agreeing to the motion. The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

Mr. REID. I announce that the Senator from North Carolina (Mr. EDWARDS), the Senator from Massachusetts (Mr. KERRY) and the Senator from Maryland (Mr. SARBANES) are necessarily absent.

I further announce that, if present and voting, the Senator from Massachusetts (Mr. KERRY) would vote ''Aye''.

The PRESIDING OFFICER (Mrs. DOLE). Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 44, nays 53, as follows:

[Rollcall Vote No. 147 Leg.]

YEAS—44

Akaka	Dorgan	Levin
Bayh	Durbin	Lieberman
Biden	Feingold	Lincoln
Bingaman	Feinstein	Mikulski
Boxer	Graham (FL)	Murray
Byrd	Harkin	Nelson (FL)
Cantwell	Hollings	Nelson (NE)
Carper	Inouye	Pryor
Chafee	Jeffords	Reed
Clinton	Johnson	Reid
Conrad	Kennedy	Rockefeller
Corzine	Kohl	Schumer
Daschle	Landrieu	Stabenow
Dayton	Lautenberg	Wyden
Dodd	Leahy	

NAYS—53

Alexander	DeWine	McConnell
Allard	Dole	Miller
Allen	Domenici	Murkowski
Baucus	Ensign	Nickles
Bennett	Enzi	Roberts
Bond	Fitzgerald	Santorum
Breaux	Frist	Sessions
Brownback	Graham (SC)	Shelby
Bunning	Grassley	Smith
Burns	Gregg	Snowe
Campbell	Hagel	Specter
Chambliss	Hatch	Stevens
Cochran	Hutchison	Sununu
Coleman	Inhofe	Talent
Collins	Kyl	Thomas
Cornyn	Lott	Voinovich
Craig	Lugar	Warner
Crapo	McCain	

NOT VOTING—3

Edwards	Kerry	Sarbanes

The PRESIDING OFFICER. On this vote, the yeas are 44, the nays are 53. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained, and the amendment falls.

Mr. GRASSLEY. I move to reconsider the vote.

Mr. REID. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BREAUX addressed the Chair.

The PRESIDING OFFICER. Who yields time on the pending amendment?

The Senator from Montana.

Mr. BAUCUS. Madam President, I yield whatever time the Senator from Louisiana would desire to have.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. BREAUX. Madam President, I ask the Chair to notify me if I go for 10 minutes. I do not want to go more than that.

The PRESIDING OFFICER. Is the Senator yielding time from the bill?

The Senator from Montana.

Mr. BAUCUS. Yes.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. BREAUX. I thank the Chair and I thank my distinguished ranking member, the Senator from Montana, for yielding me this time.

My colleagues, let me just say that the bill the Finance Committee has brought to the floor is a tax cut piece of legislation which also raises significant amounts of taxes on American citizens. Tax cuts are a wonderful thing to do, for those of us who are elected officials. It is great to say we have cut taxes by x billions of dollars, to send out a press release to our constituents back home saying we cut taxes by x billions of dollars.

It is also important to read the fine print. The fine print in this legislation tells the rest of the story. And the rest of the story is that, among other provisions in the bill, there is a provision that increases taxes by $35 billion on American citizens.

Tax cuts have to be done in one of two ways. You can cut taxes by increasing the size of the deficit and passing it on to the next generation. This bill does that. We have the largest deficit projections we have ever had in the history of our country. And now we are saying, on top of that, we want to make it larger. We are going to have a tax cut in order to make the deficit larger in the hopes that it may generate some jobs. That is one way to pay for the tax cut.

The other way is to raise taxes in other areas. This bill does that, too. Lo and behold, during the markup of the Senate Finance Committee, there was a provision that had not had 1 day of hearings, had not had 1 hour of hearings—in fact, it had not had 1 minute of hearings because it was never brought up in the committee—to discuss a $35 billion tax increase on American workers who work overseas, sometimes in very difficult parts of the world. That tax break they got was

being eliminated—totally eliminated—without one word of discussion, one day of hearings about whether this was the right thing to do, or about whether it should be to this extent, whether it should be less than this, or anything.

In addition to increasing the size of the deficit, we have in just this one provision a $35 billion tax increase on American workers. Why do American workers get a credit for working overseas? Because, No. 1, they are not in this country. They don't enjoy the benefits and the security of living in this country, and, therefore, the argument correctly says that in order to encourage American workers to have jobs overseas instead of hiring foreign citizens, the Tax Code says that we are going to give American workers an $80,000 tax exemption on wages that they earn overseas. In many cases, they work in very dangerous places. In most cases, they don't get the privileges and the security of living in the United States.

The paper just today talks about seven such Americans who lost their lives in Saudi Arabia because of a terrorist activity. That is just in one country.

At the appropriate time I will be offering an amendment to strike the tax increase of $35 billion in the legislation which is currently before this body. We have had expressions of support for my amendment to take out the elimination of this tax credit for American citizens from the Chamber of Commerce, from the National Association of Manufacturers, from the National Foreign Trade Council, from the Financial Executives International, from the U.S. Council for International Business, from the Association of General Contractors of America, from the American Council of Engineering Companies. To show that the support is there from companies other than business-oriented companies, we have nonprofit organizations such as the Catholic Relief Services, with which the Chair is familiar, and the International Rescue Commission that have expressed support for retaining section 911 which the current bill eliminates.

The point is, we are going to have to find a way to reinstate. We will have to find a way to cover $35 billion because tax cuts are not for free. We have to pay for them. That is the problem this bill presents.

My amendment would reduce the amount of the dividend tax exclusion above $500 to 5 percent instead of the 10 percent that is currently in the bill. I think that is a fair tradeoff. It makes no sense to say: We are going to give, for example, a dividend tax exemption for the people in my State of which only 8 percent would be affected by it in order to have a tax increase on over 400,000 other American citizens who work in far off places around the world.

It makes no sense to say: All right, we will help a small number, and we will adversely affect a very large number. The type of people we are adversely affecting are wage earners who work month to month, many of them earning $50,000, $60,000, $75,000 a year to help pay for tax benefits for those who are relying on dividends as a part of their income, many of which go to the very highest income earners.

In Louisiana, 92 percent of the citizens are not affected by the so-called double taxation on dividends. We ought to get rid of it, but we ought to find a way to pay for it. Only 8 percent of my citizens are affected by the tax on dividends. Quite frankly, most people who earn dividends put them in retirement accounts or put them in investment portfolios that are already tax exempt.

Ninety-two percent of my people in Louisiana are not affected by it at all. Yet in order to pay for something that only adversely affects 8 percent of the citizens in Louisiana, we are going to eliminate a foreign tax credit that will be adverse to literally hundreds of thousands of people, over 400,000 people.

The type of people we are affecting are really Americans who are working overseas for relatively modest salaries in far off places doing important work that ultimately creates jobs in this country. We have had many statements from organizations that have workers working overseas who say, look, if this exemption is gone, we will have to terminate those American workers and give the jobs to foreigners working in their own country. We will be having foreign citizens hired by American companies doing work that is now currently done by American citizens. That is not good tax policy.

We could have argued in the Finance Committee, if we wanted, move in that direction. We should have had hearings on it. We never had one witness come in and say, look, this section 911 of the Tax Code is bad policy; we need to change it.

It came up overnight because someone said, here is a nice pay-for. Let's raise $35 billion. Let's increase taxes by $35 billion in order to pay for the dividend tax cut which, in most cases, affects only a very few American workers and American citizens.

As I have said, the groups that support retaining 911 are contracting groups, oil and gas company groups, but also some of them are organizations and groups that I read, for instance, the Catholic Relief Services, the International Rescue Commission, workers who we have to depend on for doing humanitarian work on behalf of the United States around the world. If this provision is taken out of the current Tax Code, you will have foreign citizens replacing American workers to do work for American relief agencies around the world. What kind of a message does that send to the world when all of the workers for the Catholic Relief Services of the United States are foreign workers? We need these American workers in these areas.

My amendment will preserve section 911 and we will offer it at an appropriate time. It should receive a majority of the support of our colleagues, both Republicans and Democrats. There is a very simple way to pay for it—by simply not increasing the dividend tax deduction as much as the current bill does. We can accomplish this in a fair manner. If someone wants to talk about this later on, about a pay-for, someone wants to eliminate this rate for American workers, if someone wants to make an argument that it is appropriate to have a $35 billion tax increase on American workers, let them make the case in the appropriate forum which is the Senate Finance Committee. Don't let it be slipped into the bill overnight as a pay-for for something that is questionable as far as short-term tax policies.

At the appropriate time, I will offer an amendment to preserve this provision which is very important to American workers.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. GRASSLEY. Mr. President, an amendment will be offered tomorrow which Senator BREAUX has already spoken in favor of. I wanted to speak in support of the language that is in the bill. I am speaking against the amendment which will be offered by Senator BREAUX tomorrow.

The policy issue presented by repeal of section 911 is whether taxpayer dollars should be used to underwrite an employer's cost of sending employees overseas. Section 911 excludes from tax the first $80,000 of foreign wages and additional foreign housing costs that are paid for by the employer. Under normal tax rules, these amounts would be taxable. According to the latest IRS data, 358,000 taxpayers claim this exclusion, yet repeal of the exemption raises $35 billion.

The reason repeal raises so much is because many U.S. citizens living overseas don't pay tax to either the United States or even to the foreign country. The section 911 is skewed heavily towards upper-income taxpayers. The more a person owns, the more they can exclude free foreign housing.

Section 911 then is a subsidy to an employer for the costs of sending employees overseas. Section 911 only applies to private sector employees who move overseas of their own free will. It is not available to government or military employees stationed overseas who are obviously there through somebody's command and not by their own choice.

Most employers offer their overseas employees ''tax equalization'' packages which guarantee the employee will not pay more taxes working overseas than they would pay if they were working within the United States.

Section 911 reduces the amount of tax an employer has to reimburse under those agreements, making it then a help to the employer as much as to the employee.

Why does this make any sense? Obviously, I feel it makes sense or it

wouldn't be in this bill that I present to the Senate. If an employer sends an employee from Florida, which has no income taxes, to Massachusetts, which has very high income taxes, we do not provide such a subsidy.

Why do we subsidize moving employees overseas? I think sending employees overseas should be a business decision, not a tax decision. Repeal will not cause U.S. citizens to be double taxed. A U.S. citizen who earns income that is taxed by a foreign country is allowed to reduce their U.S. taxes for any foreign income taxes paid. A foreign tax credit is not allowed, however, for foreign property and gas taxes and levies for social programs sponsored by the governments of foreign countries.

We do not subsidize those taxes or those policies. Many claim U.S. exports are enhanced by sending U.S. personnel overseas. However, there is no basis for such a claim. Whether a U.S. company uses U.S. products in its foreign operations is a business decision of the U.S. employer. It is not determined by the nationality of the foreign manager.

It has come to our attention that certain nonprofits, charities, and religious organizations use section 911 to further their overseas activities. We plan to work with these organizations to exempt these activities.

Section 911 is a tax loophole that forces you and me, as well as every other taxpayer out there throughout the United States, to subsidize high-paid corporate employees and their companies. It is unfair, and the Congress needs to fix it, and the legislation before us fixes it.

The Breaux amendment, if agreed to, would take that fix out of this legislation. Everyone voting for the Breaux amendment will be voting for these tax benefits the rest of us are paying for.

So obviously, tomorrow, I urge the defeat of the Breaux amendment.

I yield the floor.

Madam President, I yield the Senator from Pennsylvania such time as he may consume.

The PRESIDING OFFICER. The Senator from Pennsylvania.

AMENDMENT NO. 569

Mr. SPECTER. Madam President, I send an amendment to the desk and ask for its immediate consideration.

Mr. BAUCUS. Madam President, it is my understanding the Senator from Pennsylvania wishes to offer an amendment. I ask unanimous consent that the pending amendments be set aside so the Senator from Pennsylvania may offer his amendment.

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

The clerk will report.

The senior assistant bill clerk read as follows:

The Senator from Pennsylvania [Mr. SPECTER], for himself, Mr. GRASSLEY, and Mr. BENNETT, proposes an amendment numbered 569.

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

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

The amendment is as follows:

(Purpose: To urge the Senate Finance Committee and the Joint Economic Committee to hold hearings and consider legislation providing for a flat tax)

At the end of subtitle C of title V as the following:

SEC. . FLAT TAX.

(a) FINDINGS.—The Senate finds the following:

(1) The current Internal Revenue Code, with it myriad deductions, credits and schedules, and over 17,000 pages of rules and regulations, is long overdue for an overhaul.

(2) The current Internal Revenue Code has over 6,900,000,000 words compared to the Bible at 1,773,000 words, the Declaration of Independence at 1,300 words, the Gettysburg Address at 267 words, and the Pledge of Allegiance at only 31 words.

(3) It is an unacceptable waste of our nation's precious resources when Americans spend more than 5,800,000,000 hours every year compiling information and filling out Internal Revenue Code tax forms. In addition, taxpayers spend $194,000,000,000 each year in tax code compliance. America's resources could be dedicated to far more productive pursuits.

(4) The primary goal of any tax reform is to promote growth and remove the inefficiencies of the current tax code. The flat tax will expand the economy by an estimated $2 trillion over seven years.

(5) Another important goal of the flat tax is to achieve fairness, with a single low flat tax rate for all individuals and businesses.

(6) Simplicity is another critically important goal of the flat tax, and it is in the public interest to have a ten-lined tax form that fits on a postcard and takes 10 minutes to fill out.

(7) A comprehensive analysis of our tax structure has concluded that a flat tax of 19% could be imposed upon individuals and be revenue neutral.

(8) If the decision is made to include deductibility on items such as interest on home mortgages and charitable contributions, the flat tax would be raised from a 19% to a 20% rate to accommodate the deductions and remain revenue neutral.

(9) The flat tax would tax business at a 20% rate on net profits and be revenue neutral and lead to investment decisions being made on the basis of productivity rather than for tax avoidance.

(10) The flat tax would lead to the elimination of the capital gains tax. This would become a powerful incentive for savings and investment—which translates into economic growth and expansion, more and better jobs, and raising the standard of living for all Americans.

(11) The flat tax would lower the cost of capital by allowing businesses to write off the cost of capital purchase in the same year the purchase was made as opposed to complying with complicated depreciation schedules.

(12) By eliminating the double tax on dividends, the flat tax eliminates the distortions in the tax code favoring debt over equity financing by businesses.

(13) The flat tax would eliminate the estate and gift tax. With the elimination of the estate and gift tax, family-held businesses will be much more stable under the flat tax system.

(14) As tax loopholes are eliminated and the tax code is simplified, there will be far less opportunity for tax avoidance and fraud, which now amounts to over $120 billion in uncollected revenue annually.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that—

(1) the Senate Finance Committee and the Joint Economic Committee should undertake a comprehensive analysis of simplification including flat tax proposals, including appropriate hearings and consider legislation providing for a flat tax.

Mr. SPECTER. I am offering this amendment on behalf of Senator GRASSLEY, Senator BENNETT, Senator THOMAS, Senator SUNUNU, and myself. This amendment calls for consideration by the Senate Finance Committee and the Joint Economic Committee of tax simplification including a flat tax.

The essence is set forth in the brief resolution clause:

It is the sense of the Senate that the Senate Finance Committee and the Joint Economic Committee should undertake a comprehensive analysis of simplification including flat tax proposals, including appropriate hearings and consider legislation providing for a flat tax.

Madam President, this is a subject that I have addressed virtually every year since introducing a flat tax proposal in the spring of 1995. The flat tax proposal was introduced in the House of Representatives by Congressman Armey in the fall of 1994. After extensive consideration and analyses of these proposals by two distinguished professors from Stanford, Professors Hall and Rabushka, it seemed to me that it was long overdue that a serious effort be made to simplify the U.S. Tax Code.

At the present time, we have a Tax Code which has grown to 6.9 million words. That is the count in the year 2000. When the Tax Code was counted in the year 1955, there were 744,000 words. There are 325 forms to be filled out, and the American taxpayers spend more than 5.8 billion hours each year preparing them. And it is estimated by the Tax Foundation that $194 billion is spent each year in complying with the tax laws. I have seen other estimates that place the issue of compliance as high as some $800 billion.

But there is no doubt that the Federal Tax Code and the forms are burdensome, onerous, and unduly complicated. The vast majority of Americans require professional help to fill out a tax return. Some people say even a Philadelphia lawyer cannot figure it out. I am inclined to agree with that.

Senator GRASSLEY, may the record show, concurred with my last statement. He has never been a devotee of a Philadelphia lawyer. The CONGRESSIONAL RECORD is replete with comments to that effect with reference to one of his colleagues who was elected in the same year, 1980.

Back to the subject at hand, Albert Einstein said: The hardest thing in the world is to understand the income tax. That is quite a statement for Albert Einstein to make. I think it shows what the complications are.

We are considering now a tax proposal that will probably end up in this body as $350 billion because the distinguished Senator from Iowa, Mr. GRASSLEY, has said that is his word on what

is going to come back out of the conference. The House of Representatives is talking about $550 billion. The President's original proposal was $726 billion. I support the full proposal offered by the President.

When we consider that we have a $10 trillion economy, and we are talking about $726 billion or $550 billion or $350 billion over a 10-year period, and looking at a gross economy of $10 trillion a year now, and over 10 years it will amount to $140 trillion, it is questionable as to what the impact would be of any tax cut. But I think the President's proposal is worth a try. I am prepared to vote for that figure—the highest figure we can have for this body on a conference report.

What should be done is to take, finally, some bold, innovative action and at least consider tax simplification and a flat tax. It has never been considered or analyzed, and there are some very thorough comprehensive distinguished studies.

The leading study, by Professors Hall and Rabushka, analyzed the revenue picture and concluded that, at 19 percent, the flat tax would be revenue neutral. That would be eliminating all deductions.

In the flat tax legislation that I have introduced, I have retained two deductions. I introduced the flat tax again this year in advance of April 15, on April 11. We were not in session on April 15. During the 104th, 105th, and 106th Congresses I introduced the flat tax legislative proposal to coincide with income tax day. The proposal I have introduced retains the deduction for home interest and charitable contributions. So I have taken the two items that are the most popular and that cost money. That requires the flat tax to be raised from 19 percent to 20 percent.

It may be that the Finance Committee or the Joint Economic Committee, in their wisdom, would want to have other deductions, or perhaps no deductions, leaving it at the flattest rate of 19 percent.

This, Madam President, is a tax return form under the flat tax. It is genuinely the size of a postcard and could be filled out in some 15 minutes. Similarly, for the corporate tax, the calculation has been made that it would be revenue neutral at 20 percent. Today, there is an enormous amount of time with the lawyers, the accountants, the tax specialists, figuring out loopholes, figuring out tax avoidance, where it is legal, contrasted with tax evasion, where it is illegal.

If, once and for all, we directed our attention to what is economically productive—that is, what makes sense from an economic point of view, without regard to the tax consequences—there would be a burst of energy and productivity, and it would do wonders for our economy. That is the way to stimulate the American economy, instead of tinkering at the edges, which is what many of the tax modifications have been.

The flat tax would expense all so-called capital investments by deducting them immediately in the first year. If that were to be done, there would be a tremendous stimulus for entrepreneurs to invest in new capital instead of having to depreciate it over a long period of years on complicated depreciation schedules.

The flat tax eliminates the estate tax, capital gains tax, and the double taxation of dividends. For families of modest means and their conflicting schedules, they would pay less under a flat tax. The various schedules that have been proposed are complicated and sometimes conflicting. That is why I would like to see the hearings on a comprehensive analysis, to really find out what it would mean at all levels.

Today, when the loopholes are applied, the sky is the limit. The wealthiest people, who earn the most money, can avoid paying taxes altogether, and that would be eliminated. There is a tremendous amount of money lost through fraud. That, too, would be reduced substantially, if not virtually eliminated with a flat tax proposal. So, in essence, my point is when we have had so much controversy and argument in the Congress of the United States about the $726 billion over 10 years, and $550 billion over 10 years, and $350 billion over 10 years, the way to really give the economy a shot in the arm is to eliminate all of this nonproductive time filling out tax returns and the numerous forms attendant thereto and allow American ingenuity to focus on what makes economic sense, productivity sense, and not what you can do by contortions and gyrations to reduce your tax bill.

It would be a godsend if on April 15 we sat down and filled out a postcard. We will all go through it. The flat tax is something which is certainly worthy of consideration and study.

My best judgment is that the flat tax would be very worthwhile, but I would want to reserve my best judgment today on a study that I have made. I would like to see the Finance Committee and the Joint Economic Committee undertake the kinds of hearings and analyses which would give appropriate consideration.

Today the Internal Revenue Code constitutes cruel and unusual punishment. A flat tax would be an enormous step forward.

I thank the Chair and yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Madam President, besides being willing to accept the amendment offered by the Senator from Pennsylvania, I add that there are some portions of this bill which further make the Tax Code more complex. We often do that as we are trying to, on the one hand, balance the budget or fit within certain budget restrictions and, on the other hand, help a certain tax policy which, in effect, adds a lot more complexity to the code. Regrettably, the code is going to be much more complex after this legislation is passed, and it will be passed, than is the code today.

We did, however, include one measure of tax simplification at my behest. It is small, but it is important, I think. There are many definitions in the code. There is a definition of a child for the purpose of the child tax credit or the earned-income tax credit or as an exemption as a dependent or for purposes of a head-of-household exemption. It depends on how many children the household has in terms of what additional credits or exemptions that head of household has. There are five definitions in the code, each different for each of the conditions I mentioned. We simplified that situation.

We said, whether it is earned-income tax credit, the child credit, a dependent for the purpose of exemption or head-of-household exemption, the definition of child is the same. That will make the code a bit easier for taxpayers and practitioners.

I appreciate the amendment offered by the Senator from Pennsylvania. It is helpful always to look for ways to simplify the code. I am not terribly encouraged we are going to get the code simplified very much in the next several years. It would be great if we could. We should make those efforts. If history is any guide, regrettably the President and the Congress together are making the code more complex every year.

Some day the straw will break the camel's back. The code, in my judgment, is going to collapse. It is going to get so complex and finally people are going to get fed up and make significant changes. We are not there. I do not think that will occur for several years.

The amendment offered by the Senator from Pennsylvania is a step in the direction toward forcing us in the Congress to grapple with the undue complexity of the code, whether the flat tax, consumption tax, value-added tax—who knows what is the right approach; that is to be decided another day—or just stay with our current code and make a lot of simplifications. For example, phasing out so-called Peps and Peases. That is the section of the code that says we will give you a tax break on the one hand but take them away on the other. We will give a tax break, but it phases out in a few years. There are lots of provisions in the code like that. One major simplification would be to get rid of those provisions.

I compliment the Senator for advancing the ball and thinking more about simplification. I thank him for offering the amendment.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SPECTER. Madam President, I note for the record, in a brief colloquy with the Senator from Montana, his thrust at simplification I think is a hallmark of what we are looking for. That is one of the principal objectives,

perhaps the principal objective, although it goes alongside trying to increase productivity and growth.

When I talked to the Senator from Montana briefly in showing him the amendment, I added a modification which would call for simplification including the flat tax, but in the resolve clause, to call for that simplification.

I appreciate the comment by the Senator from Montana. I hope he will join me in this amendment. It advances the ball not anywhere near the goal line, but I think everyone will agree there has never been a serious study of this proposal, and I hope there will be some impetus given by this amendment. I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Madam President, I am a cosponsor of the amendment by the Senator from Pennsylvania. I very much support this amendment. I do not think we have a hard time convincing the people of this country about the complicated aspects of the Tax Code and the need for something more simple to replace it. There seems to be an overwhelming consensus on the part of the American people about that point.

What we need a national dialog about—and I think this amendment encourages that dialog—as well as a study is what is going to take its place. Seventy percent of the people think the present Tax Code ought to be thrown out, partly because of how complicated it is and because it may be viewed as unfair. There does not seem to be that sort of consensus as to what takes its place.

For instance, I have had opportunities to see surveys where approximately 20 percent of the people want a national sales tax and 30 percent of the people want a flat rate income tax. Maybe Congress ought to show leadership and follow up on that 20 percent or 30 percent, but I do not think that is going to happen until we get some consensus among the American people that is in the 40-percent range of what ought to take the place of the present income tax mess.

The amendment before us is very useful from the standpoint of encouraging congressional committees to do the proper work, but I believe in the final analysis, to get the consensus that it is going to take to bring about a simplified tax system, replacing the present complicated system, is when it becomes part of the national debate between two candidates for President.

For instance, ideally, we have President Bush seeking reelection next year, and he would make an issue out of how complicated the Tax Code is and offer an alternative. Ideally, a flat rate income tax along the lines of what Mr. FORBES did a few years ago when he was running for the Republican nomination and made this type of reform a major plank of his campaign. Ideally, we would have a Democratic candidate who says the current progressive system, even though it is a mess, is what is best for the country. Then we will have a winner out of this that shows a clear division of keeping what we have, which I hope does not happen, or coming up with something new.

That mandate from an election will move the people and the people then will move the Congress. Being chairman of the Senate Finance Committee, I should not have to wait for that to happen, but it seems that we have so much work before us dealing with short-term issues that we do not spend time on the long-term policies, which this amendment encourages.

I thank the Senator from Pennsylvania for his amendment. I am going to obviously vote for it. I hope it is adopted overwhelmingly, but I hope it has an impact beyond what we in the Congress will be called upon to study. I hope it has an impact on the next Presidential election.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SPECTER. Madam President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Who yields time?

Mr. GRASSLEY. Madam President, we do not want this vote now. We want to have this vote later.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. BAUCUS. Madam President, I ask unanimous consent that the pending amendments be temporarily set aside so I might offer an amendment.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

AMENDMENT NO. 570

Mr. BAUCUS. Madam President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Montana [Mr. BAUCUS] proposes an amendment numbered 570.

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

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

The amendment is as follows:

(Purpose: To ensure that the limit on refundability shall not apply to the additional $400 child credit for 2003, to make the dividend exclusion effective for taxable years beginning in 2003, and to eliminate the increase in the dividend exclusion from 10 percent to 20 percent of dividends over $500)

On page 19, lines 12 and 13, strike ''(20 percent in the case of taxable years beginning after 2007)''.

On page 26, lines 18 and 19, strike ''(80 percent in the case of taxable years beginning after 2007)''.

On page 26, lines 21 and 22, strike ''(80 percent in the case of taxable years beginning after 2007)''.

On page 27, line 19, strike ''2003'' and insert ''2002''.

At the end of subtitle C of title V, insert:

SEC. . GUARANTY OF ADDITIONAL $400 CHILD CREDIT FOR 2003 AND MODIFICATIONS OF DIVIDEND EXCLUSION.

(a) IN GENERAL.—Section 24(d) (relating to portion of credit refundable) is amended by adding at the end the following new paragraph:

''(4) SPECIAL RULE FOR 2003.—

''(A) IN GENERAL.—In applying this subsection—

''(i) in the case of any taxable year beginning in 2003, or

''(ii) for purposes of determining the amount of the credit allowed under this section for the taxpayer's first taxable year beginning in 2002 in computing the child tax credit refund amount under section 6429, the increase under paragraph (1) for such taxable year shall be determined under subparagraph (B).

''(B) ADDITIONAL INCREASE.—For purposes of subparagraph (A), the amount of the increase under paragraph (1) for a taxable year shall be equal to the sum of—

''(i) the amount of such increase determined without regard to this paragraph, plus

''(ii) the lesser of—

''(I) $400, multiplied by the number of qualifying children of the taxpayer for the taxable year, or

''(II) the amount determined under paragraph (1)(A) for the taxable year, reduced by the amount of the credit allowed after the application of section 26 and this subsection (without regard to this paragraph).

For purposes of applying subclause (II) to the taxable year described in subparagraph (A)(ii), the amount determined under paragraph (1)(A) shall be computed by taking into account the adjustments described in section 6429(b).''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in the provisions of section 106 of this Act and section 108 of this Act shall apply to such amendment as if it had been so included.

Mr. BAUCUS. Madam President, this amendment is designed to take effect earlier rather than later and provide substantially more benefits than the tax bill that is presently before us. It is designed to help stimulate the economy with more wallop, more punch, earlier rather than later.

How does it do that? Two ways. First, it would speed up the dividend tax relief. It would make it take effect earlier rather than later. Second, it would simplify the mechanism that will be sending checks out to people who qualify for the child tax credit. So, there are two ways that this amendment will help provide more income relief, more quickly, to more Americans, than what

is contained in the bill. It is an improvement upon the bill.

First, with respect to speeding up the dividend relief, the dividend proposal in this bill is not effective until the year 2004. Many provisions of this bill take effect in 2003, but the dividend provisions of the bill do not take effect in 2003; rather, a year later, in 2004. I suspect it is to save revenue. There will be no dollars injected into the economy, as a consequence of the dividend proposal, in the year 2003. It will be later, in 2004, and even then it is going to take some time for Americans to change their tax returns to take advantage of this change.

As I stated earlier, we are here today because the economy demands that we act quickly to help our anemic economy. Let's see what we can do to help create more jobs. To rebuild the economy. To rebuild America.

In my State of Montana, we desperately need jobs. Many of our high school and college graduates are leaving Montana. Why? Because they cannot find a job in the State. They go elsewhere. There is a better chance of finding a job in one of the larger cities. But, even that is difficult. Lack of jobs is a national problem, it is not just a problem in Montana. I think over 2 million jobs have been lost in the last couple of years because of an anemic economy. We want to get moving quickly. We want to get moving earlier than we otherwise would. We should seek policies to help the economy grow as soon as possible.

I disagree with the current dividend proposal for several reasons. One, it creates a three-tiered regime. It makes the Tax Code even more complex. It creates a three-tiered regime for investment income. Interest income would be fully taxed, as it is today. Capital gains would be taxed at about half the rate of ordinary income, as it is today. But we now add a third complexity of taxation of investment income, and that is dividend income which would fall to the new regime; that is, the first $500 of dividend income would be excluded from one's income tax, and then, beginning in later years, in 2004, the next 10 percent of dividend income would be excluded, and then in the year 2008, 20 percent of dividend income would be excluded. A new layer, a new complexity, certainly with respect to investment income.

My point is, if we are going to include a dividend proposal in this bill, why not make it take effect earlier? Our economy needs the boost right now, not when taxpayers file their returns in 2005. The dividend provision takes effect in 2004 but, frankly, it does not really take effect until 2005 when people file their tax returns. The dividend proposal has no stimulative effect in the year 2003. Most people do not even get the benefit in 2004. Most individual taxpayers will have to wait until they file their tax returns in 2005 to reap the benefit of a dividend exclusion in the bill.

My amendment will advance the effective date of the dividend provision in the bill to January 1, 2003—this year. This means taxpayers will get relief for dividends they receive this year.

I have my doubts whether the dividend tax relief has much stimulative effect generally, but some will praise the economic virtues of dividend tax relief. I ask, if there are virtues, why wait? Make the proposal effective for 2003 at least to provide the possibility that the economy will see some benefit.

The second provision in my amendment will get more dollars to families by simplifying the distribution of the increased child credit that we passed this year. The President has proposed accelerating the full $1,000 child credit to 2003. It is currently $600. The President has proposed accelerating that, the full $1,000 to take effect this year, 2003. Instead of making taxpayers wait until next spring when they file their tax returns to get the credit, the President has proposed sending the checks out this summer for the $400 increase in the credit. That is the same provision which is included in the Finance Committee bill. I support the acceleration of this credit for working families. It is the right thing to do. I think sending this increase out to taxpayers right away also makes good economic sense. Why wait? This gets money into the people's hands immediately so they can spend it. This will spur consumption and boost the economy, which is exactly what we should be doing in this bill.

My concern, however, deals with the millions of families who will not receive the full $400 check due to refundability limits. I might remind our colleagues that a couple of years ago, when we sent out the so-called $300 check for individuals and the $600 check for married couples, a lot of people did not get the $300; married couples did not get the $600. Why? Because of the tax brackets the taxpayer happened to fall into when they did the calculation to find out what portion of the $300 an individual might receive. If the taxpayer had a lower income, the taxpayer might not receive the full $300. It was a mess. Some got the full $300, some did not. It was a mess.

Under current law, the credit is partially funded. Families can take part of the credit if they pay payroll taxes but do not have income tax liability. Not the whole credit, but part of it. The amount that a low-income family can get refunded is to increase in 2005. The President's proposal did not accelerate the refundability of the credit. Fortunately, during consideration of the bill, the Finance Committee adopted an amendment offered by Senator LINCOLN. Her amendment was to accelerate the refundability of the credit. This will allow many low-income families to see some benefit from the increased tax credit. However, even with the inclusion of the refundability amendment, many low-income families will not be eligible to receive the full $400. Millions of working families who have incomes between $10,000 and $20,000 will not get the full $400 check. They will receive a partial check. Again, people are not getting what they are promised.

We are increasing the child tax credit from $600 to $1,000 to take effect in 2003 and telling people they get an additional $400 in 2003 and many will not get it. We tell them that is the law, but they will not get it because their incomes are in certain brackets. Those whose incomes are between $10,000 and $20,000 will get less than the full $400 and receive only partial checks, and they will not know how much unless the IRS tells them how much the following year.

That does not make sense. The families who are most likely to spend the check, those who spend most of their income, will not get the full amount.

My amendment guarantees each and every working family eligible for the child credit would get the full $400 check. This fulfills two of the goals of the stimulus package, getting more money out of the door immediately and getting it to the people who will spend it, lower income people. These two changes to the bill will inject an additional $15 billion into the economy in 2003 and 2004, more than provided for in this bill. That makes sense. The additional dollars in the next 2 years will help create more jobs, help boost demand, and help rebuild the economy.

To pay for the modifications, my amendment merely eliminates the increase of the dividend exclusion from 10 percent to 20 percent in the year 2008. To repeat, in the bill, the 10 percent exclusion is increased to a 20-percent exclusion, and does not take effect until 2008. I say that is too far off. Let's repeal the increase that is scheduled to take effect in 2008 and take that $15 billion and dedicate it to the working families. That will take effect in the early years, 2003 and 2004. We could make the dividend proposal, therefore, effective now, not later.

The current provisions in the bill provide that the dividend exclusion does not take effect until 2004, not 2003. This amendment leaves in place the 10-percent exclusion that is still in place but takes effect a year earlier; that is, 10 percent above the $500 goes in. We are simply saying that the exclusion in 2008 will still be 10 percent. That is so far off. Why schedule an increase that does not take effect until 5 years from now?

I urge my colleagues to support this amendment. Briefly, it moves money upfront. It does not change the total amount of the bill but moves it upfront a little more so there is more stimulative effect in the short run. Thus, the bill does what it is purported to do, which is to create more jobs.

I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. I yield myself such time as I might consume.

I find it necessary to explain what our legislation does because a lot of times there are explanations about it that are not very accurate. One of the impressions is our bill is not very well balanced. Our bill does, in fact, attempt to strike a good balance between consumption on one hand and investment on the other hand. We do this to provide incentives such that we can provide both short-term economic stimulus and the building blocks for meaningful future economic growth.

The refundable tax credit outlined in the amendment before the Senate, which I oppose, would be paid irrespective of whether a person had any income tax liability at all. If the person owes no tax, we are to view this proposal as effectively refunding payroll taxes. But we already have a provision that refunds payroll taxes. It is called the earned-income credit and the child tax credit. This proposal, the Baucus amendment, a refundable tax credit proposal, would be duplicative of the earned-income tax credit and the refundable child tax credit to refund payroll taxes for those with insufficient income to have tax liability with the result of encouraging people to work as opposed to receiving welfare or unemployment compensation.

In my estimation, such refundable credits do not provide incentives to work. They do not create jobs, and they do not stimulate the economy.

Providing incentives to work, creating actual jobs, and stimulating the economy are the purposes of the legislation from the Senate Finance Committee that I presented.

Job creation is a handup, not a handout. It is a handup to help people out of poverty. Refundable tax credits are handouts which may have just the opposite effect. We should ensure that we are providing building blocks for long-term growth and the economic stability that comes from that growth.

I appreciate Senator BAUCUS's support for our dividend proposal and his desire to accelerate into this year. However, acceleration means we subject more dividends to double taxation because the exclusion never reaches 20 percent. In other words, ours goes from 10 percent through the year 2007; 2008 to 2013, it is 20 percent, whereas his proposal always stays at 10 percent.

People invest in stock for long-term gain. We need to provide long-term tax relief. This bill contains a lot of short-term stimulus already.

I appreciate the points he has raised regarding the child credit. The largest item in this bill is the child credit, and that amounts to over $95 billion. It includes a simplification of definition that Senator BAUCUS has already mentioned. In addition, I note we expand the refundable portion of the child credit that targets help to the low-income families he seeks to assist with his amendment.

I appreciate his position. I believe our bill provides proper balance in encouraging the economy.

Finally, I note this amendment violates section 202, page 35 of the Budget Act, so I will be raising a point of order later on.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. GRASSLEY. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Who yields time?

Mr. KENNEDY. Madam President, I yield myself an hour on the bill.

The PRESIDING OFFICER. Is there objection?

Mr. GRASSLEY. Would the Senator from Massachusetts yield? I do not intend to object, but we have always been promised copies of amendments. I assume the Senator is going to offer an amendment.

AMENDMENT NO. 544

(Purpose: To provide for additional weeks of temporary extended unemployment compensation, to provide for a program of temporary enhanced regular unemployment compensation, and for other purposes)

Mr. KENNEDY. I intend to do that right at this very moment. I have sent an amendment to the desk, and I ask for its immediate consideration. It is amendment No. 544.

The PRESIDING OFFICER. The Chair informs the Senator, it requires unanimous consent to set aside the pending amendment.

Mr. GRASSLEY. I ask Senator KENNEDY, would he speak without our consenting to the hour so we could look at the amendment for a while?

Mr. KENNEDY. I am prepared to accommodate the chairman of the Finance Committee. We had a general concept of an hour. I will not personally take an hour. We have 25 cosponsors.

The PRESIDING OFFICER. Without objection, the Senator may proceed to debate.

Mr. KENNEDY. I thank the Chair. I was asking them what time they need, and I will let the chairman know in just a very few minutes who intends to come over here and exactly how much time we need.

I intend to speak about 20 minutes.

Mr. GRASSLEY. I thank the Senator.

Mr. KENNEDY. Madam President, this amendment is of enormous importance to the matter we are debating in the Senate, which is basically legislation that is targeted on strengthening and improving our economy.

We all know when the Senate of the United States has acted in the past to strengthen and improve our economy, on a number of very important occasions we have had a very positive impact. Later in the discussion and debate, we will have what is called a Democratic alternative, which will provide what I consider to be a very compelling amendment that will result in stimulating the economy and really provide additional jobs.

It will be fairly balanced in helping hard-working Americans. It will assist small businesses with accelerated depreciation and will also provide assistance to the States so they can use funds to provide for the No Child Left Behind legislation, and perhaps offset some of the anticipated cuts in Medicaid and also deal with some of the other State priorities.

One of the most important aspects of economic recovery that this underlying proposal that has come out of the Finance Committee is missing is a provision to deal with the millions of Americans who are currently unemployed as a result of economic policy. We have seen at other times in our country when we have taken action here in the Senate, going back to the early 1960s. We had economic stimulus programs and we had the longest period of economic growth and price stability, in the early period of the 1960s, that we had had up to that time in this century.

Then, in 1993, we also took action here on the floor Senate and we have had the longest period of economic growth, again with price stability, and the creation of some 22 million additional jobs.

We on our side are strongly committed to taking steps that are going to revive our economy, stimulate the economy. We will have an opportunity to debate that later in the afternoon.

This amendment is targeted on those Americans who have lost their jobs through no fault of their own but because our economy is in stagnation. At other times in American history, we have responded to the needs of these families. These are hard-working American families who have played by the rules, have paid into the unemployment compensation fund, and now are entitled to benefit from it.

Without this amendment, starting at the end of May there are going to be 80,000 workers a week who will lose their unemployment compensation. This is an emergency, and it is a matter which I hope we will address and will have the strong support of Republicans and Democrats alike.

Effectively, this amendment extends the temporary unemployment compensation program through November. The program is currently scheduled to prohibit any new enrollees after May 31, leaving 80,000 workers a week to run out of their benefits. It provides 26 weeks to all eligible workers, with an additional 7 weeks available to the States with the highest unemployment. That would be some six States as of today. It provides an additional 13 weeks to unemployed workers who have exhausted their initial 13 weeks of extended benefits prior to the enactment, and it does provide help and assistance to low-wage workers.

It provides temporary funding for States to implement alternative base periods. What we mean is, in a number of instances workers should be entitled to unemployment compensation. But if they seek part-time work, they lose all eligibility for unemployment compensation in almost every state. Yet they want to go back to work to provide for their families, and all this does is permit the States to make these adjustments so they can go back to work, maybe part-time, and not lose their unemployment compensation. The amendment also provides some technical provisions to add just for the railroad workers to permit greater parity.

Historically, unemployment insurance has been a bipartisan issue. In the recessions of the late 1950s, President Eisenhower proposed a temporary program of extended unemployment assistance. In the recession of the early 1970s, President Nixon signed into law two extensions of unemployment compensation. In the mid-1970s, President Ford proposed a temporary Federal extension of benefits. In the early 1980s, President Reagan signed into law four unemployment extensions. And in the early 1990s, President Bush, after twice vetoing unemployment extensions, ultimately saw the importance of this policy and signed into law three extensions. Each of these 1990 extensions, some for 26 weeks of benefits, received overwhelming bipartisan support.

In November of 1991, we passed an extension by a vote of 91 to 2. In February of 1992, we passed, by a vote of 94 to 2, a bill to provide 26 weeks of benefits to most States, 33 weeks in high unemployment States. Many of the Senators currently in this body voted for that extension, which today they are calling unprecedented. We have seen, over the years, Republicans and Democrats alike have supported this legislation.

In July of 1992, the vote was 93 to 3; in November of 1993, 79 to 20; and in the last 2 years we have had a number of bipartisan votes. The Temporary Federal Unemployment Benefit Program passed, 85 to 9, in March of 2002. This is not a partisan issue. Layoffs do not discriminate by party. This is a matter of fairness.

I urge our colleagues to put aside partisanship and to support this particular proposal.

There are those who raise these kinds of questions in opposition to this program. They say people want handouts. They do not want handouts. They want jobs. People want jobs, but there are not any jobs in the economy. There is only one job available for every three unemployed workers. The Democrats have a plan to create the jobs. But today we have to help the millions of people without jobs because of the bad economy. They need help paying the mortgage and putting food on the table.

Some say the unemployment rate isn't high by historic standards, and only a few States have reached the trigger for extended benefits. But we know that we have now 2.5 million fewer jobs than we had some 2 years ago. Look at this. We had 2.8 million additional unemployed over the period of these last 2 years; 6 million unemployed in January of 2001; and we have 8.8 million as of April this year.

We have seen over this period of time the fact that the total number of private sector jobs has decreased by 2.7 million—2.7 million jobs lost. We had 111.7 million in January 2001, and 109 million now.

We are seeing a significant increase in the total number of the unemployed, and we have also seen a reduction in the total number of jobs that are out there. These are hard-working Americans. We are trying to get the economy into an expansion. But at this particular time they are hurting. That is why we need to have an extension of the unemployment compensation.

Let me mention who these people are and what the state of our economy is at the present time.

All Americans understand the economy has been deteriorating for more than 2 years. President Bush claims the tax cut for the rich will create jobs. We tried that his way in 2001. We lost 2.5 million jobs. Alan Greenspan and Warren Buffett and the Nation's leading economists, including 10 Nobel laureates, all agree that the President's plan is the wrong prescription for the sick economy. Average Americans are hurting. It is time for a change. We need an economic plan that helps our fellow citizens and which creates new jobs. Yet, there is not a penny in this bill to provide the unemployment compensation for the Americans laid off prior to the time the new jobs are created. Unemployment benefits expire in just 2 weeks for many of these workers.

This amendment is cosponsored by 13 of my colleagues. I ask unanimous consent that they be listed as cosponsors on this amendment.

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

Mr. KENNEDY. Madam President, this amendment provides for allocating $12.7 billion from the acceleration of the upper tax bracket reduction. This effectively does not change the law. The President's 2003 bill asks for an acceleration of the reduction of the tax brackets for 2001 and 2002, and this defers that. In fact, it collects some $35 billion. We use $12.7 billion of that to pay for this extension.

Our workers take pride in doing a good job and providing for their families, putting their children through school, and saving for a secure retirement. But for millions of Americans that dream is gone. Years of saving and sacrifice have disappeared with a single pink slip. Instead of looking to a bright future, now they must look in their children's eyes, and say, I am sorry; you can't go to college; you can't buy new shoes. We can no longer afford to stay in this house. In fact, since losing their jobs, one in every four have moved to less expensive housing or moved in with their friends or their families.

These are the figures about the impact on the family because of unemployment. We are talking about Americans who have worked, want to work, and are being laid off because of economic conditions. They have collected unemployment compensation for a period of time, which is about a third of their pay. Now they are in danger of losing that at the rate of 80,000 Americans per week at the end of this month.

It is interesting that we now have 18,000 American servicemen who have returned from Iraq and are now on the unemployment line. Now they are receiving unemployment compensation because the jobs were not there when they came back. That number is growing every single week because their jobs have effectively been eliminated.

The unemployment impact on the family is that more than 3 in 4—77 percent—of the unemployed Americans say the level of stress in their family has increased. Two-thirds—65 percent—of those with children have cut back in spending for all of their children; 26 percent say another family member has to start a job or increase the work hours; and 23 percent have had to interrupt their education or that of a family member—one-quarter of all the unemployed now. That is happening in America. We have an opportunity to do something about it with this bill by just deferring the upper tax rates—not cancelling them out but deferring those. Now we have the financial hardship on the unemployed. More than one-half of the unemployed adults have had to postpone medical treatment—57 percent—or cut back on spending for food—56 percent. One in four—26 percent—had to move to other housing or move in with their friends or relatives. Thirty-eight percent have lost their telephone service. These are hard-working Americans who have lost their telephone service.

Without this amendment, 80,000 per week will lose all kinds of help and assistance from unemployment compensation.

This is what is happening to them already.

Thirty-eight percent have lost their telephone service. Twenty-two percent are worried about losing their phone service. More than a third have had trouble paying gas or electric bills.

That is just the beginning. If you look at the number of workers who have lost their health insurance, one-half of them have already lost their health insurance when they were laid off, and the others who have been able to retain their health insurance are in danger of losing that. One-third of the unemployed covered by health insurance have lost their benefits as a result of just being unemployed. The rest of them are going to lose that when they lose their unemployment compensation.

In fact, since losing their jobs, one in every four have moved into less expensive housing or moved in with friends or families, more than a third can't pay their electric and gas bills, and more than one-half cut back on their food.

One-half million men and women have joined the unemployment lines in the past 3 months. That is 500,000 fellow Americans who have joined the unemployment lines in the last 3 months. No end is in sight.

In Massachusetts, the jobless rate has jumped to a 9-year high—5.7 percent. Nationally the unemployment rate has reached 6 percent, with 9 million Americans out of work and 2 million of those out of work for more than 6 months.

These Americans are not the first priority—they are not even a priority—in this administration's tax reduction program because there is not a nickel in extended unemployment compensation for any of these workers who have lost out.

In fact, in this economy with no jobs, they have learned a lot about being second-class citizens with second mortgages and secondhand clothes to make ends meet. Our first priority on the economy is to get these working Americans back to work—not just to reward the wealthy. A major part of that effort must be help for the unemployed.

The current Federal unemployment benefit program runs out at the end of this month. With a continued troubled economy, this extension cannot be business as usual. Our amendment extends the current program for 6 months, but it also helps the 1.1 million Americans who are long-term unemployed and the hundreds of thousands who are part-time and low-wage workers who would otherwise get no help.

Our amendment provides 26 weeks of benefits to out-of-work Americans, just as we provided during the last recession in the bipartisan bills signed by the first President Bush.

Nearly 1 million more private sector jobs have been lost during this recession than over the same period of the early 1990s recession. The impact in the 1990s, in terms of workers being able to find jobs, was not nearly as bad as it is currently, and yet we did twice as much for them.

It is inconceivable why we are not willing to take the steps to help our fellow Americans when they have already paid into the fund. These workers have contributed to the fund. The fund is in surplus today. All we are asking is, let's use that fund that is in surplus today to assist them during this period of transition. This should be a no-brainer. This ought to be embraced overwhelmingly.

Where are the votes that we received in the early 1990s—by 90 votes—with bipartisanship. And still we have the reluctance by our friends on the other side to support this program.

In the last recession, we also made sure that workers who ran out of Federal benefits but still could not find work were not left out in the cold. Today, one in five unemployed workers has been out of work for more than 6 months. In January, we left out 1 million of these long-term unemployed without jobs and without any safety net. Today, there are 100,000 more. Our amendment provides 13 more weeks of benefits for these long-suffering Americans.

Clearly, we owe it to all Americans who have lost their jobs in this economy to provide help while they look for new jobs. They paid into the unemployment compensation. They have to be out looking for jobs or they do not qualify, and they are doing that, and still they are going to be left high and dry without this amendment.

The actions in recent months to extend the benefits have left out too many workers, particularly compared to America's response in the past. In 1975, 75 percent of unemployed workers were eligible for unemployment benefits, compared to only half of such workers last year. And that is because unemployment insurance has not been updated to meet the changing times; and that is because our good friends on the other side have changed the terms of who was going to be eligible. Isn't that amazing. You are only going to find half of all unemployed workers who are eligible, even though they are certainly similar in terms of their working and contributing. Many of the unemployed who fail to receive benefits are part-time and low-wage workers. Part-time and low-wage workers pay into the system, and they should be able to rely on it while searching for new jobs. Our amendment offers the States the option—does not require it; it offers the States the option—to request Federal assistance to provide benefits for these workers.

Out-of-work Americans have worked hard all their lives. They have paid into the unemployment insurance fund, which has $21 billion. We cannot now say to these citizens: Now that you are out of work, struggling to pay your bills, we will not let you collect on your insurance policy.

I urge my colleagues to vote for this amendment which will provide a lifeline to those hurt the most by the protracted economic downturn. The extension runs out in just 2 weeks. We cannot wait. Congress must act now to provide the assistance out-of-work Americans deserve.

We may have some difference on the floor of the Senate about who has the best economic stimulus program. And we do have significant differences—significant differences—but we ought to be able to agree, whether you support the Republican or the Democratic program, that we are not going to hold unemployed workers hostage until it kicks in and provides job opportunities for workers. We ought to all be able to agree to that. We have done that in a bipartisan way historically.

The trust fund is in surplus. People are hurting. They are our fellow workers. We cannot deny them the kind of hand they need and they have been working with over the course of their working lives. We should accept this amendment.

The PRESIDING OFFICER. The Democratic whip.

Mr. REID. Madam President, I have cleared this with the distinguished chairman of the committee. I ask unanimous consent that the pending amendments be temporarily set aside so the Senator from Massachusetts may offer his amendment.

Will the Senator from Massachusetts call up his amendment?

Mr. KENNEDY. Madam President, I call up my amendment.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The clerk will report.

The bill clerk read as follows:

The Senator from Massachusetts [Mr. KENNEDY] for himself, Mr. DASCHLE, Mr. BINGAMAN, Mr. DURBIN, Mr. REED, Mrs. CLINTON, Ms. CANTWELL, Mr. SARBANES, Mr. LEVIN, Mrs. MURRAY, Mr. ROCKEFELLER, Mr. KERRY, Mr. BAUCUS, Mr. SCHUMER, and Mr. DODD, proposes an amendment numbered 544.

Mr. REID. Madam President, I ask unanimous consent reading of the amendment be dispensed with.

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

(The amendment is printed in today's RECORD under ''Text of Amendments.'')

Mr. REID. Madam President, I ask unanimous consent that the time used by the distinguished Senator from Massachusetts be charged against the time on this amendment.

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

Mr. REID. Madam President, how much time does that leave on this amendment on the side of the minority?

The PRESIDING OFFICER. Thirty-six minutes.

Mr. REID. So the Senators from Washington and Rhode Island will have 36 minutes, or whatever time they need.

I ask Senator KENNEDY, will you yield time to the Senator from Rhode Island?

Mr. KENNEDY. I yield such time as he may use.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. REED. Madam President, I rise in strong support of the Kennedy amendment. I am amazed that at a time when there are over 1.1 million workers who have exhausted all their unemployment benefits—who are looking for work, who are not finding work—at a time when our fund to pay for these benefits is in surplus by billions of dollars, we are not extending this program.

This is perhaps the last chance we will have. The program expires in just a few days. Yet we are here on the floor of the Senate talking about many other things: tax benefits for affluent Americans who are doing quite well.

But we are not responding to the demands, the needs of countless numbers of our fellow citizens. I am just amazed this would happen.

This UI, temporary Federal unemployment insurance program, will expire at the end of May. What is happening in our economy today is that people are desperately looking for jobs, but the economy is changing. As I go about Rhode Island, I do not find lots of people who say: Well, I don't want to take a job because these benefits are so good. These benefits are a fraction of what these people were making when they were working. They are hardly sufficient to pay the mortgage, to pay for their children's needs, to pay for all the items they have to buy each and every day.

What has happened in the economy, in our case in Rhode Island, is we used to be a manufacturing center where there were 20 or 30 or 40 different manufacturing plants all requiring foremen and supervisors and vice presidents for human resources. Those factories have been closing. Work has been going overseas.

In many cases, it is not a question of losing a job nowadays; it is a question of the company going away, leaving the small towns of Rhode Island and southern New England and the small towns of North Carolina and South Carolina, leaving people highly skilled but with no place to work.

These are the true victims of this current economic malaise and recession. And we are not responding by simply giving them some more time, giving them resources to pay the debts that pile up every day in every family in this country? I think it is just appalling.

Madam President, 1.1 million workers have exhausted their benefits and have not found work. That is the current situation. We have to help them. The unemployment rate today is 6 percent. That rate is higher than when this temporary program was initiated in March of 2002. It is higher today than when the program was extended in January 2003. Yet we are not extending the program. The situation is worse, but our response is not appropriate to that situation.

Over the last 3 months, 540,000 private sector jobs have been lost and the economy has lost, since the beginning of the recession, a total of 2.7 million private sector jobs. This is not a question of jobs being there and workers being unwilling to take those jobs.

As a result, we only have one recourse—frankly, they only have one recourse: They must have these benefits. And we must provide these benefits.

Private payrolls are 2.4 percent below their level in March 2001 at the beginning of this recession. The job losses in this recession now exceed those in the recession of 1990.

One other very compelling point is, on average, if you look at the recessions in this century, at least, job losses tend to bottom out after 15 months and are erased within 2 years. The persistent job losses in this recession are at the 25-month mark—25 months, not 15 months—and as a result, in that dimension, this is the worst recession, most severe recession since the 1930s in terms of the duration of long-term unemployment.

The latest employment report paints a bleak labor market picture for the future.

There are 8.8 million unemployed Americans, but we only count on our unemployment rolls those Americans who are actively seeking employment. There are millions more who are unable or so frustrated by the lack of jobs that they are not actively seeking—4.4 million Americans. They want a job. There is no real prospect, and as a result they are not even counted.

Then add to that the number of Americans—4.8 million—who work part time. They want to work full time but they work part time because there are no full-time jobs.

Then throughout these numbers, there is this persistent overhanging population of long-term unemployed Americans, about 1.9 million jobless for more than 26 weeks, about 20 percent of the total unemployed. This is a number that is not going down; it is persistent. These are the individuals who need our help, and we should help. We must help. Yet the bill that comes before us today, the bill that is supposed to stimulate the economy, ignores all of these millions of Americans. Frankly, I can't think of a more efficient way to stimulate the economy than to continue extended unemployment benefits. It puts money in the hands of working families. That money is not going to be hoarded. That money will not be spent on impressionist art. That money is going to be spent immediately at Kmart and Target and Wal-Mart.

So this is not just about fairness. This is about getting the economy moving again, at least in a very direct way. I believe we have to do this. We have to do it now. The time literally is running out. As Senator KENNEDY pointed out, even today's program is less generous than programs in the past. Indeed, the fund has over $20 billion of assets that were contributed by these people when they worked. They paid into these funds. Now they are simply asking in their time of need to be supported, to be helped. It is not fair to ignore them.

There is no good economic argument to say we should not do this. First, it is stimulative. It puts money directly in the hands of Americans who will spend it. That is the best stimulation we can find. Second, the notion that these people are just sitting around because they don't want to work is preposterous. These people, many of them our contemporaries, in their forties and fifties, would love to work simply for the sake of working but, more importantly, because their expenses far exceed whatever payment they will receive from this unemployment compensation fund. We have to do something and we have to do it now.

Alan Greenspan, in January of 2002, dispelled this whole myth that the administration is trying to foster that this program is not any good, it is not worthwhile; they are just sitting around; it discourages people from finding jobs.

He said:

> [C]learly, you cannot argue that somebody who runs past the 26-week level is slow for not looking for a job or not actively seeking to get re-employed. There are just no jobs out there.

This is January 2002. The situation is worse today.

> And consequently, to adhere to the 26-week limit doesn't serve its actual purpose, which is essentially to prevent a misuse of the unemployment insurance system. So I've always been in favor of extending benefits when the job market itself begins to dry up.

Frankly, this is the Sahara of the job market that we see today. It is very dried up.

That was January 2002. It is worse today. Yet we are not responding today. Since January 2002, we have lost over three-quarters of a million more jobs. There is no economic argument against this amendment. In fact, all of the economic arguments, all the arguments on fairness, all the arguments about letting people get access to the benefits before they find work again argue strenuously for this amendment. I urge my colleagues to support the Kennedy amendment.

I yield back whatever time I have to the Senator from Massachusetts.

The PRESIDING OFFICER. Who yields time?

Mr. KENNEDY. I yield 7 minutes to the Senator from Washington.

Ms. CANTWELL. Madam President, I rise today in support of the Kennedy amendment, and I hope my colleagues will see that the essence of this amendment is about setting priorities in America.

Yes, we are discussing a tax bill that could end up including $350 billion in tax cuts directed at the most wealthy people in America. While we are doing that, we are doing it in the face of the fact that millions of Americans are unemployed and that their unemployment benefits are running out.

So what are we saying by setting this priority, setting a bill in motion out of the Senate that some Members believe is going to help stimulate the economy, that it will really start us on the right track? And instead of paying attention to the very people who have helped build this economy, those in the aviation sector who lost their jobs because of the downturn in aviation after 9/11, those who lost their jobs because of corporate manipulation in the energy crisis, who lost their jobs because of those market schemes and manipulations, and those people who are simply just out of a job because of 9/11 and the economy has not returned, we are saying, we don't have a plan to help you. Instead, we want to propose one of

the biggest tax cuts in history hoping that somehow this will trickle down to help you.

The point is, when in our history as a country have we proposed a dividend tax cut as a way to stimulate the economy? Yet we have had two of the last administrations, a Democrat and Republican administration, which said one of the best things we can do during times of high unemployment is to make sure we extend unemployment benefits. Why is that? Well, it is quite simple. For every dollar spent on unemployment, it generates $2.15 of stimulus. This is a proven economic plan. For my State in Washington, where over 100,000 people would be impacted by this amendment and would qualify, we are talking about real numbers. We are talking about millions of dollars to our economy over the next several months that can help pay mortgage payments, health care costs, and as Senator KENNEDY said, keep the lights on at home in a region of our country that has seen some of the highest energy rates in a long time.

What we are doing in this amendment Senator KENNEDY is proposing is putting forth an idea of how to help stimulate the economy that has been tested and proven successful by two administrations, both Republican and Democrat. Instead, we are saying we are not going to include this in this package.

I must remind my colleagues that we came to this brink in December of last year. While some of us might think we rectified it when we came in in January, there were people in my State, as those unemployment benefits were curtailed in December, who did lose their health care benefits. They did lose the ability to take care of the health care needs of their families. I am sure there were people who probably even lost their homes because of that time period, because of the uncertainty, because of our lack of commitment for these unemployed workers. So here we are at the same point again, 2, 3 weeks away from having this unemployment benefit extension evaporate on May 31 and no commitment, no commitment to say we will extend unemployment benefits, again at a time when we have had administration after administration say, in times of tough economic situations and no job growth, the best thing we can do is keep the stimulus going by making sure there is unemployment.

So where are we? Well, as we know, the impact over the last 2 years, the private sector has lost more than 2 million jobs. Unemployment has jumped by 50 percent. As a State that has 7-percent unemployment now and as a region, the Pacific Northwest, with Oregon, Washington and Alaska, that has the highest unemployment in the country, this is no simple matter. This is about priorities. This is about whether we are going to take care of the working families who have helped build this economy and sustain them until job opportunities increase again.

We will look for other opportunities to make sure the training programs and the educational opportunities are there to retool the workforce for the jobs of the future.

One of the amendments we were successful in getting on the budget bill earlier in setting our priorities was to say that we should not cut the job training programs. We still have people in Washington State who are willing to hire this workforce that has been laid off, but they want them to be retooled. They want them to gain expertise. What better time to do that than now, as they are working through their unemployment, to offer to give them training benefits, make sure they are retooled for the economy of the future—whether it is in nanosciences, in biotechnology, in new aviation construction, in new IT fields, or in nursing where we have over 130,000 openings for nurses in this country, and the people who want to have those jobs. Instead, we are allowing outside people to come in and take them because we are not willing to take care of American workers. This is not a priority. We are simply saying instead of giving the largest tax cut in history, and passing this out of the Senate, knowing that thousands of workers are going to lose their benefits in 3 weeks, we believe we should give them that helping hand.

Make no mistake. Nobody in America wants an unemployment check. They would rather have a paycheck. But until we can guarantee to these people that we are going to get them that paycheck, we better extend that opportunity, from a trust fund that they have paid into, the things that they and their employers have paid into, the opportunity to sustain them and benefit our economy.

The PRESIDING OFFICER. The Senator has used 7 minutes.

Ms. CANTWELL. I yield the floor.

The PRESIDING OFFICER (Mr. CORNYN). Who yields time?

Mr. KENNEDY. Mr. President, how much time do I have?

The PRESIDING OFFICER. The Senator has 18 minutes 7 seconds.

Mr. KENNEDY. I will yield 4 minutes to the Senator from Montana, 10 minutes to the Senator from Connecticut, and 4 minutes to the Senator from Iowa, Mr. HARKIN.

Mr. BAUCUS. I see Senator DODD ready to speak. I suggest that he speak, and I will speak after him.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. DODD. Madam President, I thank my colleague from Massachusetts for yielding me some time. I have just a few observations.

First of all, on the amendment being offered by our colleague from Massachusetts, it has been said by others, by my colleague from Washington, and my colleague from Rhode Island, and certainly the Senator from Massachusetts, as well, that this is difficult for many of us to understand. I have served in this Chamber for more than two decades now. I don't recall another time when we had a downturn in the economy, where we had as many as 2 million jobs lost in the last 27 months, where 80,000 workers a week are losing their benefits. I don't recall under any administration—I have served here under Republican administrations and Democratic administrations, and I have served when this Chamber was controlled by Democrats and also under Republicans, and in the House also with both Democrats and Republicans; I know of no other time in the more than two decades I have been here where in a moment like this we would not provide an extension of unemployment benefits.

It is truly shocking to see a piece of legislation designed to offer relief to people, allegedly, through the tax cuts the President is suggesting, with no assistance to the unemployed. We literally have thousands of people who are facing difficult times, whose ability to take care of their families, and to make ends meet have been hindered. We are talking about putting people back to work and getting them jobs. We are talking about 80,000 people a week running out of benefits. And yet we find no space in the legislation to provide assistance to them. I am really stunned in many ways that this is not part of this effort.

I can only hope our colleagues, regardless of political party, will endorse the Kennedy amendment as part of this package. The administration says they are still deciding whether an extension of unemployment insurance is necessary. What do they need to know? Well, 80,000 people a week are losing their benefits. They are hard-working Americans trying to hold together families, pay mortgages, pay car payments, keep their kids in school. What do we need to know when 80,000 people a week are losing their benefits? Why can we not provide, in this legislation, which involves billions of dollars, some relief for these people?

Our unemployment insurance amendment would protect the unemployment insurance safety net for 4 million out-of-work Americans. So I sincerely hope the managers of this bill, and others, would see fit to provide some space here. In my State alone, 58,000 people who are out of work would be helped by the Kennedy amendment; in California, 562,000; in Florida, 161,000.

I ask unanimous consent that a State by State list, totaling the 4 million people who would be benefitted by this amendment be printed in the RECORD at this time.

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

FOUR MILLION AMERICANS WILL BENEFIT FROM THE ECONOMIC SECURITY AMENDMENT

State	Number of out of work Americans who would be helped by the Kennedy amendment
Alabama	43,800

FOUR MILLION AMERICANS WILL BENEFIT FROM THE ECONOMIC SECURITY AMENDMENT—Continued

State	Number of out of work Americans who would be helped by the Kennedy amendment
Alaska	17,500
Arizona	44,700
Arkansas	33,300
California	562,900
Colorado	56,300
Connecticut	58,500
Delaware	9,300
DC	9,700
Florida	161,900
Georgia	100,800
Hawaii	8,100
Idaho	16,100
Illinois	187,000
Indiana	71,000
Iowa	29,100
Kansas	30,100
Kentucky	38,500
Louisiana	33,000
Maine	10,600
Maryland	44,700
Massachusetts	140,700
Michigan	154,200
Minnesota	58,700
Mississippi	28,500
Missouri	67,400
Montana	8,000
Nebraska	16,900
Nevada	26,300
New Hampshire	7,300
New Jersey	190,300
New Mexico	13,300
New York	332,300
North Carolina	128,100
North Dakota	4,600
Ohio	116,700
Oklahoma	26,900
Oregon	77,400
Pennsylvania	258,500
Rhode Island	15,800
South Carolina	52,700
South Dakota	1,800
Tennessee	69,100
Texas	242,100
Utah	23,200
Vermont	6,300
Virginia	62,500
Washington	102,000
West Virginia	13,600
Wisconsin	69,100
Wyoming	4,600
Total [1]	3,886,100

[1] Including the part-time and low-wage workers, the total is 4.4 million. We do not have state-by-state break-downs for those workers.

Mr. DODD. Madam President, I really cannot believe that at this moment in our history we would pass a bill that would not provide help to the many, many Americans who need it. Let me also say, because I know we are under time constraints—and I am probably not going to have a chance to have any extended time for discussion of this later—that I will speak briefly on an amendment that I have filed and intend to offer later, to reduce the tax cut package to increase resources for programs designed specifically to assist middle- and low-income families with the cost of higher education—and those are the Hope and Lifetime Learning tax credits and the Pell Grant program. And, I also would have an equivalent amount of resources go to deficit reduction.

If we are serious about having this bill contribute to our economic growth, then we ought to dedicate these resources to higher education. I don't need to lecture anyone in the Chamber about the value of providing higher education opportunities for people. Yet, in spite of his rhetoric, the President's fiscal year 2004 budget includes cuts in the maximum Pell Grant available to low-income students, and he would do nothing to expand the Hope and Lifetime Learning credits, which are specifically designed to help middle-income families. Nothing could be more devastating to a family than to discover that they cannot afford to send their son or daughter to college, regardless of their child's talent, determination, or ambition. Or others who want to continue learning throughout their lifetime of learning, but cannot, because instead of helping them, we decide to provide a tax cut that primarily benefits the wealthiest among us. For us to say to middle-income families that your opportunity to send a child to college is going to have to take a back seat to providing a tax break to the top 1 or 2 percent of income earners is something I don't think we ought to do.

So I am going to try, with this amendment, to focus our attention on higher education. Of course, last week, we discovered the Government has reported that the unemployment rate jumped to 6 percent. There are economists in the country who believe the unemployment rate, by the first quarter of next year, will hover near 8 percent. It is beginning to become clear to this Senator that this possibility, as farfetched as it may have seemed a few months ago, is not so farfetched at all if we don't do something to stem the tide here.

Nothing in this legislation is designed to do that. Now we are going to have, according to the Congressional Budget Office, the largest single deficit ever accumulated in the history of the United States of America. What a record that is. This is, of course, just 27 months after we came off of a period of economic growth, of accumulating surpluses, and putting our country on sound fiscal footing. Yet in 27 short months, we have gone from surpluses to the record high deficits ever accumulated in this country's history. That is an incredibly stunning record, not to mention the more than 2 million jobs that have been lost.

In the midst of this massive tax break which will go mostly to the few elite in the country, we are also going to be raising the national debt to a point where it is almost a trillion dollars more than the present national debt. If you are out there paying mortgage payments, car payments, and student loans, you don't need to have a Ph.D. in economics to know that as you accumulate these deficits and debts eventually interest rates are going to start to go up.

When interest rates go up, that is a tax increase on average Americans. When you start paying more for that house payment, that car payment, that student loan that your child may need in order to receive a higher education, that is a tax increase for middle Americans. If we do not stem this tide and become more fiscally responsible, then those interest rates are going to have a huge impact on literally millions of Americans.

Again, you do not need to have me lecture about that point. I think most Americans understand it. We have seen periods in our recent past when that has happened. We are going to see it again, in my view, if this proposal is adopted as presented.

Two years ago when we were debating the tax cuts of 2001, we were told we could expect almost $6 trillion in surpluses over the next decade. Instead, we are now getting record high deficits. Two years ago we were told that if we enacted the President's tax cut plan, we would virtually pay off the publicly held debt by 2008. We are headed in exactly the opposite direction.

How many more signals do we need to get this Chamber to understand that as we are digging this hole deeper and deeper, we need to pull out of the hole. Instead, we are just as determined to dig that hole deeper to the point where we will be spending years trying to recover from this mistake.

After this Chamber passes part of the President's so-called growth plan, and after we vote to increase the debt by almost $1 trillion, how many more trillions of dollars are we going to have to increase the debt limit to in order to make room for this irresponsible tax cut affecting such a small percentage of taxpayers?

Let's consider what breaks people get. Again, I do not have to present all of the charts here, but so people understand what I am talking about, according to the Urban Institute Tax Policy Center, those who have incomes above $1 million will receive, on average, a tax cut of $64,400. For those in the middle-income spectrum, their tax cut will be $233. That is what we are about to adopt at a time when we are driving the deficit hole even deeper; and at a time when we are denying an extension of unemployment benefits to the 80,000 people a week who have and will be exhausting their benefits.

It seems to me that we are headed in the wrong direction on both fronts. The Kennedy amendment would extend unemployment benefits. The very least we ought to do in this Chamber is to say to hard-working people: When you are caught up in an economic downturn, Republicans and Democrats alike in recent history have extended a hand to these families and said: Through no fault of your own, you have ended up in that situation. This Congress is not going to ignore you. This Congress is not going to pretend you do not exist.

We are saying nothing about those people.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. DODD. This tax cut is way too excessive, in my view, and will benefit a small percentage of income earners, creating deficits from which we will spend years recovering as it squeezes our ability to provide help to working families and for education. I urge the adoption of the Kennedy amendment. I ask for an additional 30 seconds.

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

Mr. DODD. We have 20 hours for debate on a reconciliation bill, which

may be the most significant debate we are going to have in this Congress. Twenty hours—that is all we get to talk about the importance of what we are about to do. I am deeply disappointed. We are constrained in the Senate of the United States to have a more meaningful debate about something as important as this.

I, again, urge adoption of the Kennedy amendment to at least provide relief for those who have lost their jobs and ought to have some help to provide for their families.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I ask all Senators to heed the words of the Senator from Connecticut. I think he is accurate. I think he is on target.

The amendment before us, of which I am a cosponsor, is very simple. The answer of whether it should be adopted is also very easy.

Getting to the point, the question is, Should we extend unemployment benefits to those millions of Americans who do not have jobs and whose unemployment insurance is about to expire?

The provisions in Federal law that give unemployment insurance benefits will expire in a few weeks. The number of unemployed people is rising. These are people who have lost their jobs not because of their fault but because they have been laid off, because the economy is anemic. They lost jobs because their employers are laying them off.

The question is, Should the Congress extend unemployment benefits? Should they extend unemployment benefits to these hard-working men and women who are not making a lot of money? They are basic wage earners. Should we extend unemployment benefits? To ask the question is to answer it: Of course, we should.

I hear from the other side that maybe they will not look for jobs because they are getting additional benefits. They are not getting more dollars in benefits, they are just getting more weeks during which they can receive about $200 a week while they are looking for a job. The obvious answer to that charge is these are not good times. Two-hundred dollars a week is not a lot of money. I daresay no Member of this body can live on $200 a week. We are so used to living on more than $200 a week. I see the Presiding Officer smiling, knowing there is probably a little truth in that. I am suggesting we should do the obvious and extend unemployment benefits.

Another argument I hear against this proposal is that it is not a stimulus to extend the period during which people get unemployment benefits. Of course it is a stimulus. Those people are going to spend that $200-a-week check. Of course, they are going to spend it. Economists will tell us that for every $1 of unemployment benefits, there is a multiplier effect of $2.15 to the economy; that is, for every $1, an additional $2.15 is spent in the economy. It is pretty simple.

I also think it is pretty simple because we are paying for this by repealing the top bracket, repealing the acceleration of the reduction of the top tier. Some people say: That is a small business bracket. Those people are all small business people. We should do this to stimulate the economy.

That is totally wrong. It is totally incorrect. Less than 5 percent—probably 2 or 3 percent—of the people who receive benefits in the top bracket are small businesses. Let me put it differently; 2 to 3 percent of small businesses in America are in that top bracket. Just 2 to 3 percent. Most of the people in the top bracket are not small business. They are other people. They are very wealthy people. I have nothing against wealthy people getting a tax break. Everybody should get a tax break. It would be wonderful if we all could get a tax break.

We are elected to make choices and set priorities. The economy today is not in great shape. This bill before us is designed and intended to stimulate the economy by reducing taxes. I suggest the right course would be, instead of giving the elite a tax break right now—a lot of them tell me they do not want it; they do not need it—take some of that money and extend unemployment benefits.

The PRESIDING OFFICER. The Senator has used 4 minutes.

Who yields time? The Senator from Iowa.

Mr. GRASSLEY. Mr. President, we will extend unemployment compensation. We will support an extension, though, of current law. We will do it before its expiration at the end of May. But this amendment goes beyond extending unemployment compensation as it is written in current law.

This is unprecedented for sure, and I also think it is an unjustified expansion. There might be legitimate debate on that point, but there is no legitimate opposition to a statement that this is unprecedented.

Also, this extension and this change in law comes at a time when unemployment is not as high as it has been in previous recessions. The current unemployment rate is 6 percent. That is compared to 7 percent at times during the 1990s and more than 8 percent during the 1980s.

It was in the 1990s at 7 percent, in the 1980s at 8 percent. Those happen to be the last two times that Congress provided extended benefits.

I also point out the unemployment rate right now in 23 States is lower than it was 1 year ago. When it comes to people who have exhausted benefits, this amendment would provide 26 weeks of Federal benefits even without regard to the duration of State benefits. So this violates an insurance principle that we followed for a long time inherent in the unemployment program, and it violates it by breaking the link between the time someone has worked and the time that person can collect unemployment benefits.

This amendment additionally would also allow someone who worked as few as 20 weeks to collect as much as 26 weeks of federally-funded benefits.

This amendment also deals with part-time workers. In offering this amendment, what they forget at the Federal level is that we already give States the option of covering part-time workers. So why a national policy of covering part-time workers when this has been historically a State program that has been financed through some Federal taxation? There are a lot of details left to individual States to decide. It is not possible for us to legislate at the Federal level the conditions that exist in various States for deciding whether part-time workers should be included.

This provision would allow those seeking only part-time work to collect unemployment benefits. What this basically means is a worker could turn down a full-time job and continue collecting unemployment benefits.

There is a provision of this amendment that changes policy in regard to low-wage workers. This is another provision under Federal law where States already are given the option of doing this. This provision would require States to use what is referred to as an alternative base period. That means using the most recent quarter to calculate benefits.

In 1997, this was offered to the Senate and we voted 85 to 15 to overturn a Federal court decision that would have required the States to use the most recent quarter. In other words, Congress decided in 1997 against a court decision doing what this amendment does. We decided 85 to 15 to leave it to the respective States, as has historically been the case, to make this decision of using an alternative base period.

So as I mentioned, I will support, and I believe the Senate will pass, an extension of current law for unemployment benefits before it runs out.

This amendment is paid for in a way that discourages job creation. Remember, the fundamental purpose underlying this legislation is to give incentive for investment for the creation of jobs. So how is this amendment paid for? By attacking small businesses, by delaying the tax relief that is in this bill for 80 percent of those who are taxed at the 39 percent rate. Remember, we reduce the highest marginal tax rate down to the same as the highest corporate tax rate. Why? Because there should not be a bias in our tax law against small entrepreneurs, unincorporated entrepreneurs.

As we have been told so often by Joint Tax and by the White House, 80 percent of the benefits go to small business. Now, that does not mean all small business is taxed at the 39 percent level, but by reducing this we are taking away a bias against small business. There should not be an 11 percent penalty for being an unincorporated small business. It is unfair. When we had a lower marginal tax rate for small

business at 28 percent for the top individual rate, as we did after 1986 until it was raised, we had a 5 percent differential between the corporate rate of 33 percent and the highest individual rate of 28 percent. During that period of time, we had an explosion of small business, setting the stage for the massive growth we had in the economy in the 1990s.

What does this amendment do? It will kill the opportunity for job expansion that we have prepared in lowering the marginal tax rate for self-employed people, doing away with the bias in favor of corporations so that where 80 percent of the jobs are created in small business, there will be an incentive to create new jobs.

The National Bureau of Economic Research shows that the surest way of expanding small business is from their own equity, by reducing the marginal tax rates, which is going to encourage the sort of investment that creates jobs.

The Senators who have offered this amendment are complaining about lost jobs, but then this amendment undermines the very provisions of the basic bill that will create the jobs we need.

Obviously, I urge the defeat of this job-killing amendment.

I yield the floor.

Mr. LEVIN. Mr. President, I rise to support the amendment being offered by Senator KENNEDY to extend and authorize additional unemployment benefits.

This is a tumultuous time for millions of Americans. Our economy is struggling right now and millions of Americans are down on their luck. Businesses and manufacturing plants are closing, the stock market is down and most importantly, jobs are being lost. It is critical that we in Congress, at a minimum, do what we can to help every day Americans hurt by this downturn, especially the increasing number of people who are unemployed and having trouble getting back into the workforce.

There are currently over 8.7 million unemployed Americans—the highest number in a decade. Since January 2001, the national unemployment rate has risen from 4.2 percent to over 6.0 percent. Since President Bush took office, the United States has lost over 2.7 million private sector jobs—the most of any President in modern history. The downturn has especially hit my home State of Michigan hard. Michigan has an unemployment rate of 6.7 percent—among the highest in the Nation. According to the Bureau of Labor Statistics, Michigan lost 17,700 jobs just last month—the most of any State in the country. That brings the total number of Michigan jobs lost since the Bush Administration took office to over 178,000.

Earlier this year, Congress extended Federal unemployment benefits for an additional five months to June 1, 2003. However, Congress did not authorize additional Federal benefits. Therefore, over 1 million workers who already had exhausted their 13 weeks of federal unemployment benefits and received no benefit from what Congress did earlier this year. Now is the time to assist those workers and all other Americans who are on the verge of exhausting either their state or federal unemployment benefits and in some cases, both.

It is ironic that during the week the Senate is taking up the President's ''Jobs and Growth'' package—the majority is not addressing the immediate need for job assistance for millions of Americans. Instead of pressing Congress for a ''robust'' tax cut to help the wealthiest Americans, the President should be fighting for additional unemployment benefits for working families who need them and will spend them, stimulating the economy. That is why I support Senator KENNEDY's amendment to authorize an additional 13 weeks of Federal unemployment benefits, including coverage for those one million workers who have already exhausted their benefits. Senator KENNEDY's amendment also expands unemployment coverage to low-wage and part-time workers. Finally, the amendment extends the Federal unemployment benefit program through November 2003 to accommodate new enrollees.

This is not just about doing what is right. It is also about doing what is helpful to our economy. It is elementary economics that providing additional unemployment benefits is a great way to jump start our stagnant economy. The money we are talking about here is money that will be spent. According to a 1999 Department of Labor study, every $1 dollar invested in unemployment insurance generates $2.15 in gross domestic product. So we are going to be putting money into the hands of people who need it, people who will spend it, people who will help the economy.

Over 47,000 Michigan residents have exhausted their Federal unemployment benefits as of February of this year. If we fail to act, in 2 weeks, over 1.1 million Americans, including nearly 54,000 Michigan residents, will be without unemployment insurance benefits. This is unacceptable, especially given the fact that the Federal unemployment insurance trust fund currently has a surplus of more than $21 billion. The contrast couldn't be more evident than in this debate. Instead of pushing for a huge tax cut sharply slanted to upper income folks, I would hope that the Senate will show real leadership and support unemployment insurance that benefits working families.

The President accuses us of engaging in ''class warfare.'' Well, what he calls class warfare, I call reality. Under the President's tax cut plan, the wealthiest 1 percent of Americans are expected to receive an annual tax cut of about $90,000 a year, or a little more than $1700 a week. Under the Kennedy amendment, unemployed workers in my home state of Michigan would receive a maximum benefit of $362 a week. This bill will put money into the hands of people who need it and people who will spend it. That's good for our economy and it helps sustain the jobs that other people do have. The Senate should unanimously adopt this amendment.

The PRESIDING OFFICER. Who yields time?

The Senator from Montana.

Mr. BAUCUS. Mr. President, I have the highest regard for my friend from Iowa, but for him to characterize this as a job-killing amendment is just beyond the pale. The fact of the matter is that less than 5 percent of small businesses are in the top bracket that will be repealed under the amendment. That is a very conservative estimate.

Second, when we are talking small businesses under terms of this amendment, we are talking about law firms, we are talking about partnerships of all kinds. We are talking about dental partnerships and doctor partnerships. When people use the word ''small business,'' it conjures up a 15 or 20-person operation that is working hard to make ends meet. When we talk about small business, however, we must be clear as to which small businesses are in that top rate. Less than 5 percent of all small businesses pay that top rate, so we are not hurting small business with this amendment, by any stretch of the imagination.

Second, this roughly 5 percent of small businesses includes the mom-and-pop small businesses we have all talked about, but also the partnerships like law firms and dental partnerships. I do not think the latter really conjures up what we are talking about when we talk about helping a small business. Maybe we are, but I think most Americans are not. That is a fact I want to get in the record, that really so few small businesses are in that top rate.

I ask unanimous consent that the pending amendments be temporarily set aside so that the Senator from Arkansas may offer her amendment.

Mr. DODD. Reserving the right to object, Mr. President, and I will be very brief.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. I want to follow up. I know the chairman of the committee is here, and I missed a little of the discussion because I had to step outside the Chamber with some police officers from my State. I will take a minute or so and obviously then move to the amendment of the Senator from Arkansas.

I understand the chairman made a statement about this issue of unemployment insurance at some point. I wonder if the distinguished chairman of the committee might share with Members when that might happen and why we cannot do it now. We know this is a growing problem, and we always delay these things. When 80,000 people a week are running out of benefits, we have had more than 2 million people

lose work since the President came into office, why not extend unemployment insurance on this bill? It would be a great gesture to the American public. My question is, simply, to ask if the chairman of the committee might respond.

The PRESIDING OFFICER. The time on the amendment has expired.

Mr. GRASSLEY. I ask unanimous consent that immediately following action on S. 1054, the Senate turn to consideration of legislation introduced by the majority leader or his designee to extend emergency unemployment benefits until November 30, 2003; that the bill be considered as read three times and passed; further, that the motion to reconsider be laid upon the table, with all this to occur without intervening action or debate.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. This is the first I have heard this. I don't know what this is all about. Pending a better understanding of the request, I respectfully object.

The PRESIDING OFFICER. The objection is heard.

Is there objection to setting aside the pending amendment?

Mr. DODD. Further reserving the right to object, I ask unanimous consent that I be allowed to proceed for 1 minute.

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

Mr. DODD. I want to know why this could not be adopted as part of this passage. We have an amendment here right now to do it. This is the time to do it. We all care about this and have people in every State adversely affected. Why wait another series of weeks? Why not do it right now and adopt the Kennedy amendment and move this issue beyond us and deal with the rest of the bill? That is my question to my distinguished chairman.

Mr. GRASSLEY. Mr. President, I will answer his question, if I am permitted.

Two reasons: One, this amendment is not germane to this bill; two, it goes to the expansion of unemployment benefits as opposed to extension of existing benefits.

Mr. DODD. I further understand that the bill the chairman is talking about would not expand this at all but really just extend it; is that correct? So we will have a debate about that, obviously.

Mr. GRASSLEY. Yes.

Mr. DODD. I thank the chairman for responding.

I am sad in a way, and maybe the amendment will be adopted by majority if that is the case and we can move beyond this.

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

The PRESIDING OFFICER. The clerk will call the roll.

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

Mr. BAUCUS. I ask unanimous consent that the pending amendment be set aside and the Senator from Arkansas be recognized to offer her amendment.

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

AMENDMENT NO. 578

Mrs. LINCOLN. Mr. President, with the amendment set aside, I call up my amendment.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Arkansas [Mrs. LINCOLN], for herself and Mr. ROCKEFELLER, Mr. BINGAMAN, Mr. BREAUX, Mr. DASCHLE, Mr. LEVIN, Ms. CANTWELL, Mr. PRYOR, Mr. KERRY, Mr. KENNEDY, and Mr. DODD, proposes an amendment numbered 578.

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

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

The amendment is as follows:

(Purpose: To expand the refundability of the child tax credit)

At the end of subtitle C of title V, insert the following:

SEC. ___. FURTHER EXPANSION OF CHILD TAX CREDIT REFUNDABILITY.

(a) EXPANSION OF CHILD TAX CREDITS.—

(1) IN GENERAL.—Clause (i) of section 24(d)(1)(B) (relating to portion of credit refundable), as amended by section 106(b) of this Act, is amended to read as follows:

''(i) the sum of—

''(I) 5 percent of so much of the taxpayer's earned income (within the meaning of section 32) as is taken into account in computing taxable income for the taxable year which exceeds $5,000 and is less than $13,250, and

''(II) 15 percent of so much of the taxpayer's earned income (within the meaning of section 32) as is taken into account in computing taxable income for the taxable year which is more than $13,250, or''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to taxable years beginning after December 31, 2002.

(3) APPLICATION OF EGTRRA.—The amendment made by this subsection shall be subject to title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 to the same extent and in the same manner as the provision of such Act to which such amendment relates.

(b) DELAY OF DIVIDEND EXCLUSION.—Subparagraph (B) of section 116(a)(2) (relating to partial exclusion of dividends by individuals), as amended by section 201 of this Act, is amended by striking ''2007'' and inserting ''2010''.

Mrs. LINCOLN. I thank all of my colleagues for their attention today because I believe I brought something to the floor that is of the utmost importance to American families.

I compliment the chairman of the Finance Committee. Having worked with limits on a multitude of issues, he is always reaching out and working hard with all the members of the Finance Committee. I applaud him for his efforts in working with me early in the committee to accelerate the child credit we have in this stimulus package. The acceleration of the child credit is very important in terms of reaching out to families and providing them the utmost resources to be able to care for their families, to be able to do what they need to do not only in taking care of their families but playing a role in stimulating this economy.

We certainly know that with our businesses and industries operating at roughly 70 percent, it is critical, if these industries are going to create the jobs we want created for the sustainability of growing this economy, that they have a demand. They are going to need people demanding their products and services, and that will be critical. The way to do that is to provide families the resources and the means with which to provide for their families.

That acceleration we provided in the committee went a long way in doing that. My hope is we will continue to move in that fashion, in the right direction of providing families the resources they need, the hard-working American families who are out there today working hard to provide for their families.

This amendment does that through the expansion of the child credit. Basically, what we do is expand the child credit refundability by lowering the earnings threshold to $5,000. This is a reasonable request in light of what we are talking about—again, assistance to families in order to raise their children and provide for their needs, as well as stimulating the economy.

I point out to my colleagues, there are 8 million children from working families in this great country at the very bottom of the income scale who get no benefit from the current child care tax credit, 8 million children in this country we are trying to raise in working families who get no benefit from this child tax credit; 4.4 million of those 8 million children would benefit from the child credit under the amendment I have offered today.

By providing tax relief to those who need it the most, our amendment will have a direct and meaningful stimulative effect on the economy.

I am joined in this amendment by several other cosponsors: Senators ROCKEFELLER, BINGAMAN, BREAUX, DASCHLE, LEVIN, CANTWELL, PRYOR, KENNEDY, DODD, and I think many others, when they realize what we are trying to do and the effect we can have on their States and, more importantly, the working families who are out there every day trying to make ends meet. The families of these kids play by the rules. These are individuals who are working. They go to work every day at extremely low wage jobs. They pay significant payroll, State, and local taxes, excise taxes, and property taxes. Oftentimes they struggle to make ends meet, yet they get no benefit from the child tax credit.

Now, I hope my colleagues will indulge me for just a moment. One of the things many reflect on is that raising children is probably one of the most important and expensive undertakings that anyone has. We do it for good reason. We talk about what a great nation we live in. We talk about how wonderful it is to be a part of the greatest

country on the face of this Earth. Then we think about the face of our country tomorrow. Who will be the face of this country tomorrow? What will it look like?

The face of this country, tomorrow and in the future, will be shaped by how well we raise our children today. That is what I am asking my colleagues to focus on. It is not just our children. I don't just worry about my children and their well-being. I worry about the other parents' children who are out there, who will be the coworkers with my children, who will be the leaders of tomorrow. They will be the face of this country when we are working in a global economy with multitudes of nations across the globe. These are the children we are raising today.

My colleagues, we have an opportunity today to give a hand to these parents in raising these children with a simple child credit, a refundable child credit. These are people who are hard-working. To be eligible, they have to be in a job. They have to meet an earnings limit. They have to have children. We are not just giving a freebie; we are reaching out to these hard-working parents and saying let us help you shape the face of this country tomorrow.

Just one more indulgence. As I talk about raising children and the importance of that face of tomorrow, I reflect on the time I have spent in my State visiting with and shadowing some of our low-income workers, particularly some single moms who have been out there working. They are working parents with children in childcare, struggling with challenges of childcare and transportation. There are multitudes of challenges they face.

I look at what I spent my time doing during the Easter break, during the 2 weeks we are off from Congress, home in our States. I spent a lot of time on the road, visiting with children, parents, chambers of commerce, Rotary groups, development groups, planning districts—all of those different groups. But I also switched my hat around for a few days and spent some time myself out there as a mother, as a parent.

I went to the store after looking at the fliers and seeing where the sales were, and I thought about what I did with my time and my resources. I thought that with two growing boys, age almost 7, I had to replace wornout blue jeans, wornout tennis shoes, that I wrote a check to my school for their lunchroom tab, the fact I wrote a check to make sure they would be on the Little League team and made sure they had their uniforms. I looked at the other things, the county summer programs I wanted to include them in so they would have good activities, exercise, and grow just like any 7-year-old little boy ought to be growing.

I looked at what we did. We didn't go to Disney World. We didn't do anything expensive. They went fishing with their grandfather and spent some time with their cousins and grandmothers. But I looked back at the time and the resources I spent in molding and shaping those two little boys. Let me tell you, it was no different than any other working mom.

If we want to stimulate this economy, if we want to develop a nation with the kind of leadership and future I think everyone in this body wants us to have, then it is absolutely critical that we look at expanding that child credit to these working families.

Under the current law, the President's proposal, and the Finance Committee bill, a working family with earned income of $10,000 gets no benefit from the child credit. Our amendment today would give such a family with two children a total benefit of $500. This does not seem to be much money to many of us perhaps, but it amounts to a significant increase in the amount of money available to these families to provide for the most fundamental needs for their children. Again, we are talking about basic needs that also will drive the economy. These people are not going to be able to participate in stimulating the economy if they don't have the extra resources they need. These are working individuals.

Children have a variety of needs at a variety of ages, the most fundamental of them being shelter, food, clothes, education, and health care, and $500 can make a substantial difference to a family with an earned income of $10,000 or less. This sort of benefit can go a long way in helping these families raise their children, encouraging them to excel in their jobs and to set a good example.

It is the least we can do for these struggling and impoverished families who, again, are working hard every day earning money and at the same time trying to care for their children. They have the same kind of love and compassion, the same kind of ability to give them the basic needs that every one of us tries to have every day.

I just implore my colleagues, please look at this opportunity we have before us today, an opportunity to reach out to working American families who are struggling day in and day out to do what is right. They are struggling to do what is right by their children, perhaps simply out of their own compassion and love for their children, not knowing that we as a nation are depending on those children to be the leaders and the providers, the employees of tomorrow.

I ask my colleagues to take a look at this amendment. Recognize all we are doing is postponing the 20 percent exclusion on dividends—only postponing it for 3 years, postponing that exclusion in order to mold and shape the future of this country.

I would like to share with my colleagues in just a few of my neighboring States what they would see. Arkansas would see the number of added kids, when we move to that $5,000 threshold, an increase in Arkansas of 60,000 children we could cover. I look around at my neighbors: Mississippi would see 100,000 children additionally covered. In Tennessee, you would see 108,000 children eligible who would not be eligible otherwise. In the State of Texas, my neighbor to the south, you would see 467,000 children added with a benefit if we passed this amendment.

I implore my colleagues to really take a look at what our purpose is today, what we have been striving to do. Let's not just try to stimulate the economy but use the opportunity we have in growing this economy to grow this great country. I daresay there will not be anyone in this Chamber who could argue with me that the future of this country lies in the future of our children.

Once again, we have a tremendous opportunity. I hope my colleagues will realize that 4.4 million of the 8 million kids who are left out under the current bill would begin to benefit from a child credit under this amendment. By providing this tax relief to those, again, who need it the most, we will have a direct and meaningful stimulative effect on the economy. Let me tell you, just as I did as I turned my hat around and became a mother during my break time, these families will spend those dollars. They will spend them on our greatest asset this country could possibly have, and that is our children.

I thank you for the time. I yield the floor and encourage my colleagues to support my amendment.

The PRESIDING OFFICER. Who yields time?

The Senator from Iowa.

Mr. GRASSLEY. Mr. President, we all owe the Senator from Arkansas a debt of gratitude for a lot of leadership she has shown in this area, not only on the present bill that is before us, because she did get some amendments adopted in committee. She voted for our bill on final passage. I appreciate very much that being the case because it made it a bipartisan piece of legislation. But also, she has expressed the same concern because she was a member of the committee, 2 years ago, when we passed the existing tax law that we are adjusting now to bring it up to date and fully implement it in 2003, rather than as we decided 2 years ago, to implement it over a 10-year period of time. She was very active in these areas in that basic legislation.

So she is very consistent in expressing concerns about families of low income, and particularly low-income families with children. I wish I could do all the things she asked us to do, but we have to craft legislation that is pretty well balanced. One of the largest parts of our bill is the $95 billion that is provided for families with children.

Obviously the Senator from Arkansas would like to make this more generous. I wish we could. But I don't feel we can. The provisions that are in this $95 billion have been, to a great extent, because of the work of the Senator from

Arkansas. It includes expanding benefits for low-income families, a provision that is included in great part because of the hard work of the Senator from Arkansas. Moreover, this legislation creates a new benefit.

But I think that the exception I take to her amendment is just basically because it hurts the balance of this bill between investment and spending.

I appreciate the Senator's work on these matters. It would be subject to a budget point of order. I will raise that at the appropriate time. I will not do it taking exception to policy but taking exception to what can be accomplished at one time, and the fact that we are trying to have a balanced package between investment and spending. I think it would put us over the balance on the spending side.

For that reason, I will raise that point of order but do it without prejudice.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. GRASSLEY. Mr. President, I am going to yield to the Senator from Oklahoma what time he might consume either on amendments or on the bill.

Mr. NICKLES. Mr. President, I thank my friend and colleague, the manager of the bill, chairman of the Finance Committee. I want to make a few comments concerning unemployment compensation.

It is my understanding that the chairman said he would not object to and he is trying to facilitate a clean extension of the current unemployment compensation program. That is what the Senator from New York, Senator CLINTON, and I did twice on this floor. We did it last December and early this year. The first piece of legislation we passed this year was the clean extension of the unemployment compensation program. That is a 13-week Federal program.

Senator KENNEDY is being consistent. He is trying to make a 13-week program into a 26-week program. That costs $12.7 billion. A clean extension costs $5.6 billion. We will agree with a clean extension. We will not agree with doubling the program.

Keep in mind this is a 13-week program. Current law is a 13-week Federal program on top of up to 26 weeks of State benefits. That is a total of up to 39 weeks. That is a total of 9 months. If we adopted Senator KENNEDY's amendment, that would be a 26-week State program, and a 26-week Federal program, the second part of it paid 100 percent by the Federal Government. That is a year. In addition to that, there are additional weeks for high unemployment States.

This is not going to pass. It was tried several times on the floor of the Senate last year and it never passed. It is not going to pass this year. We are not going to double the program. We will be happy to work with our colleagues to extend the current law. We will not double or triple this program.

I appreciate the work of the chairman of the Finance Committee and other Members who want to truly give assistance to people who are unemployed and who need temporary assistance. But we don't want to turn it into a year-long program. If we did that, frankly, the trust fund would be running out of money if another extension was passed. That would be very foolhardy.

I also tell my colleagues that a budget point of order lies against Senator KENNEDY's amendment. A germaneness point of order lies against Senator KENNEDY's amendment. We should be trying to work to create jobs. That is really the essence of what the President's proposal is—and the chairman of the Finance Committee—to help create jobs and not just write checks for the unemployed but create an environment that will be more conducive towards investment, more conducive to encourage people to make investments to create jobs. That is what we are trying to do.

We do that several different ways. One is to reduce tax rates. Somebody says that is a tax cut for the wealthy. I disagree. By the time we are finished, the maximum rate is 35 percent. I believe that is still more than a third—still a lot more than 31 percent—which was the maximum rate when President Clinton was elected.

In 2001 they cut taxes for the wealthy and reduced the maximum rate from 39.6 to 38.6, 1 percentage point. President Clinton raised it, and many in this Congress raised it from 31 percent to 39 in 1 year retroactive. By the time we are done, the rate is going to be 35 percent, which is still almost 20 percent higher than it was when President Clinton was elected.

I just want to make a few additional points. Also in the chairman's mark we have expensing for small business. They will be able to expense items up to $75,000. We are looking to maybe even accelerate that similar to a provision in the House. That will create an incentive for small business so people can write off that investment in the year that investment is made instead of amortizing over years. That will create jobs because more people will make that investment.

We are also talking about eliminating this very unfair double taxation on dividends. Why should we tax distribution of corporate profits at the second highest rate in the world? That makes no sense whatsoever.

The President has proposed that we eliminate double taxation. President Carter said in the past we should eliminate the double taxation of corporate dividends. I hope we will be able to do that, and I expect we will be presenting an amendment to enhance or strengthen the dividend proposal that is before us today which would actually eliminate the double taxation of dividends. We tax dividends now at the second highest rate in the world, higher than France, Belgium, and Italy. We don't need to do that. We can fix that in this bill today. By doing so, we will be encouraging a much better environment for investment, and encourage, I think, a much greater prospect for the stock market. I think the stock market would improve substantially and as a result, therefore, there would be more equity, more equity investments, more private sector jobs. That ultimately should be our goal.

I urge our colleagues not to be mislead by Senator KENNEDY's amendment. Let's pass a clean extension of the unemployment compensation program. We can do that by unanimous consent. We passed the previous one by unanimous consent, or we can have a recorded vote. We can do that outside the reconciliation bill. We can do that and have it on the President's desk, and extend the present law.

I yield the floor.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. Mr. President, I yield myself 2 minutes off of the bill.

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

Mr. SARBANES. Mr. President, I want to respond to the Senator from Oklahoma, and urge my colleagues to support the Kennedy amendment.

What are workers to do in terms of supporting their family if they exhaust the 39 weeks of unemployment insurance benefits that they are eligible to receive? Senator KENNEDY's answer is that under the current circumstances we provide an additional 13 weeks of benefits.

The labor market is not improving. It is worsening. The unemployment rate is rising, not falling. This notion that there are jobs to be had does not square with the facts. The economy is continuing to lose jobs. We lost 48,000 jobs last month. We have lost over half a million jobs already this year. The unemployment report stated that almost 9 million workers were unemployed in April. Just under 2 million workers have been unemployed for 27 weeks or more. The number of long-term unemployed is as high as its been since January 1993.

The average duration of unemployed has risen to 19.6 weeks. This is the longest average duration reported during this recession, and it is the highest level in almost 20 years. What are these people to do?

The Kennedy amendment is very simple. It says that providing some continued support for those who have lost their jobs through no fault of their own is more important than providing some

of these tax cuts that are proposed in this legislation.

It makes sense for the individuals, and it makes sense for the economy. We are talking about trying to stimulate the economy. Extended unemployment insurance benefits are scheduled to stop and that will withdraw that much purchasing power out of the economy.

So I urge my colleagues to be supportive of this amendment. We face a worsening economic situation. Unemployment is rising. The opportunities in the job market are shrinking. We need to provide help to our workers and to their families to help them through this very difficult period. The Kennedy amendment seeks to do that.

The unemployment insurance trust funds have surpluses of almost $20 billion.

The PRESIDING OFFICER (Ms. COLLINS). The Senator's time has expired.

Mr. SARBANES. Madam President, I yield myself 30 more seconds.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. SARBANES. The unemployment insurance trust funds have surpluses of approximately $20 billion. These moneys were paid into the trust fund for the announced purpose of paying unemployment insurance benefits in an economic downturn. Now we have an economic downturn. We have people out of work. We have the job market worsening, not improving. These surpluses ought to be used for the purpose for which they were intended; and that is, to provide extended unemployment insurance benefits. And those benefits ought to come ahead of any of the tax cuts.

I urge my colleagues to support the Kennedy amendment.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

The Senator from Montana.

Mr. BAUCUS. Madam President, I ask unanimous consent that the pending amendments be temporarily set aside so the Senator from Washington can offer an amendment.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The Senator from Washington.

AMENDMENT NO. 577

Ms. CANTWELL. Madam President, I call up amendment No. 577.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Washington [Ms. CANTWELL], for herself, Mr. NELSON of Florida, and Mr. BAUCUS, proposes an amendment numbered 577.

Ms. CANTWELL. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The amendment is as follows:

Ms. CANTWELL. Madam President, I rise today, along with my colleagues, Senator NELSON of Florida and Senator BAUCUS, to offer an amendment to revise and extend the research and development tax credit.

I know my colleagues will be familiar with this amendment, but I want to clarify three things this amendment does. First, it will extend the research credit through June 30, 2014, which is the end of this reconciliation period. Second, it will increase the rates of the alternative incremental credit; and third, it will create a new alternative simplified credit for qualified research expenses.

This language is identical to the language that was originally included in S. 664, introduced by Senator HATCH from Utah and cosponsored by 27 bipartisan Senators. The amendment pays for this tax credit by eliminating the underlying legislation's section reducing the dividend tax credit.

Since its increment in 1981, the research tax credit, I believe, has demonstrated that it is a powerful incentive for companies to increase research spending. The tax credit lowers the cost of doing research in the United States, so it encourages companies to continue to make investments in critical R&D. The bottom-line benefit is that research and development creates new jobs in the United States.

The current R&D tax credit is expected to expire on June 30, 2004. Many of my colleagues know we play this annual game of continuing to say the R&D tax credit is important, but not renewing it on a permanent basis, thereby saying to companies and organizations: You don't know whether you will actually get this research credit or not. It is important for companies to have access to this information because the kind of planning it takes to do research and development, to increase productivity in America, is not necessarily done in 1 year or 2 years. The major investments in nanotechnology and biotechnology, in software, and in the computer sciences take several years of investments. So what we are talking about is giving businesses the predictability they want to see in research and development so they can move ahead.

The long-term nature of these research projects, I believe, is something Congress should recognize today and make part of a priority package for reinvigorating America. This is a tried and true program, again, for creating jobs in America.

In this tax cut bill—we are trying something that is new, effectively saying, let's cut taxes on dividends for individuals, and hope it trickles down to create jobs in America. We know the R&D tax credit works—it works, and it works effectively.

The point I want to make to my colleagues is, what we need to understand, is the changing nature of businesses today in an information economy. So many of the businesses that have been the great engines of growth in the 1990s are companies that now spend 27 percent of their overall dollars on research and development. So research and development has become a bigger percentage of a company's overall plans, and predictability about that research and development has become more important.

That is why two years ago Federal Reserve Board Chairman Alan Greenspan told a Senate Budget Committee:

Had the innovations of recent decades, especially in information technologies, not come to fruition, productivity growth during the past five to seven years, arguably, would have continued to languish at the rate of the preceding twenty years.

So here was someone in charge of advising us on Federal investment and tax policy basically saying these companies have been able to invest in R&D, and have gotten us to that productivity rate we are so interested in. So why aren't we including that in this package—something we know is tried and true, something we know many organizations have come before us to argue for, asking, why not make this permanent? So in my amendment, we expand that tax credit through June 2014—which will help the economy turn around.

I would like to enter into the RECORD comments—I have no idea where my colleague will be on this particular amendment, but I would like to enter into the RECORD, or reenter into the RECORD, I guess—comments from my colleague from Utah, who I think spoke eloquently on this particular issue. As my colleague from Utah said:

As it stands, companies have to take account of the fact that Congress could allow the credit lapse for a few months, as it did a number of years ago. So companies hedge their bets, they spend a little less on R&D, and our economy suffers as a result. By contrast, permanence helps planning. The sooner we make this permanent, the sooner companies can begin to enlarge and expand their research and development units, and the sooner their innovations will strengthen economic growth.

He quoted a variety of studies that I think are very important. He went on to say:

A permanent extension of this credit may seem costly in terms of lost revenue. However, when you consider the value this investment will create for our economy, it is a bargain. In fact, one study estimates a permanent research credit would result in our gross domestic product increasing by $10 billion after 5 years and by $31 billion after 20 years.

The Senator is quoting a study and analysis of various economists who are saying this is really how we get to productivity in our economy. I am quoting the Senator because I believe in what he said.

I understand my colleagues may not think that now is the time for this particular amendment. I argue that it is exactly the time for this amendment because let's think about it. Who has created jobs in the last decade? Who has stimulated our economy to move

forward? It is a lot of companies that have invested in R&D. It is the Microsofts. It is the Amazons. It is the variety of companies from my State and others that have made the investments which increase the productivity of their workforce, where they can then hire new people as new products and services are delivered.

That is something with which we have had good experience. I want to get back to 3.5-percent economic growth. I know the economic engine that will take us there will be these companies and corporations that know about producing product and services in an information age economy. What they tell us is important to them, is making permanent the R&D tax credit. They say this because there is currently no certainty—they come to us every few years to try to understand whether we are going to give them these tax credits.

I ask unanimous consent to print in the RECORD a statement from the R&D Credit Coalition.

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

RESEARCH EQUALS JOBS GROWTH AND ECONOMIC GROWTH

NOW IS THE TIME TO STRENGTHEN AND MAKE PERMANENT THE R&D TAX CREDIT

Productivity growth in recent years has been driven by the combination of accelerated technical progress and the resultant investment in tangible capital assets, research and development, human capital, and public infrastructure.

Technological innovations have accounted for more than one third of our nation's economic growth during the last decade and are critical to sustained growth in the future.

With government support, private investment in R&D would fall short of the socially optimal amount. (Congressional Research Service, ''Small Business Tax Relief: Selected Economic Policy Issues for the 107th Congress'' (RL31052))

The research credit creates jobs. More than 90 percent of the costs eligible for the credit are salaries and wages paid to researchers. The only way for a company to increase its credit is to increase its R&D payroll in the U.S.

First authorized in 1982, the credit has been reauthorized 8 times (with a gap from June 1995 to June 1996). The current credit expires in June 2004. However, its effectiveness is limited because businesses cannot rely on it in their long-term planning, and most R&D projects are long-term.

In order to provide stability and broaden the reach of this proven incentive, Congress should make the credit permanent, increase the rate for the alternative incremental credit (AIRC), and provide an alternative simplified credit calculation to induce even more research-intensive businesses to undertake additional research spending.

A bolstered and permanent R&D tax credit is essential to US competitiveness. In a global economy, many companies can choose where to conduct their R&D. A 2000 study based on OECD data that measures the impact of government fiscal support for R&D shows that Spain, Portugal, the Netherlands, Canada, Australia, and Japan each provide more generous—and permanent—fiscal incentives for R&D investment than those provided for by the United States.

Private investment in R&D results in new medicines, medical technologies, cleaner manufacturing technologies, advanced weapon systems and other tools in the war on terror.

Ms. CANTWELL. They write:

Growth in our high tech economy depends on solid R&D, and there is no good reason to delay making the credit permanent. A permanent tax credit will go a long way to providing the planners and investors the certainty that they need.

Another document by that same coalition states that research jobs that are created by this R&D are quite significant; that more than 90 percent of the costs eligible for credits from the R&D tax credit go directly into salary and wages of researchers. So the only way for the company to go ahead and increase the credit is to get an R&D payroll. That is what we are talking about, getting the R&D payroll.

We are sitting here discussing how we are going to move forward. I know my colleagues have a variety of ideas. We all probably have ideas that we think are an avenue or path within this tax proposal that will be effective. I know as somebody who has been in the private sector, has seen a company grow from 10 people to 1,000 people in a short time, the major focus of that company was in research and development.

Let's turn our attention to those very companies that we think are the basis for our future. We still see great growth and opportunity in medical devices and research. We see great opportunities in biomedicines, as I mentioned, in nanosciences, in computing sciences, in supercomputing. We see great opportunity in energy technology, in the new energy economy we think will be so important. We certainly see from the State of Washington how the great investment in software and communications technologies can move our country forward.

Let's take this amendment that I believe is a bipartisan amendment supported by many of my colleagues and say that this is a priority. Let's not make these organizations, which have been the engine of job creation, continue to come back to us as we pass the largest tax cut without including something that the very job creators have told us they need to move forward.

I urge my colleagues to support this amendment. Let's make the research and development tax credit permanent.

I retain the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. BAUCUS. Will the Senator from Washington yield me 10 minutes?

Ms. CANTWELL. I yield the Senator from Montana as much time as he needs.

Mr. BAUCUS. Madam President, the R&D tax credit has been an issue before us for quite some time, almost as long as I can remember since I have been in the Senate. The basic questions are, Should we extend the R&D tax credit and, second, should we make it permanent? Much too often the Congress has decided, yes, to extend the credit, which I agree with, but not to make it permanent. For the life of me, I cannot understand why we have not made this credit permanent.

I have introduced legislation, bipartisan legislation, which Senator HATCH and myself introduced, to make the R&D tax credit permanent. Similar legislation has also been introduced in the other body by Congresswoman NANCY JOHNSON and Congressman ROBERT MATSUI, along with other members of each of their parties. This is bicameral. It is bipartisan. We believe very strongly that the research and development tax credit should be made permanent. In fact, there are about 28 sponsors of our legislation in the Senate. It is about evenly divided between both sides.

I would like to make a couple of points. The very bottom line is, this amendment will very much help the American economy. Making the R&D tax credit permanent will give U.S. businesses, particularly in the technology sector, the confidence that those companies can invest in research and development and not have to keep guessing whether Congress is going to extend or not extend this tax credit.

I can remember years past, sometimes we would extend it and other times the Congress would not extend the R&D tax credit. There would be a hiatus. I have forgotten how long those gaps were, but, as I recall, they were in the nature of 8 months, 10 months, something like that. Technology companies were wondering, is Congress going to extend the credit? They have in the past. Maybe they will in the future—but will they? This causes great uncertainty in the business world.

The R&D tax credit has a proven track record. It lays the foundation for technological innovation which in turn is an extremely important driving force in the American economy.

Most economists look to productivity gains. When there are productivity gains in the economy, the economy grows. When we have had high productivity gains, our economy has done quite well. In fact, it is important to recall the words of Chairman Alan Greenspan of the Federal Reserve who said, the reason why our economy has continued to grow so well is because of advances in technology that occurred in America and also in the world, which dramatically increased productivity in our country. This is one of the main reasons the economy grew at such a rapid rate in the 1990s.

Granted, some of that was, as the Chairman would say, irrational exuberance. There was a bubble in effect at the time. There were too many people investing because the idea sounded good, without looking closely and directly at the bottom line, whether it was a good investment or not. Nevertheless, it is very clear that technology was a driving force in the 1990s.

There is extensive research showing that tax credits are a very cost-effective way to promote research and development. The General Accounting Office, the Bureau of Labor Statistics, the Congressional Research Service, the National Bureau of Economic Research, and many others have found significant evidence that the R&D credit stimulates additional domestic R&D spending by U.S. companies. Perhaps more importantly, the R&D investment tax credit benefits American companies and American workers.

A full 75 percent of the R&D credit dollars are used for salaries of employees associated with R&D activities. These are good paying jobs. These are not service industry jobs at the local fast food store. These are very high paying jobs.

Seventy-five percent of the R&D tax credit dollars are used for salaried employees associated with R&D activities. R&D activity creates some of the most intellectual, stimulating, high-paying, high-skilled jobs in the country, encouraging individuals to pursue advanced science and math degrees in order to obtain these job opportunities. That clearly is a big plus for our economy. They create more disposable income for employees which provides additional indirect returns to the economy.

There are ripple effects. Innovations achieved through R&D make a company much more productive, enhances its competitiveness. Downstream companies are also helped. Once a company develops a new product because of research, in most cases, downstream companies get benefits as well—to say nothing of the national security benefits. The more our technology companies engage in research and development, the more likely it is that we are going to have technological advances and developments that help our national security. That, too, is a given.

There is no doubt that if R&D is going to decrease generally, national security is also going to decline. Did you know that the United States lags far behind other countries in giving incentives to businesses to invest within its own borders? Most of our trading partners offer very generous tax and nontax incentives to encourage companies in their countries to invest in R&D. These incentives lower the cost of investing in R&D outside of the United States and give companies receiving these benefits outside the United States a competitive advantage over U.S. companies that don't benefit from similar incentives.

In 2000, the United States ranked ninth behind other nations, in terms of the amount of tax credit allowances for business R&D spending at large manufacturing firms. Countries that provide more generous R&D tax benefits than the United States include Spain, Canada, Portugal, Austria, Australia, the Netherlands, France, and Korea.

This disparity encourages U.S. companies to locate more R&D activities offshore, resulting in a permanent loss of technology advancements, loss of jobs, and a loss of industrial innovation in the United States. Once R&D moves offshore because of other countries giving a tax comparative advantage, then what happens? Then companies tend to manufacture in those same locations and often use available labor in those markets, rather than American workers. Once you are in a location for a period of time, you are more likely to stay. You learn the procedures and the ropes and you feel comfortable. The country starts to be comfortable with you and they start giving you more incentives to stay there. It starts to cascade and go downhill.

I remember years ago, in Saudi Arabia, I was talking to officials there, and the big question was, Who is going to provide the technical advice in setting up a phone system in Saudi Arabia? Is there going to be a big German company, such as Siemens, or an American firm? Which firm will provide the technological specifications for a telephone system in Saudi Arabia? Well, guess what happened. A U.S. company lost; the big German company won. What is even more important about that? Guess who built the telephone system? You got it, the German company.

In this case, I am talking generally about R&D going offshore. Once your foot is in the door offshore, there is a strong likelihood that there are going to be other benefits that will accrue to those other countries, not to the United States.

The timing of this proposal is very important. There is new data compiled for R&D Magazine that projects that U.S. companies spending on R&D will be mostly flat this year, 2003. This makes for flat growth for the second year in a row. This compares with 2001, when R&D spending grew by 5 percent over the previous year. Investment in R&D is not a function of simply economic uncertainty. Businesses often invest less in R&D because of the expense and the long-term planning requirements and the difficulty of capturing all or some of the returns from the investments.

Many economists generally agree that without government support, private sector investment in R&D often falls short of the optimal level of spending necessary to provide maximum benefits to the U.S. economy. There has to be some government assistance. I might add that other countries certainly provide a lot more government assistance to their companies than we Americans do for our own U.S.-based companies—at least in the area of R&D.

One can debate the degree to which there should be any government support to the private sector. I believe there should be support in some cases. In this case, when it comes to R&D, it is clear that we want to maintain productivity advantages, technological advantages, and good jobs for American workers. We want to be as competitive as we can be in the world because that benefits the United States not only in the short term, but very much in the longer term.

Investments by U.S. businesses in research and development can prove very costly over time. Leading edge competitors in Europe and Japan continue to gain ground.

To sum up, we are presented with a great opportunity. What is it? That opportunity is to make our current R&D tax credit permanent—at least as much as we can under the constraints of the bill; second, we also have an opportunity to modify the tax credit to include the additions suggested by the Senator from Washington that will make the credit even more meaningful, including the incremental changes in the credit rates and the addition of a third credit option that is in this legislation.

Madam President, this is a no-brainer. I cannot, for the life of me, understand why this amendment won't pass. That is not just a glib statement that rolls easily off my tongue into the Senate Chamber. I just think that if the tradeoff is between research and development on the one hand, and helping American companies with more incentives to do more R&D on the other hand, compared with the accelerating reduction of the top rate or, in the alternative, of the dividends proposal, we have to make choices as to which is more likely to help this country get more jobs in the short term and in the long term.

I think the answer to that question is pretty easy and clear, and that answer is by making the R&D tax credit permanent. So I argue very strongly in favor of this legislation and this amendment offered by the Senator from Washington. She is on the right track. I think we should pay attention to what she says. She is from Washington. The State of Washington is the home to a lot of high-tech companies.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. BAUCUS. I thank the Chair and I thank my good friend from Washington.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. Madam President, first of all, I think it is pretty unanimous in this body about the need for the R&D tax credit, and I think it enjoys pretty broad support. I suppose it is not a case of ''if'' we will do it; it is a case of ''when'' and exactly how. I would say there is probably not much disagreement within this body yet. I have visited with my colleagues so much during this debate about the purposes of the legislation and the balance that we brought to this between investment and enhancing consumer spending, and between those things that are tax reductions versus tax expenditures, it is this balance that I want to preserve in this legislation.

Every attempt we have had, as well intended as it is, obviously, takes away

from the job creation aspects of our tax reduction. It is to do something special and, in many cases, is worthy, but it detracts from the overall approach to our legislation. So this is another example where I must rise in opposition to an amendment, but not because of the good intent or because I have a disagreement with the amendment, but because of how it is accomplished. And most of that is on the side of where they take the money to pay for the proposal in this amendment, or any other amendment that we have had before us.

I am very confident that we will extend the R&D credit this year. I call the attention of my colleagues to the fact that the President has proposed extending it in his budget. I note that the extension is paid for in this amendment by eliminating partial exclusion of dividends, and this exclusion of dividends is meant to encourage the investment we are talking about here.

Obviously, the amendment on R&D is a tax incentive to encourage R&D, and it takes a lot of R&D to get jobs, but it is a very indirect way of creating jobs, whereas we believe the dividend exclusion, at least if it were fully implemented the way the President proposed, and I know our underlying legislation does not do that, but at least the way the President proposed, according to economists, would create 400,000 new jobs, besides making our capital costs for our industry much more competitive with those of our competition internationally because our cost of capital is as high as that of any nation with which we compete.

If we were to adopt the President's program, it would put us in the middle of the advanced nations for cost of capital and make us much more competitive.

This detracts from the investment efforts in our legislation which is where the money is being taken to pay for the R&D amendment.

I say to the Senator from Washington that I look forward to working with her at another time—not this time—to extend the R&D credit down the road.

There is another point that should be made about the R&D credit, and that is that it does not benefit all businesses and taxpayers equally or apply as broadly as do the provisions of this underlying growth bill that I have been trying to demonstrate is a well-balanced bill to create jobs. It is well balanced between larger businesses and smaller businesses, particularly where it brings equity between a corporation form of business and individual proprietorship form of business. It does that by eliminating the bias in favor of corporations that is in our present tax system.

I look at R&D credit as not benefiting all businesses equally as our underlying bill does. The R&D credit provides a benefit to a limited number of large corporations in certain industrial sectors. While the purpose of the R&D credit is very important, as it encourages higher levels of technology development and innovation which brings about greater productivity, it does not help small businesses that will provide so many new jobs for the economy under our underlying legislation.

I ask the Senator from Washington to think about whether or not she has checked with organizations or their tax representatives that support R&D credits. I think the last thing they would want to happen is for the extension to lose at this time. If they want their extension—and I am sure they do, and I have indicated a willingness to work on this—they should be working with the Finance Committee and not against it as we try to accomplish this goal.

Right now, I have to consider this amendment counterproductive in that it slashes job-creating provisions to give generous tax breaks to large corporations to do research and development. Many may ask: Why do rich corporations need a tax break to do something that is essential to their business anyway?

As I indicated, I do support the R&D tax credit, but I also support, more importantly and more eminently, the provisions of this bill which are more broad based in helping to create jobs and doing it in a balanced way, not in the targeted way of this amendment.

There is nothing wrong with the amendment. It is just the wrong time and wrong place. I ask my colleagues to vote against it.

The PRESIDING OFFICER. The Senator from Washington.

Ms. CANTWELL. I thank the Chair.

Madam President, I have the utmost respect for the Senator from Iowa and his comments about the R&D tax credit amendment and his great work on trying to put together a package to bring before the Senate. It is clear that my colleague from Iowa has had a tough challenge working with a variety of people, and I am sure he will face an even tougher challenge working in conference with the House of Representatives and the White House on their priorities.

I respect his commitment to working on the R&D tax credit expansion or permanency and I take him at his word that he is very earnest and will work towards this.

I guess the reason we are bringing this up today is that we do have a fundamental difference about how to move forward with the economy and where the White House is on this proposal. What I am trying to say is not extension of R&D, but permanent R&D tax credits are a better economic stimulus than what the current underlying proposal gives to the American public.

Let's think about it: A dividend tax cut that would give some money back to investors who may or may not reinvest that versus companies that have proven they have taken the R&D tax credit and turned that into new products and services, and have hired people to, in fact, do the R&D which we are talking about. I think we can easily look at history and say corporations have done a better job of that because they know what products and services can be created in the marketplace and have used this incentive to do that.

The second point I wish to make is that small businesses can take advantage of this credit. In fact, in the past decade we saw a lot of increases in productivity by large corporations because they were able to take advantage of research and development and new technologies, and they were able to deploy that, while small businesses that had less flexibility, not as much revenue, and had smaller operations had a much harder time making those productivity improvements.

I have heard from small businesses throughout our State that said: I am a subcontractor, or I do business with some of the larger companies in the State, but our computer systems and our software do not communicate. The way I now have to talk to my customers and providers of service I work with throughout the State is being challenged by new systems and operations, and I need to upgrade and move forward. So small businesses, to maintain their competitive edge, also need help in the research and development area.

Oftentimes it is the small business that is created prior to becoming a large organization. As I said, the companies that grow from 10 jobs and take advantage of R&D tax credits and then grow to 1,000 jobs are the very companies about which we are talking. So both small and large companies will benefit.

The third point is that this is about priorities. In an information economy, it is very important for us to keep our deficits down and to get access to capital.

Think about it. In the industrial age, when we were making automobiles, Mr. Ford said: Just give me the hands. I do not even need the brain that goes with it.

Why? Because it was about a manufacturing process, that was not necessarily about the worker, and the increase in productivity. The process and system had been set in place.

Well, the information age is just the opposite of that. It is all about new ideas in a global economy where information flows quickly and competition is created quickly, and whether we are going to maintain our competitive edge by making the right levels of R&D investment.

Actually, the U.S. economy is so strong in biotechnology, in pharmaceuticals, and in software. Why? Because we make the investment in R&D that keeps that technological advantage in an information age.

So while some of my colleagues, argue that a dividend tax break is an issue of fairness, I say there are lots of things about our Tax Code that I do not think are particularly fair. But

given the 7 percent unemployment rate in my State of Washington, with over 2 million jobs lost and no sight of what we are going to do to stimulate the economy that will create jobs, it is imperative to make this tax credit permanent now.

My colleague has offered to look at this at another time. But the issue is, are we going to make it permanent at another time? In an information age this is the best thing we could do for companies that are spending almost 30 percent of their company's overall expenses in R&D. An information economy means so many new products and services are going to come into creativity by thousands of ideas floating around, things that we never even imagined before—who thought 20 years ago we were going to be buying our books online or communicating with global media through the Internet? But those are the products and services that have been created. The good news is we are at the infancy of this information age. So let's take advantage of that. Let's harness that information age economy with one of the best tools we have to encourage them, and that is make permanent the R&D tax credits so those products, those services, those job-creating activities, will take place in our economy.

If we asked economists, or asked businesspeople, sure, they would like both. I am sure there are people who would say: Give us the dividend and give us the R&D tax credit. But ask them to prioritize, and I have no doubt they would say the R&D tax credit is more important because they know it will give them certainty and predictability in a time and age where research and development is going to be the way for us to continue the productivity.

Make no mistake, that opportunity for productivity is great. We had great increases during the industrial age—a constant 3½, 4, 5 percent economic growth in the last decade. If we harness the ability for new products and services by making the right level of investment in research and development, we can have that kind of productivity increase and we can have that kind of GDP.

For all of us here, we want to get back to that. We want to get back to having families who have jobs and communities that are healthy and a government that can own up to its responsibilities in the future for Social Security and Medicare. So let's make the investment now.

This is about making a priority statement today. It is about saying that R&D tax credit has a higher priority and ranking over some of the proposals that are in this bill, and that it will benefit both small and large companies, and ultimately will benefit many Americans by getting them employed.

I yield the floor.

The PRESIDING OFFICER. The Democratic whip is recognized.

Mr. REID. I ask unanimous consent that the pending amendment be temporarily set aside and ask that the Senator from Vermont be recognized to offer an amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The Senator from Vermont is recognized.

AMENDMENT NO. 587

Mr. JEFFORDS. I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Vermont [Mr. JEFFORDS] proposes an amendment numbered 587.

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

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

The amendment is as follows:

(Purpose: To accelerate the elimination of the marriage penalty in the earned income credit)

After section 107, insert the following:

SEC. 107A. ACCELERATION OF MARRIAGE PENALTY RELIEF FOR EARNED INCOME CREDIT.

(a) IN GENERAL.—Section 32(b)(2)(B) (relating to joint returns) is amended by striking '''increased by—'' and all that follows and inserting ''increased by $3,000.''.

(b) INFLATION ADJUSTMENT.—Clause (ii) of section 32(j)(1)(B) (relating to inflation adjustments) is amended to read as follows:

''(ii) in the case of the $3,000 amount in subsection (b)(2)(B), by substituting 'calendar year 2003' for 'calendar year 1992' in subparagraph (B) of such section 1.''.

(c) CONFORMING AMENDMENT.—Section 303(i)(2) of the Economic Growth and Tax Relief Reconciliation Act of 2001 is amended by striking ''2004'' and inserting ''2003''.

(d) ADJUSTMENT OF HIGHEST INDIVIDUAL INCOME TAX RATE.—In lieu of the rate specified for taxable years beginning during calendar year 2003 and thereafter in the last column of the table contained in section 1(i)(2) of the Internal Revenue Code of 1986, as amended by section 102(a), the Secretary of the Treasury shall adjust such rate for 1 or more of such taxable years to provide such revenues as are necessary to equal the loss in revenues which would result in the enactment of the amendments made by subsections (a), (b), and (c) of this section.

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2002.

(2) CONFORMING AMENDMENT.—The amendment made by subsection (c) shall take effect on January 1, 2003.

Mr. JEFFORDS. Madam President, when we passed the last big tax package in 2001, we included in the bill a title called ''Marriage Penalty Relief.''

That title had three sections aimed at easing the burden faced by taxpayers, who find themselves paying higher tax bills after they get married than what they would have paid if they had stayed single.

One of these provisions increased the standard deduction for married taxpayers, so that it would equal twice the amount of the standard deduction allowed single taxpayers, making marriage an advantage.

The second provision increased the size of the 15 percent income tax rate bracket for a married couple to twice the size of the corresponding bracket for a single taxpayer.

The third provision addressed the marriage penalty in earned income tax credit, and provided for a larger credit for married couples. All three of these provisions were phased in gradually, not becoming fully effective until 2008 or 2009.

The bill under consideration today accelerates the scheduled phase-in of two of the three marriage penalty relief provisions we adopted in 2001.

The standard deduction marriage penalty relief is accelerated to 2003. And the expansion of the 15 percent rate bracket for married couples is similarly accelerated to 2003.

There is no acceleration, however, of the marriage penalty relief for taxpayers who claim the earned income tax credit. The earned income tax credit, the EITC, provides an income supplement for low-income workers.

It is one of the Nation's most effective anti-poverty programs. It was the brainchild of the late Senator Russell Long, whose death we sadly recognized yesterday, who characterized it as a ''work bonus'' and Senator Long called it one of his proudest accomplishments.

However, the way the EITC is presently structured can result in high marriage penalties. Two single, low-income workers may be entitled to a much smaller EITC from their combined incomes when they get married than what they would have gotten separately had they stayed single.

Take, for example, a man and a woman, each with an income of $15,000, and each with one child. If they are single, each can claim an EITC benefit of roughly $2,750, a total of $5,500.

However, if they get married and combine their incomes, the EITC that they can claim is only $1,200. This is a marriage penalty of $4,300, 14 percent of their combined income.

Think of a young couple who finds they have an unexpected pregnancy. If they get married, they have to pay an additional $4,300 in taxes. That is not a very good situation.

The 2001 tax bill addresses this problem by increasing the EITC allowed to married low-income taxpayers. But this provision is gradually phased-in and does not become fully effective until 2008. So we have a gap.

My amendment calls for acceleration of the phase-in of the EITC marriage penalty relief. It will benefit working families with incomes between $15,000 and $37,000.

I propose to pay for this amendment by paring back the reduction in the top rate in an amount sufficient to pay for this amendment. This would mean a relatively modest decrease in the reduction in that top rate. We believe it is less than one-quarter of 1 percent.

I have been involved in trying to fix the problems of the marriage penalty since the 1970s, when I co-sponsored the first bill with Congresswomen Millicent Fenwick, who was a pioneer in fighting this problem. I would like to remember her.

If we are going to accelerate marriage penalty relief, we should do it for the poorest of the poor. These people really feet the effects of the marriage penalty.

In testimony before the Senate Finance Committee two years ago, a representative from H. and R. Block, which prepares returns for many low-income taxpayers, expressed the opinion that the EITC marriage penalty had a real detrimental effect on the choices of low-income taxpayers.

In other words, it deters marriage and adversely affects family life.

The EITC marriage penalty relief is also the most effective economic stimulus of any of the marriage penalty relief provisions. It is targeted at low- and middle-income workers, who are most likely to spend any additional funds.

A considerable amount of this bill is targeted to help the very richest taxpayers. Roughly $35 billion goes towards reduction of the top income tax bracket, which doesn't kick in until a couple's income is over $300,000.

Another $80 billion goes toward the exclusion for dividends, which will not affect most taxpayers. In my state of Vermont, about seventy percent of the taxpayers have no dividend income.

My amendment is modest. It costs about $4 billion over several years. We can make room for this amendment in this bill. We should not overlook those who need help the most.

I urge my fellow senators to support this amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is not a sufficient second.

Mr. BAUCUS. I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second?

At the moment, there is not a sufficient second.

Mr. BAUCUS. Madam President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Democratic whip is recognized.

Mr. REID. It is my understanding the Senator has completed debate on this amendment.

I recognize the Senator from Kentucky, who, as the gentleman he is, very graciously allowed the Senator from Vermont to go first. The Senator from Vermont had been waiting for a long time. We appreciate the courtesy of the Senator from Kentucky.

The PRESIDING OFFICER. Is there objection to setting aside the pending amendment?

Hearing no objection, the Senator from Kentucky is recognized.

Mr. BUNNING. Madam President, I will shortly offer an amendment to the pending bill. We need to have just a little time for consideration of this amendment. It is not complicated. It is very straightforward and to the point. We have a need to have our majority leader show up on the floor to make a statement before I offer the amendment. Therefore, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. ALEXANDER). Without objection, it is so ordered.

UNANIMOUS CONSENT AGREEMENT

Mr. FRIST. Mr. President, I ask unanimous consent that following my remarks, Senator BUNNING be recognized to offer an amendment for himself, Senator MCCONNELL, and others, regarding taxation of Social Security benefits; provided further that there be 1 hour equally divided in the usual form. I further ask consent that following the conclusion of time, the amendments be set aside and the Senate proceed to vote in relation to the Bunning amendment, to be followed by a vote in relation to the Dorgan amendment, No. 556, at a time determined by the majority leader, after consultation with the Democratic leader; further, that no amendments be in order to the amendments prior to the votes.

The PRESIDING OFFICER. Is there objection?

Mr. REID. No objection.

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

Mr. FRIST. I ask unanimous consent when the Senate resumes consideration at 9:15 of S. 1054, on Thursday, May 15, that all time under the statutory limit be expired; I further ask consent that the Senate then proceed to a series of stacked votes on or in relation to the pending amendments in the order offered, beginning with the Bunning amendment, provided that there be 2 minutes equally divided for closing remarks prior to vote in relation to any of the amendments pending from Wednesday's session.

I further ask consent that following the disposition of the pending amendments and any other offered amendments, the bill then be read a third time, the Senate then proceed to the consideration of H.R. 2, all after the enacting clause be stricken and the text of S. 1054, as amended, if amended, be inserted in lieu thereof, the bill then be read a third time and the Senate then proceed to a vote on passage of the bill, with no intervening action or debate. I further ask consent that following that vote, the Senate insist on its amendment, request a conference with the House, and the Chair be authorized to appoint conferees on the part of the Senate with a ratio of 3 to 2. Finally, I ask consent no points of order be waived by this agreement.

Mr. REID. Reserving the right to object, Mr. President.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. As I said earlier this morning, we have two of the most experienced Senators that we have in the Senate managing this bill. We would not be at the point we are today but for the good work of the two Senators, the Senator from Iowa and the Senator from Montana. It doesn't matter how you feel about the underlying bill, the work that has been done on the floor by these two men here today has been outstanding, and that is why we are able to enter into this agreement. There is no objection on this side.

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

Mr. FRIST. Mr. President, I ask unanimous consent that immediately following passage of H.R. 2, the Senate proceed to Calendar No. 86, H.R. 1298, the Global AIDS bill. I further ask unanimous consent that only relevant first-degree amendments be in order; further, that only second-degree amendments which are relevant to the first-degree amendment to which they are offered, when offered, be in order; that upon disposition of all amendments the bill, as amended, if amended, be read a third time and the Senate then vote on passage of the bill without further intervening action or debate.

The PRESIDING OFFICER. Is there objection?

Mr. REID. No objection.

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

Mr. FRIST. Mr. President, just to summarize very quickly, let me restate what the assistant Democratic leader said. A lot of discipline and organization has taken us very successfully to this point. We encourage people who are going to be offering amendments either tonight or tomorrow to report that and discuss that with the two managers of the bill.

At 9:15 tomorrow morning, all time will have been exhausted and we will start at 9:15 with our voting on whatever pending amendments there are based on what has been carried out so far today and tonight. We will be looking at those amendments starting at 9:15 in the morning. If additional amendments arise, they will be considered after the disposition of all of the pending amendments. We will have final consideration and passage of this bill tomorrow at the conclusion of that sequence of votes.

Immediately following passage, we will go to the global HIV–AIDS bill, and I intend to complete that bill this week as well.

Thus, tonight we expect no further rollcall votes and our voting will begin at 9:15 sharp tomorrow morning.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. One area of clarification: I am confident there is no problem. We want to make sure motions to waive would also be in order on these amendments that are pending.

Mr. FRIST. Mr. President, we understand that. That is correct.

The PRESIDING OFFICER. Under the previous order, the Senator from Kentucky is recognized.

AMENDMENT NO. 589

Mr. BUNNING. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Kentucky [Mr. BUNNING], for himself and Mr. MCCONNELL, proposes an amendment numbered 589.

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

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

The amendment is as follows:

(Purpose: To amend the Internal Revenue Code of 1986 to repeal the 1993 income tax increase on Social Security benefits)

At the appropriate place, insert the following:

SENSE OF THE SENATE ON REPEALING THE 1993 TAX HIKE ON SOCIAL SECURITY BENEFITS SECTION .

SECTION .

(a) FINDINGS.—

The 1993 tax on Social Security benefits was imposed as part of President Clinton's agenda to raise taxes;

The original 1993 tax hike on Social Security benefits was to raise income taxes on Social Security retirees with as little as $25,000 of income;

Repeated efforts to repeal the 1993 tax hike on Social Security benefits have failed; and

Seniors rely on Social Security benefits as well as dividend income to fund their retirement and they should have taxes reduced on both sources of income:

(b) Sense of the Senate—

It is the Sense of the Senate that the Senate Finance Committee should report out the Social Security Benefits Tax Relief Act of 2003, S. 514, to repeal the tax on seniors not later than July 31, 2003, and the Senate shall consider such bill not later than September 30, 2003 in a manner consistent with the preservation of the Medicare Trust Fund.

Mr. BUNNING. Mr. President, I am offering an amendment as a sense of the Senate on the Social Security tax; that the 85-percent tax repeal be set at a certain time during the year 2003 and final consideration of the bill be no later than September 30, 2003. I want to bring the Senate up to date on this specific tax.

Prior to 1993, seniors were taxed on 50 percent of their Social Security benefits if their incomes were above a certain level. This money went back into the Social Security System. In 1993, Congress passed a provision requiring that 85 percent of a senior's Social Security benefits be taxed if certain income levels were met. This additional money went back into the Medicare system. This tax was unfair to seniors back in 1993, and it certainly is unfair today.

The amendment I am offering as a sense of the Senate allows the Finance Committee to pass legislation by July 31, 2003, which repeals this unfair tax to our seniors and requires the Senate to act on this legislation no later than September 30, 2003.

I am offering this amendment to counter an amendment that would destroy the very bill that is before us. An unwise amendment by the Senator from North Dakota would repeal this tax and thus reduce the amount of tax reduction for our country and for our citizens.

I want to try to put this in a little perspective for the American people, for my fellow Senators, and you, Mr. President.

In the overall aspects of the budget bill, the total amount as far as this bill is concerned is a reduction of $350 billion in tax reductions. Our economy is a $10 trillion-per-year economy. How minuscule is the tax reduction? If you look at the overall bill as a 10-year bill, and the overall economy as a 10-year economy, we are looking at about $120 trillion, and we are talking about $350 billion in that $120 trillion economy as a tax reduction.

If the amendment of the Senator from North Dakota is agreed to, we will have no tax reduction, not even a dividend tax reduction, as minuscule as it is, and not any of the advanced tax reductions we passed in the year 2001.

If we want to take action to create jobs, and if we want to do it as quickly as we can, my amendment allows us to vote on the reduction in the Social Security tax from 85 percent to 50 percent later on—after we get this job-creating incentive bill into conference, out of the Senate, and back to the floor of the Senate for a final vote.

I want you to know that seniors age 65 and older depend on taxable dividends. These are real Americans who need this money because they are on fixed incomes. They have to scramble and scrimp to have enough dollars to live on fixed incomes. This will allow just a portion of that dividend income to be tax free. Seventy-one percent of all taxable dividends go to Americans who are over age 55. With the rising cost of prescription drugs, seniors depend on this income from dividends. If we can make just a little bit of it tax free, that will be a big help for those senior citizens—15 percent of seniors' total income, but 50 percent of dividend income in this country comes to those senior citizens.

Under the President's package, 99.8 million seniors would have saved $936 a year. That was the President's proposal. We cut that more than in half.

I just think it is a wrongheaded way to approach the reduction of this ominous tax on senior citizens, particularly those who definitely have no other income except Social Security.

I hope the Senate will consider this as a sense of the Senate to make sure we get to this bill before the end of this legislative calendar.

I yield the floor.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. MCCONNELL. Mr. President, I commend my friend and colleague from Kentucky, Senator BUNNING, for his excellent amendment.

What we are hearing from the other side of the aisle is that they do not want the dividend exclusion, and they want to finally address an issue they created 10 years ago, which is this additional tax on Social Security recipients. But they are saying, you can't have both. And, as the Senator from Kentucky, Mr. BUNNING, has pointed out, most seniors can benefit from both. Obviously, they all benefit from Social Security, and they would like to not have this Clinton tax on Social Security continued any longer; second, seniors account for only 15 percent of the total income in America, but they get 50 percent of the dividend income.

So I gather what Senator DORGAN is saying is, we are going to take away the dividend exclusion from seniors in order to finally reduce the Social Security tax which we put on 10 years ago.

What the Senator from Kentucky is saying is: We want to do both. And we ought to do both. We should never have levied this Social Security tax in the first place, 10 years ago, for which neither of us voted. And we ought to now do the dividend exclusion as close to the President's suggested manner of doing that as possible.

June could be a pretty good month for seniors around here. If we could get the dividend exclusion through, get rid of the Social Security tax, and begin to address prescription drugs, which is on the agenda of the majority leader for June, I say to my friend and colleague from Kentucky, we would have a pretty good month around here for seniors, pretty soon, wouldn't we?

Mr. BUNNING. Yes, sir.

Mr. MCCONNELL. So this Bunning amendment makes it clear that we would like to act on the repeal of the Social Security tax hike of 1993, and we will do that in the very near future.

Mr. BUNNING. Will the Senator yield?

Mr. MCCONNELL. I yield to my friend from Kentucky.

Mr. BUNNING. As the Senator knows, I offered this very same amendment on the budget bill to repeal the Social Security tax from 85 percent to 50 percent, and the very same people who would support that today voted unanimously against it on the budget bill.

So the inconsistency that the Senator from North Dakota shows today is something I have a very big problem understanding. If you are for it today, and you want to take these away from seniors, and you also want to take tax away from seniors, you ought to have been consistent and voted to take it away during the budget resolution debate we had on the floor.

I know this Senator voted with me on the budget resolution when we tried to repeal it. And I hope we are able to get this amendment accepted.

Mr. MCCONNELL. I know the Senator from Kentucky agrees with me that we ought to do all three. We ought to get rid of this Clinton Social Security tax. We ought to do a significant dividend exclusion that is, to the maximum extent possible, permitted under our overall ceiling in the growth package. And we ought to begin to address prescription drugs, which the leader has indicated we are going to do in June. If we do those three things, I would say we are well on the way to providing the kinds of relief for seniors—both on the tax side and on the prescription drug side—that they richly deserve, that we have talked about for entirely too long around here and have never done anything about.

So let me conclude by commending my friend and colleague from Kentucky for an excellent amendment. I hope it will be approved overwhelmingly. I thank him for his continuing contribution to this whole Social Security debate. The Senator from Kentucky, Mr. BUNNING, was the chairman of the Social Security Subcommittee of the House Ways and Means Committee and is now on the Senate Finance Committee, and is one of the real experts on Social Security in America.

When Senator BUNNING talks about Social Security, we all listen, and once again he has proposed an excellent idea which I fully support. I thank him and commend him for his outstanding work.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I think the Democrats have the next opportunity.

The PRESIDING OFFICER. The Senator from Iowa has the floor.

Mr. GRASSLEY. I yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, what is the parliamentary situation?

The PRESIDING OFFICER. The Bunning amendment is pending. There is 1 hour evenly divided.

Mr. BAUCUS. I thank the Chair.

Mr. President, I understand Senator BUNNING yields back his time.

Mr. BUNNING. Yes.

Mr. BAUCUS. Mr. President, I yield 10 minutes on the amendment to Senator ROCKEFELLER.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROCKEFELLER. Thank you, Mr. President, and I thank my friend and leader from Montana.

AMENDMENT NO. 578

Mr. President, I rise to speak about an amendment which was offered earlier. I am particularly proud to be cosponsoring, with Senator BLANCHE LINCOLN of Arkansas, and others, improvements to the child tax credit. I will speak on it very briefly.

I think it is one of the most valuable provisions. I thank the chairman of the Finance Committee—while I see he is still in the Chamber—for accepting one of Senator LINCOLN's amendments on the child tax credit. It is a particularly welcome addition.

I think common sense tells us that if we put money in the hands of people who will indeed spend it, and will spend it on clothes and kitchen utensils, and all kinds of other items, there is a stimulative effect.

But quite apart from that, almost half of the benefits of this child tax credit go to families who make less than $50,000. In the State that I represent—this Senator represents the State of West Virginia—only 20 percent of the people make more than $50,000 a year. So this is very welcome.

The bill we are looking at, what is in the package, makes very important improvements to the child tax credit. Basically, it increases the value of the credit from $600 to $1,000, which is real money, as they say, for real people, who need it and deserve it.

I was happy that we did this. I was grateful that it was accepted by the Finance Committee chairman. It is going to have a big effect.

I will say this: Refundability will go from 10 percent to 15 percent of earnings above $10,500. That means families can benefit from this bill more than otherwise would have been the case. On the other hand, the bill still does not do anything—and I have to say this in fairness—for 72,000 kids who do not qualify for any child tax credit in West Virginia because their parents do not have enough income to qualify on a low-income basis.

But all things being equal, as they rarely are in this life, one has to take what one can work out in the democratic process. And the Finance chairman was extremely fair and helpful. Obviously, the Senator from Arkansas was outstanding in her leadership on these matters.

I am proud to a be a cosponsor of the amendment that Senator LINCOLN offered today that will expand the reach of the child tax credit to more of our nation's poorest families. In my own state, 27,000 more kids would qualify for the child tax credit. This amendment would increase the amount of the child tax credit that can be refunded to low income parents. Specifically a parent would qualify for a child tax credit equal to 5% of earnings between $5,000 and $13,250.

These folks whom we are helping are at risk. That is important. And I am very proud this is happening. I ask my colleagues to support this amendment when it comes up for a vote on tomorrow.

I thank the Presiding Officer and yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I yield to the Senator from Montana whatever time he might consume.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BURNS. Mr. President, I ask unanimous consent that the amendment offered by Senator BUNNING be laid aside.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

AMENDMENT NO. 593

(Purpose: To amend the Internal Revenue Code of 1986 to allow the expensing of broadband Internet access expenditures, and for other purposes)

Mr. BURNS. Mr. President, I rise today to offer an amendment to this bill, and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Montana [Mr. BURNS], for himself, Mr. ROCKEFELLER, Mr. BAUCUS, Mrs. CLINTON, and Mr. JOHNSON, proposes an amendment numbered 593.

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

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

(The amendment is printed in today's RECORD under ''Text of Amendments.'')

Mr. BURNS. Mr. President, I come to the floor today with an amendment that is offered by Senator ROCKEFELLER and myself that provides some incentives to accelerate the deployment of broadband high-speed Internet access across the country. There are other cosponsors of the amendment. My colleague from Montana, Senator BAUCUS, is a cosponsor. Senators CLINTON, KENNEDY, and JOHNSON of South Dakota also are cosponsors.

Broadband has always been of interest to both Senator ROCKEFELLER and myself. Both of us serve on the Commerce Committee. We have worked on this a lot. We both represent States that have quite a lot of rural outdoors. What this amendment does is affords tax incentives for the buildout of broadband. Although many urban and suburban areas now have access to broadband connections, many rural areas across the country and, of course, in Montana do not. That places rural areas at a disadvantage in a number of ways.

Just for economics, why should folks in rural areas be denied access to the Internet, or the Internet economy as some would say, just because they live where they do to merchandise and to exchange ideas in this economy and find some way to supplement their primary income? We have people who market their grain and livestock every day through the commodity markets around the world. In terms of educational opportunities in rural areas, why should a young person, just because he is born in Garfield County, MT, be denied the same educational opportunities as those who were born and raised in the more urban areas where their curriculum is broadly taught.

These young folks deserve the same opportunity. Distance learning is an important part of the education system in rural areas. Broadband is the technology that takes them those distances.

In the area of health care, I have 14 counties in Montana that do not have a doctor. People receive their health care from physician assistants and in other ways. We know from rural demographics that the folks are getting older, so our health care for the elderly is very important, and part of that is supplied by broadband technologies.

Our amendment would create a temporary tax incentive for providers in the form of expensing, allowing an immediate deduction of a capital expenditure in the first year of service rather than depreciating that investment over time. In the case of the current generation broadband investments in rural and underserved areas, the bill would allow a 50 percent expensing on the investment, with the rest to be depreciated according to the normal depreciation schedules. And where the providers build out next generation broadband networks, which are typically more expensive, the bill would provide for 100 percent expensing in that year.

Our amendment would have a tremendous impact on the economy. In fact, we know it would. For instance, Robert Crandall, an economist at the Brookings Institute, has estimated that accelerated deployment of broadband would generate $500 billion in economic growth annually. I think we would all be delighted to have that happen. I believe we should take the steps to allow it to do so. This amendment is a very important step in that direction.

This is an opportune time to take advantage of such a provision. Currently South Korea and Japan are ahead of the United States in broadband deployment. I believe it is extremely important that the United States avoid falling behind in telecom and Internet technology, and the financial incentive of the type provided by this legislation will help us ensure that we will not.

As we take a look at this issue, this means new technologies on the wired system but also on the wireless system. It says technology neutral, which means it allows the new technologies that are being offered and the R&D work going on with new technologies, it allows those technologies to be deployed and taken advantage of. Just remember, 50 percent expensing for investments in rural and underserved areas of current generation broadband technologies. It provides 100 percent expensing for the investments in the next generation of broadband technologies in rural areas.

It is technology neutral. It makes no difference if you are using a medium copper wire, coaxial cable, optical fiber terrestrial wireless, satellite or something else. If you deliver the threshold speeds, you are eligible for the benefit. And it sunsets after 1 year. The intent is not to provide a permanent benefit to the telecom sector but, rather, an incentive to build out new infrastructure within a short period of time.

Think of the generation of business and our economic setup and the jobs and the job climate in that area in the first year of deployment. It is a very important amendment. Not only do we deliver better and quicker services to rural America, but we put a lot of people to work.

I hope more of our colleagues will join with Senator ROCKEFELLER and me in supporting it, and I hope we can work with Senator GRASSLEY to include this in the jobs and growth package.

Mr. President, I ask unanimous consent to add as cosponsors of the amendment Senators BAUCUS, CLINTON, KENNEDY, and JOHNSON.

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

The Senator from West Virginia.

Mr. ROCKEFELLER. Mr. President, I thank the Chair.

I rise in support of the amendment offered by Senator BURNS and a number of others. This is an amendment I have been working on for many years. At times it has had 75 cosponsors. It is one of those amendments that always comes up. Everybody knows it should get done and it never seems to. The answer to that is you keep trying. You just keep trying.

For individuals, businesses, schools, libraries, hospitals, there is no end to the need for this amendment. We did the E-rate. The E-rate is still being done. But we all know we have moved past that. We need much faster telecommunications now.

What the Burns-Rockefeller broadband amendment does is it says to broadband providers, if you will extend your networks to hard-to-reach, underserved and/or rural areas, you will get a break on your taxes. As the distinguished Senator from Montana indicated, it also encourages a leapfrog to the next generation. It has two different categories of tax breaks depending upon what generation of broadband you are dealing with. In any event, it is going to be faster than the DSL and cable modem services most typical today.

The best thing is to say that you don't obviously get a tax credit unless you make a whole lot of things happen in this amendment. There is nothing automatic about it. You have to make an investment. You have to buy new equipment. You have to pay people to install that new equipment.

I am very pleased to join with my friend from Montana in what I think can very well be described as the future competitiveness of America. He mentioned South Korea and Japan. He is absolutely right. We all remember what happened with the VCR. We had it all, then all of a sudden we had none of it. We do not want this to happen in the most important form of telecommunications. I hope my colleagues will support the Burns amendment.

I yield the floor.

Mr. KENNEDY. Mr. President, I urge the Senate to support this amendment to accelerate broadband high-speed Internet access across the country. The widespread availability of broadband technology is essential to maintaining our technology leadership in the world.

The spread of the information revolution to rural communities and underserved areas in our cities depends on affordable access to the Internet. For too long, these regions have been unable to enter the information age because of their location and the high cost of making service available. One of our greatest challenges is to close this growing economic gap in access to computers and the Internet. If we do not act to close it now, the ''digital divide'' will soon become an unacceptable opportunity gap.

The broadband tax incentive is an important step in developing a national broadband policy. The incentive has widespread support in Congress because it goes to those who bring broadband to places beyond the current reach of the private sector.

Many of us joined our colleague, Senator Moynihan, when he first introduced legislation along these lines 3 years ago. Last year, the bill had 65 cosponsors from both sides of the aisle, and a companion bill in the House had 227 cosponsors. Our colleagues clearly support this idea, and we hope that it will be enacted.

In Massachusetts, I have seen how broadband has transformed the economy of the entire Berkshire County region in the western part of the State. Like many rural areas across the Nation, the Berkshires were not an area that could easily attract private investments in Internet access. But business and government leaders worked out an initiative called Berkshire Connect, a partnership with Internet providers to build a multimillion-dollar network of microwave towers and fiberoptic lines linking the county's villages and small cities with fast Internet access.

That project put the Berkshires on a more equal footing with the rest of the global marketplace because the Internet helps to level the playing field between large and small businesses and rural and urban areas. I am confident that passage of the broadband tax incentive will bring similar success stories across the Nation for residents and businesses.

Another prime broadband application is telemedicine. A fascinating moment occurred in medicine 2 years ago when a surgeon in New York operated by remote control on a patient in France using robot arms at the patient's location, and the operation was successful. Broadband technology can enhance the medical miracles, but it needs a very high bandwidth connection for those kinds of applications. You can't perform remote-control surgery over a narrowband connection.

Broadband's potential is immense, and I commend my colleagues from Montana and West Virginia for their leadership. This is the kind of tax incentive we need, and I urge my colleagues to support it.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I yield to the Senator from Oklahoma such time as he may consume.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. I thank my friend and colleague from Iowa for his leadership and chairmanship of the committee. I am going to briefly describe an amendment that Senator KYL and myself, Senator GRASSLEY, Senator LOTT, and several others will be offering tomorrow to enhance the dividend portion of this bill. The dividend portion that we now have in the bill is for 10 years; $500 per person would be excluded from taxation, plus for the first 5 years, an additional 10 percent; in the second 5 years, an additional 20 percent on top of 500.

I stated publicly that I think that leaves a lot to be desired. So the amendment we will be offering tomorrow will enhance that, improve that. It would say for all taxpayers, for dividend exclusion, our effort is to eliminate double taxation of dividends. Unfortunately, we find ourselves presently where we tax dividends more than almost any other country in the world. Now we are, as a free enterprise, as capitalistic as anybody in the world, but we tax the distribution of profits, i.e., dividends from corporations, higher than almost anybody, i.e., dividends, higher than Great Britain, France, and Italy. Japan is basically tied with us.

We tax dividends at 35 percent of the corporate level and whatever the individual taxpayer's rate is. So if the taxpayer is at 38.6, it is that amount plus 35. So their tax is 73 percent; almost three-fourths of the distribution of profits is taxed. That makes no sense.

Many people, including President Jimmy Carter, said that is wrong and it needs to be changed. I believe several people—Democrats and Republicans—have said that is unfair and is too high of a tax and it needs to be fixed. Now we have a President who said we should fix it. There are different ways of doing it. He is proposing that we exclude it from income for individuals.

Unfortunately, the bill that came out of the Finance Committee didn't do that. It said let's exclude the first $500 for individuals plus 10 percent, then 20 percent. I think we can do a lot more. I think we can do a lot better. If we do a lot better, we will have a much more positive impact on the stock market and on the economy. When I say the stock market, certainly I believe what we are proposing will have a significant increase on the stock market—maybe 10, 15, 20 percent. That is positive and real. Why would that be? If somebody is investing in stock under present law and they own a company and they get a distribution and it is taxed on top of being taxed at the corporate level, they may realize it is not a very good investment. A lot of people buy growth stocks that pay very little, if any, in dividends because they don't want to go through this scenario. They don't want to pay capital gains.

The House at least said let's tax capital gains and stock dividends equally. They reported out a bill and said let's tax capital gains and stocks at 15 percent; and for some lower incomes, maybe lower than that, at 5 percent. That is a significant step in the right direction. The President said let's eliminate double taxation of dividends.

The proposal we are going to be offering tomorrow says let's do that. In year 2003, let's exclude 50 percent. In year 2004, 2005, and 2006—for the next 3 years—let's make it 100 percent. We can do that. Then we sunset it. This is sunset after 4 years. If I am wrong and the stock market doesn't react positively—if it is not a positive thing, we will know it after 4 years. It makes sense to try it. The President has a proposal and many economists have said you should eliminate double taxation of dividends, and this is a way of doing it. We can do it.

We will have a provision, also as part of this amendment, to adopt the House provision dealing with expensing items. You might say, what does that mean? The present law is that a small business that invests basically $200,000 or less per year can expense $25,000. The Finance Committee said let's raise that to $75,000 and allow people with a much greater income to qualify as a small business. They said let's triple that, up to $75,000, and we will do that for 10 years.

The House said let's try this, make it $100,000, and do it for 5 years. In other words, if a business wanted to write off 100 percent of their investments, up to $100,000, they could do so if it is done in the first 5 years. It doesn't cost much over 10 years because it sunsets after 5 years. Somebody might say we did that when we did the bonus depreciation and it generated positive economic investment. This is another way of encouraging small business, and we increase the level up to $400,000 for this 5-year period. That is what the House has done. The House passed it. I think there is wisdom there. Every once in a while, we can say they did something right and we can emulate it. I think they have a good provision.

I used to be a small businessperson. I owned a janitorial service, and I used to have a manufacturing company. I believe these provisions will create jobs. So we are proposing in our amendment that we adopt the House expensing provision, the so-called section 179. And they also have created a new dividend proposal that will have a 50-percent exclusion in 2003 and 100 percent in the years 2004, 2005, and 2006.

I thank my friend and colleague, Senator KYL, and several other members, Democrats and Republicans, who have had significant input. I believe it will help make a significant economic impact.

When you step back and say, what are we doing in the bill that will help the economy, shake it up, improve it, and create jobs, I believe the two things I mentioned, in addition to the acceleration of rates, are the three things that will positively create jobs, have a positive impact on the stock market, on wealth, investment, and will encourage people to make investments, get money out of banks or CDs that are not paying any interest to speak of and put it to work, help it create jobs. I believe all three of these provisions will do so.

I am speaking tonight before it is introduced because it looks as if all debate should be transpired on the amendments tonight because we are going to have significant votes tomorrow. I thank my colleague again, the chairman of the committee, for his work and cooperation, for his leadership on this bill, and for his support in helping us to try to come up with a more robust package that would create more jobs in the process. That is what we are trying to do—have a jobs creation bill. I think by adopting this amendment tomorrow we will help improve it dramatically.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. Mr. President, I ask unanimous consent to set the pending amendment aside.

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

AMENDMENT NO. 594

(Purpose: To amend title XVIII of the Social Security Act to enhance beneficiary access to quality health care services in rural areas under the medicare program)

Mr. GRASSLEY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Iowa [Mr. GRASSLEY] proposes an amendment numbered 594.

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

(The amendment is printed in today's RECORD under ''Text of Amendments.'')

Mr. GRASSLEY. Mr. President, I put before you not a tax amendment, but I am addressing a funding crisis that affects rural America. I am talking about the issue of Medicare.

We have heard a lot about relief to States and about Medicaid during this debate, and legitimately so. But there has been no discussion of the role Medicare plays in keeping our health care infrastructure strong in rural States like mine.

Today, our rural health infrastructure is falling apart. Hospitals and home health agencies in rural areas lose money on every Medicare patient they see. Services are being slashed

and staff are being cut, all to make ends meet and keep the facility open—but not to keep it open with the quality of care that ought to be there, or to meet necessarily all the needs of the community.

Medicare formulas penalize rural physicians in 30 States by reducing their payments below those of their urban counterparts for the very same service. Small physician clinics, and especially solo practitioners, who are facing rising malpractice premiums on top of the Medicare formula inequities are on the verge of closing up shop. My amendment takes important steps toward correcting geographic disparities that penalize rural health care providers.

I will summarize some of the key provisions of the amendment. On hospitals, we eliminate the disparity between large urban hospitals and small urban and rural hospitals by equalizing inpatient-based payment. The hospitals in my State and in other rural areas are paid 1.6 percent less on every discharge. That is a $14 million loss every year in my State.

We received bipartisan support to temporarily end this inequity in the fiscal year 2003 omnibus appropriations bill, but it is time to end this inequity in a permanent way.

We also revise the labor share of the wage index for inpatient hospitals. The wage index calculation is killing our hospitals in rural areas. They have to compete with larger hospitals in the big cities for the same small pool of nurses and physicians. But because of the inequity in the wage index, these hospitals are not able to offer the kinds of salaries and benefits that attract health care workers. This amendment would reduce the labor share of the wage index from 71 percent to 62 percent.

We strengthen and improve the Critical Access Hospital Program which has been so successful in keeping open the doors of some of our most remote hospitals. We also create a low volume adjustment for those small rural hospitals that are not able to benefit from the Critical Access Hospital Program. These hospital corrections are not partisan rhetoric. They are supported by the nonpartisan Medicare Payment Advisory Committee, by the CMS administrator in a recent letter to the House Ways and Means Committee, and by 31 bipartisan Members of the Senate rural health caucus.

For doctors, my amendment ends once and for all the penalty Medicare imposes on doctors who choose to practice in rural areas of our country. Medicare adjusts payments to doctors downward based on where they live, but, in fact, the value of a physician's service is the same in Brooklyn, IA, as it is in Brooklyn, NY, but the Medicare formula does not think so. My amendment changes that and sets a floor for all physician payments that will end the negative adjustment doctors in Iowa and 30 other States currently face.

My bill also provides assistance to other rural health care providers, such as ambulance services and home health agencies which millions of seniors in rural areas rely on every day.

Providers in rural States, such as Iowa, practice some of the lowest cost, highest quality medicine in the country. This is widely understood by researchers, academics, and citizens of those States, but it is not recognized by the impersonal formulas of Medicare. Medicare instead rewards providers in high-cost, inefficient States with bigger payments that have the perverse effect of incentivizing overutilization of services and also poor quality.

My legislation is paid for not by taking resources away from our growth and jobs package, nor by taking money away from those high-cost States that I mentioned, but by other modifications to the Medicare Program that make good policy sense.

I want to emphasize that because every other amendment we have had before the Senate today has taken money out of the tax package to spend someplace else. My amendment does not affect the tax provisions of this legislation.

This amendment represents a fair and balanced approach to improving equity in rural America. I urge my colleagues to support its adoption today. For those of us from rural States, our doctors, hospitals, and whole communities are counting on us.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. GRASSLEY. I yield such time as the Senator from Maine may consume.

Ms. COLLINS. Mr. President, I believe we are about to have an agreement on the order for proceeding, but I need to consult with my colleagues, so I suggest the absence of a quorum.

The PRESIDING OFFICER. Who yields time for that purpose?

Mr. GRASSLEY. The Senator from Maine suggested the absence of a quorum.

Ms. COLLINS. Mr. President, I ask that time be taken equally from both sides.

The PRESIDING OFFICER. Is there objection?

Mr. BAUCUS. Mr. President, under the rules, as I understand them, the author of the amendment has control of her time, which is 1 hour.

I ask unanimous consent that the pending amendments be laid aside so that the Senator from Iowa, Mr. HARKIN, may offer an amendment.

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

The Senator from Iowa.

Mr. HARKIN. Mr. President, I ask if the Senator can yield me 15 minutes.

Mr. BAUCUS. Mr. President, I inform the Senator from Iowa that he has 1 hour.

Mr. HARKIN. I appreciate that. I will not take an hour.

Parliamentary inquiry: The Senator asked that the amendments be set aside; right?

Mr. BAUCUS. Yes.

AMENDMENT NO. 595

Mr. HARKIN. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Iowa [Mr. HARKIN] proposes an amendment numbered 595.

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

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

The amendment is as follows:

(Purpose: To help rural health care providers and hospitals receive a fair reimbursement for services under Medicare by reducing tax cuts regarding dividends)

On page 281, between lines 2 and 3, insert the following:

SEC. . FAIR REIMBURSEMENT FOR RURAL HEALTH CARE PROVIDERS UNDER MEDICARE.

(a) REDUCTION OF GEOGRAPHIC DISPARITY UNDER MEDICARE.—

(1) IN GENERAL.—Subject to paragraph (3), the Secretary of Health and Human Services shall promulgate the regulations described in paragraph (2) by December 31, 2004 (unless legislation has been enacted having the effect of such regulations before the conclusion of the first session of the 108th Congress).

(2) REGULATIONS DESCRIBED.—The regulations described in this paragraph are regulations that reduce the geographic disparity in payments under the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) to health care providers by—

(A) equalizing urban and rural standardized payment amounts under the medicare inpatient hospital prospective payment system under section 1886(d)(3) of such Act (42 U.S.C. 1395ww(d)(3));

(B) improving the medicare incentive payment program under section 1833(m) of such Act (42 U.S.C. 1395l(m)) to ensure that bonus payments under such section are made on behalf of all eligible physicians;

(C) providing fairness in the medicare disproportionate share hospitals adjustment for rural hospitals under section 1886(d)(5)(F) of such Act (42 U.S.C. 1395ww(d)(5)(F));

(D) establishing a medicare inpatient hospital bonus payment for low-volume hospitals under section 1886(d) of such Act (42 U.S.C. 1395ww(d));

(E) adjusting the medicare inpatient hospital prospective payment system wage index to revise the labor-related share of such index to account for 62 percent of such index under section 1886(d)(3)(E) of such Act (42 U.S.C. 1395ww(d)(3)(E));

(F) revising the physician fee schedule wage index under section 1848(e)(1) of such Act (42 U.S.C. 1395w–4(e)(1)) to establish a minimum geographic cost-of-practice index value of not less than 1 for physicians' services furnished under the medicare program;

(G) extending the temporary increase under section 508(a) of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (114 Stat. 2763A–533), as enacted into law by section 1(a)(6) of Public Law 106–554, for home health services furnished in a rural area; and

(H) making any other change to a payment system under the medicare program that the Secretary determines is appropriate.

(3) HOLD-HARMLESS.—The regulations promulgated under paragraph (1) may not result in a lower level of reimbursement for a

health care provider under the medicare program under title XVIII of the Social Security Act than such provider would have received but for the enactment of this section.

(b) FUNDING.—

(1) APPROPRIATION.—There are appropriated, out of moneys in the Treasury not otherwise appropriated, $50,000,000,000 for the purpose of implementing the regulations described in subsection (a)(2).

(2) REVERSION OF EXCESS FUNDS.—Any funds appropriated under this subsection that are not used to implement such regulations shall revert to the Treasury and shall be used to reduce the Federal deficit.

(c) FUNDING OFFSET.—Paragraph (2) of section 116(a) (relating to partial exclusion of dividends received by individuals), as added by section 201(a), is amended to read as follows:

''(2) LIMITATION.—Paragraph (1) shall apply to qualified dividend income of a taxpayer only to the extent such income does not exceed the sum of $500 ($250 in the case of a married individual filing a separate return).''.

Mr. HARKIN. Mr. President, I will speak to my amendment in a moment. Before I do, I wish to make preliminary comments about the tax bill before us which the President and the Republicans have called a jobs and growth package and they say it is to grow the economy. I certainly agree that the economy is in dire straits and we are in desperate need of taking action. That is true.

Since President Bush took office, the United States has lost 2.6 million jobs, more than 36,000 of those in my State of Iowa. Unemployment rates, including long-term unemployment rates, continue to rise. That is a fact. The economy is in a shambles. Unemployment continues to go up. This is not just some academic process. It is causing real hardship for millions of Americans and families who are without a job and without health care coverage.

Senator SPECTER and I had a hearing in our appropriations subcommittee talking about the lack of access and affordability of health care. You can read the story of the man who testified, Mr. Kurilko. He was referred to in the Wall Street Journal. He is 57 years old, worked 37 years on a job. He now has a heart problem, diabetes. He is out of a job. He and his wife now face the prospect of losing their life savings because his health care costs, just for insurance, are over $2,000 a month. This is a man who worked in a blue-collar job, a steel mill, all of his life.

That is what is happening in America today. Families without work, and the high cost of health care, go without coverage, and they see their life savings vanishing before their eyes.

We see it affecting other areas of our economy, our families, and our States. The tuition fees in Iowa have increased sharply at our public universities. However, the tuition does not make up for the shortfall in the loss of State funding. We are seeing cuts to critical public health initiatives, including those that help indigent dialysis patients, and a program that helps immunize low-income kids.

Public schools in Iowa have cut 350 teachers statewide. Schools are forced to share nurses and counselors and eliminate programs such as music and art and enrichment classes entirely from their schools.

In our hearing this morning, we had a teacher from a small school in Iowa testify. The cost just in her school district for health care coverage went up 61.5 percent over the last year.

As he said, they are now approaching the point where their health care costs are going to equal the salary of a first-year teacher. So this is the real America that is happening in my State, in every State, to people who have worked all their lives and now do not have any health care coverage. Our schools are being cut. Our infrastructure is deteriorating in this country, as well as our bridges, roads, sewer, and water systems.

What is the answer before us for growth and jobs in our economy? An enormous tax cut, in large part for the wealthy in our country. That is the answer. If I believed this tax bill before us would help the economy, create the jobs we need, and help provide health care coverage, I would be all for it. But the fact is, we have tried this before.

In 1981, under President Reagan, we had a supposedly big supply side cut in taxes. We lost 1.3 million jobs in the two years after the passage of that bill. Then OMB Director David Stockman called it a riverboat gamble. Guess what. Working Americans all over this country lost that gamble. In 1982, part of that measure was reversed and the Federal Reserve sharply dropped interest rates allowing for things to start to get better.

After much hard work in the 1990s, we passed a bill in 1993 that put us on the path towards a balanced budget, restored confidence and creating 22 million jobs. Productivity went up. It was a bill with a policy totally out of line with the supply side philosophy of the 1981 bill. Almost every Republican senator predicted that the economy would be severely hurt. The economy grew, and 6.5 million jobs were created in just the first two years after that bill passed. The United States enjoyed 40 consecutive months of unemployment below 5 percent.

Twenty years after 1981, we had another supply side riverboat gamble in front of us. President Bush assured the country in 2001 that

> We can proceed with tax relief without fear of budget deficits, even if the economy softens.

And on another occasion, he said

> A tax cut now will stimulate the economy and create jobs.

Yet what we are now facing, almost two years after the passage of that measure is a loss of another 1.8 million jobs to our economy.

The President, and the Republicans, passed a $1.3 billion tax cut like the one we are considering today. It was targeted to the wealthiest. Unfortunately, the President's predictions were dead wrong. I want to get this chart back up. Two years after the 1981 bill, we lost 1.3 million jobs. Since the 2001 tax bill was passed 20 years later, we have lost 1.8 million jobs in almost 2 years.

Now, 22 years after the first try, we are going to try it again. It is not enough that the riverboat gamble failed in 1981. It is not enough that it failed in 2001. By gosh, we are going to try it again, folks—another riverboat gamble. One would think history would teach us something.

If history does not, then how about some of the economists and what they are saying. Federal Reserve Chairman Alan Greenspan said:

> There is no question that as deficits go up, contrary to what some have said, it does affect long-term interest rates. It does have a negative impact on the economy . . .

He twice testified before Congress in opposition to the tax cut plan, warning that these deficits would stunt long-term growth. Ten Nobel laureates and 400 other economists disagree with the President's approach. In a statement made February 10 of this year, they wrote:

> Regardless of how one views the specifics of the Bush plan, there is wide agreement that its purpose is a permanent change in the tax structure and not the creation of jobs and growth in the near term.

The economists also said that:

> Passing these tax cuts will worsen the long-term budget outlook, adding to the nation's projected chronic deficits. This fiscal deterioration will reduce the capacity of the government to finance Social Security and Medicare benefits, as well as investments in schools, health, infrastructure, and basic research. Moreover, the proposed tax cuts will generate further inequities in after-tax income.

That is what these 400 economists said.

What we are talking about is fairness. We want fairness in the Tax Code. We want fairness to the working families of America in how they are taxed and who pays the burden in this country.

Every time we talk about fairness, President Bush says, class warfare. Why is fairness class warfare? Why is it in President Bush's head that if we try to have fairness in the Tax Code, he thinks it is class warfare?

That is what this is about. It is about basic fairness. We have tried it before. It failed horribly, and yet I guess we are going to do it again.

Why should we do this? Why should we go against the advice of some of the most renowned economists and why should we go against what we know from history? Why take a risky gamble when people's lives are at stake? Why take a risky gamble when 9 million Americans cannot find jobs?

If I were out of work, I would want my representatives in Washington to do what has been proven to grow the economy, proven to create jobs, not what has twice proven to fail.

In fact, the more I think about this tax bill before us, I think of Bill Bennett. It is like a gambling addiction, putting $500 in the slot machine and

pulling the handle. That is what this tax bill is like. It is like putting $500 in and pulling the handle and hoping he hits it. Now we know that Mr. Bennett did not hit it. He lost millions of dollars over several years of gambling.

That is what this bill is like. It is a riverboat gamble, like David Stockman called it in the 1980s.

I am getting to my amendment now, and there is an interesting comparison I wanted to make on Medicare. How much does the plan before us cost? Well, when we throw out figures of billions of dollars, eyes sort of glaze over. No one can understand exactly how much money that is. So I thought I might compare it.

The President's plan if made permanent costs more than the entire 75-year shortfall in both Social Security and Medicare, about 1.8 percent of GDP. The Bush tax cuts made permanent over a 75-year period will amount to 2.3 percent to 2.7 percent of GDP.

We hear all the talk about the shortfall we are going to have in Social Security and Medicare when the baby-boomers retire, and that we have to do something about it. Here is your answer: The Bush plan will cost more than the shortfall in Social Security and Medicare. Think about it. Are we going to have this riverboat gamble, a tax cut that basically benefits the wealthiest in our society, when we could be using this to secure Social Security and Medicare for 75 years? But maybe that is what this is all about.

It was Newt Gingrich, after all, who said that they—the Republicans—wanted to have Medicare ''wither on the vine.'' Maybe that is what this is all about. Pass this tax cut, reward the wealthiest in our society, and when it comes time to do something about Social Security and Medicare, we will not have enough money. Maybe that is what it is all about.

That is not what we should be about. We should be about a jobs and growth bill that helps the working families of America. We ought to be about a bill to help secure Medicare and Social Security for the baby boomers. One of the ways we can do this is by making sure we have equity in the Medicare system. The amendment I sent to the desk will help do that by making sure we have better equity in the Social Security system and Medicare system.

I tried to listen as my colleague from Iowa offered his amendment. I did not receive a copy of it earlier, so I did not have a chance to look at it. I heard some of the things that my colleague from Iowa was talking about in terms of helping right some of the wrongs in Medicare to provide for less disparity under Medicare.

Most of what I heard I agree with. I think a number of the provisions in Senator GRASSLEY's Medicare amendment are similar to provisions in my amendment. I commend him for that.

However, his amendment uses a different offset. I don't know exactly what that is. I plan to analyze it overnight. It may have some merit, I don't know. Both are trying to help rural hospitals and providers. I hope we can work together to get that done sometime this year.

Basically, what my amendment would do is, say, if the Congress does not pass legislation by December 31, 2003 then the Secretary of Health and Human Services would promulgate regulations by December 31, 2004. We would have to enact additional legislation. If none passed, the Secretary would have to act by the end of 2004. Those regulation changes would have to have the following parts:

One, to equalize urban and rural base payment rate. This increases the rate for all hospitals in cities below one million people.

Two, improve the Medicare incentive payment program to ensure that bonus payments are made on behalf of all eligible physicians; three, my amendment would eliminate the Medicare DSH cap. The current cap disproportionately hurts rural states; four, it would establish a Medicare inpatient hospital bonus payment for hospitals with low Medicare patient volumes; five, it would adjust the Medicare inpatient hospital prospective wage index to revise the labor-related share of such index to account for 62 percent of such index. Currently, payments are 71 percent based on labor costs. I heard Senator GRASSLEY's amendment did the same thing; next, reinstate a bonus payment to home health care providers in rural areas. A 10 percent bonus has expired and this would reinstate it. Next adjust the work GPCI to no less than 1 for physicians; lastly, this amendment I am offering would say we would have a hold harmless clause that whatever we do could not result in the lower level of reimbursement for a health care provider under title XVIII, that such provider would have received but for the enactment or these of this amendment or these regulations.

The offset I used would be to limit, to put a cap on any tax deductions for dividend income not to exceed $500. In other words, you could get an exclusion of up to $500 on dividends in terms of a tax benefit, but no more than that. That offset would fully pay to make sure our hospitals in Iowa or Washington State—I know Washington is very low on the payment schedule—Montana, other States, make sure that we have an equalization so the Medicare payments in those States are not so skewed as they are right now.

We can get this done simply by capping at $500 the tax benefits under the present bill before the Senate on dividends. It seems to me that would be a small price for the wealthiest in our country to pay to make sure we had a working Medicare system that was fair to all.

In closing, regarding the tax bill, do we take a risky gamble as we have before, sort of a Bill Bennett gamble, as I have said, pull the handle on the slot machine and hope something comes up? Or do we go with proven methods to grow the economy and create jobs? Do we break the bank on tax cuts for the wealthy or do we invest in education? Do we break the bank on dividend tax breaks or do we cap them and use that offset as a way of helping equalize Medicare payments in our States? Do we break the bank on tax cuts for the rich or help families afford college tuition? Do we break the bank on tax cuts for the rich or do we help families afford health care coverage? Do we break the bank on tax cuts for the rich or do we keep Social Security secure? Do we break the bank on tax cuts for the rich or do we keep Medicare benefits intact? Do we break the bank on tax cuts for the rich or do we start to work on having smaller deficits?

These are our choices. The choice is clear. This bill needs some serious amendments. There will be a number of amendments offered and, quite frankly, if some of the amendments are accepted, maybe the bill would be worthy of support. As the bill sits right now, the bill must be opposed, unless we can adopt some of these amendments that I think would make it, A, more fair and equitable, and B, to make sure we invest in the long-term security of Social Security and Medicare.

How much time do I have remaining?

The PRESIDING OFFICER (Ms. MURKOWSKI). The Senator has 39 minutes remaining.

Mr. HARKIN. Parliamentary inquiry, Madam President: In terms of the time, can this time be reserved?

The PRESIDING OFFICER. It can be reserved for use today.

Mr. HARKIN. I reserve the remainder of my time.

I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Madam President, before we move on with the next amendment, I think it would be accurate for me to say that the speech by my good colleague from the State of Iowa emphasizes the difference of philosophy I have tried to emphasize that our bill tries versus other approaches. These are honest, faithfully held ideas about the role of the Government in our society.

The alternatives my colleague from Iowa has given—tax cuts on the one hand, or spending money on the other hand—is exactly the point I have been trying to make of whether or not the resources of this country should go through the Federal Treasury and have 535 Members of Congress divide them up, keep taxes high in the process, or whether it is better to reduce taxes to create jobs and create the jobs by leaving the money in the hands of 110 million taxpayers making their own individual decisions; the dynamics of our free market system respond very well to that. Money that is spent by individuals or invested by individuals turns over in the economy many more times than it does if I make a decision on how that is spent.

Some believe, as evidenced by the recent speech, it is better to have higher levels of taxation, bring the money through the Federal Treasury and decide how to spend it. The other approach is that we will, as we do through this bill, give tax reduction with the taxpayers of this country deciding on investing and spending, or both, and enhancing the economy that way and creating jobs.

Another goal of this bill is to bring taxation of the people of this country within the band that it has been for about 50 or 60 years, of about 17 percent or 19 percent of the resources of this Nation coming to the Federal Government for us to finance programs and to make decisions on how that will be spent. About 17 to 19 percent of the gross domestic product has generally, over 40 years, been taxed. In recent years that has gotten as high as 21 percent, as high as it was in World War II, so the highest in peacetime history.

This tax bill, besides the motive of creating jobs, is to bring the level of taxation down so it falls within that historic band, based on two propositions. One is it is a level of taxation that has not been so high to be harmful to our economy and to our people, because our country has advanced tremendously well with the Federal Government operating within that band of deciding how to allocate 17 percent to 19 percent of our resources. The other is it is a level of taxation that has been accepted by the people of the United States.

Some of them would say it is still too high, but I guess I would have to say over the long haul I have not heard too much complaint about the level of taxation that has existed over that long period of time of 17 percent to 19 percent.

So I do not find fault with anything my colleague from Iowa said. He is expressing one very legitimate philosophy of government and the financing of that government and the distribution of resources and having that done by political decision. I am expressing another philosophy of government shared by some Democrats and hopefully by a lot of Republicans, that a level of taxation can get so high it hurts the economy, and the way to enhance the economy and grow the economy is to let people have a lower level of taxation.

Another way to say it is if we have any budget problems and any deficit problems, they are not related to the undertaxation of the American people. They are related to the overspending by the Congress.

Now we move on to another issue. But before I yield whatever time she might consume to the Senator from Maine, we are adopting policy with her amendment, in a bipartisan way, that is unrelated to the policy that is in the bill. That is because as chairman of the committee, responding to the people in my committee, both Republicans and Democrats, as well as responding to people outside the committee as represented by Senator COLLINS and Senator NELSON of Nebraska, there was a desire to have more people involved with the policy of how to meet the needs of the States through some State aid. So we have deliberately left kind of a vacuum in this legislation that is now going to be filled by the good work of Senator COLLINS and Senator NELSON off the committee, and by Senator ROCKEFELLER and others on my committee. I commend them for their hard work.

There is an awful lot of compromise that has gone into this product and I am proud to be affiliated with this product. But the product is not mine, because it was my determined effort to leave it to people who have worked on this issue for about 2 years now. For about 2 years people have been promoting this concept. I compliment them for their stick-to-it-iveness. Tonight proves that hard work pays off.

The PRESIDING OFFICER. The Senator from Maine.

Ms. COLLINS. Madam President, let me begin by thanking the distinguished chairman of the Senate Finance Committee for his hard work.

Mr. BAUCUS. Madam President, if I might ask the Senator to yield just for the sake of orderly process here in the Senate, as I understand it, the Senator means to offer her amendment. Is that correct?

Ms. COLLINS. That is correct.

Mr. BAUCUS. Technically, as I understand it, we should put aside pending amendments.

Ms. COLLINS. I was about to ask.

Mr. BAUCUS. I ask unanimous consent the Harkin amendment and the amendment by Senator GRASSLEY be temporarily set aside, as well as the other amendments, so the Senator from Maine can offer her amendment.

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

AMENDMENT NO. 596

(Purpose: To provide temporary State and local fiscal relief)

Ms. COLLINS. Madam President, I ask unanimous consent that the Senate proceed to amendment No. 596, which is a Collins-Rockefeller-Nelson, et al, amendment, regarding State aid, which is at the desk.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Maine [Ms. COLLINS] for herself, Mr. ROCKEFELLER, Mr. NELSON of Nebraska, Mr. SMITH, Mr. SCHUMER, Mr. COLEMAN, Mrs. CLINTON, Mrs. MURRAY, and Mr. WYDEN, proposes an amendment numbered 596.

Ms. COLLINS. I ask unanimous consent the reading of the amendment be dispensed with.

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

(The text of the amendment is printed in today's RECORD under ''Text Of Amendments.'')

Ms. COLLINS. Madam President, I was beginning with my thank-yous to the distinguished chairman of the Finance Committee, who has worked so hard to produce not only the bill on the floor but also has worked very closely with the sponsors of this amendment to come up with a proposal for fiscal aid to the States that I believe is carefully drafted and is going to make a real difference to the 49 States that are struggling to close budget shortfalls.

I am pleased to have a number of cosponsors, including Senators ROCKEFELLER, BEN NELSON, SMITH, SCHUMER, COLEMAN, CLINTON, MURRAY, and WYDEN. But I particularly want to pay tribute to Senator BEN NELSON and Senator ROCKEFELLER, who have worked night and day with not only Senator GRASSLEY and myself but others interested in this issue to forge a compromise that I think will result, at the end of the day, in the conference report with $20 billion in much needed fiscal relief for our States.

Half of this funding would be through a temporary increase in the Federal Medicaid share, to ensure that States can continue to protect millions of vulnerable Americans who rely on the Medicaid program as part of the health care safety net.

The attacks of September 11, coupled with the subsequent recession and resulting unemployment, have placed tremendous and unanticipated strains on State budgets. The States are, after all, our partners in providing health care, education, and other essential services to the citizens of this Nation. They are, however, facing a dramatic and unexpected decline in government revenues at precisely the time when the demand for government services has never been higher because of a lagging economy.

States from Maine to Nebraska to West Virginia to Alaska are facing their most serious budget shortfalls in 50 years. States face deficits of between $70 and $85 billion for the next fiscal year, which begins in most States on July 1. They also face deficits of $26 billion trying to close the books on the current fiscal year.

Moreover, while the President's proposal for excluding dividends from taxation would spur needed investment in American businesses, it would cost the States nearly a billion dollars over the next 3 years. That strengthens, to me, the case for providing aid to the States.

Let me tell you what the State of Maine, my home State, is facing. The State of Maine faces a budget shortfall for this year and the next of approximately $1.2 billion. Let me put that in perspective.

The entire budget for the State of Maine is only $5.3 billion, which means it faces a shortfall of approximately 20 percent. Imagine if the Federal Government were struggling with a budget shortfall of 20 percent. It would have to close a $440 billion budget gap, and it would have to do so without borrowing a single dime. That summarizes the dilemma facing our State.

Forty-nine States have balanced budget requirements. They have to balance their budgets. They cannot print more money. They can't run temporary deficits. They can't borrow the money to close the deficit. As a consequence, States have been cutting spending, increasing taxes, using rainy day funds, and delaying capital projects. They are doing whatever they can because they must balance their budgets.

All of the States have cut programs—even programs that provide lifelines to our most vulnerable citizens. At a time when the number of people without health insurance is climbing, 49 States have either already cut their Medicaid Programs or are planning to do so.

Medicaid provides a critical health care safety net for 44 million of our most vulnerable low-income citizens, including 218,000 in my State of Maine. States, as a result of trying to balance their budgets, are slashing Medicaid Programs. As a consequence, approximately 1.7 million Americans are at risk of losing their health insurance. That means they are going to be added to the growing number of 41 million Americans lacking health insurance.

Moreover, not only is our proposal compassionate, not only will it help the most vulnerable Americans keep their health care services, but our proposal makes sound economic sense. Putting money into the hands of States is a great way to stimulate economic growth in conjunction with the tax provisions of this package. As States cut spending and raise taxes to balance their budgets, they weaken the overall economy.

A recent Goldman Sachs analysis underscores the stimulative effect of State fiscal relief. The report notes that ''State governments could provide significant support to the economy without large long-term budget cuts, reducing the need for these jurisdictions to raise taxes, and cut spending.''

After all, if we cut taxes here in Washington only to have taxes increase in State capitals across the country, we will wipe out some of the good we are trying to do by cutting Federal taxes.

I am not saying Congress should bail out the States. I am not saying States should not have to make hard choices. I am not saying States should not balance their budgets. The States are going to have to make hard, painful choices, even with the $20 billion we are proposing to assist them. The nature and the severity of the fiscal crisis facing our States has convinced me that we simply have to help them. The consequences are too dire otherwise, and too many vulnerable low-income American families will suffer if we do not step in and lend a helping hand.

I am encouraged that the economic stimulus package approved by the Senate Finance Committee authorizes temporary fiscal relief to the States. As the distinguished chairman has indicated, tonight we are deciding how to fill in the blanks and how that help should be allocated. We focus particularly on Medicaid because of our concern about the impact of State budget cuts on low-income families in America.

But there is another reason it makes sense to target one-half of the assistance to the Medicaid Program. That is that Medicaid is the fastest growing component of State budgets. While State revenues are stagnant, or declining in most States, Medicaid cuts are increasing at a rate of more than 13 percent a year. That is why States have no choice but to look to the Medicaid Program.

If you look at home State budgets, the vast majority of State spending is for education and Medicaid. If we want to help protect low-income Americans, the best thing we can do is to approve an increase in the Federal match for the Medicaid Program.

As to the State of Maine, our amendment would mean $116 million over the next 2 years for health care and other services that will help our most vulnerable Americans.

There is another advantage to using the current Medicaid structure—what is known as the Federal Medicaid matching rate, or FMAP. That is, the States don't have to take any new legislative action or establish any new administrative structures in order to use these additional Federal matching funds. They can go straight into the Medicaid Program.

The remaining $10 billion could be used by States and local governments to fund education or job training, health care or other social services, transportation or other infrastructure needs, and law enforcement or public safety. In other words, we provided a great deal of flexibility for that remaining $10 billion.

Our amendment would allocate $4 billion of those funds directly to counties and local governments.

Our amendment is strongly supported by a wide range of health care groups, which I will submit as part of my formal statement in the interest of time.

The support for our proposal—the Collins-Rockefeller-Nelson-Smith, et al, amendment—underscores the critical importance of providing assistance to States right now. Now is when they need it. Now is when we must act.

Congress is most effective when it stands arm in arm and not toe to toe with our partners, the States. Our States face a fiscal crisis of expanding dimension. We need to help, and this bipartisan, carefully crafted amendment is the critical step forward in doing just that.

I hope we will have a strong bipartisan vote for this important amendment. It is similar to proposals that my colleagues and I advanced last year and this year which garnered the overwhelming support of the Senate. Now we can make sure that it happens.

I would like to yield at this time to the Senator from West Virginia who has been stalwart in arguing for fiscal relief for the States. It has been a great pleasure to work with him. I yield to him as much time as he needs out of my time.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROCKEFELLER. I thank my dear friend, the very distinguished Senator from Maine. I thank the Presiding Officer for allowing me to talk briefly about this amendment of Senator COLLINS, myself, Senators NELSON and SMITH, and Senators, et al, as the Senator from Maine kept saying, including Senator CLINTON and many others. It is something we have been working on for 2 years. It is something we have been working very hard on for 2 years. It is something the National Governors Association has worked hard for, for obvious reasons, which I will get into in a moment, although my remarks will not be long.

The Senator from Maine really did cover the logic and the need in very clear terms. If those who are listening heard her, they heard the best possible argument. I just want to add a few comments.

I also thank the chairman of the Finance Committee, Senator GRASSLEY from Iowa, for his generosity and good judgment in accepting this $20 billion package as part of the chairman's mark. Is it everything in amount and scope that the Senator from West Virginia would wish? No. Because the Senator is from West Virginia and the needs on a proportional basis across the country are greater in West Virginia than many other places. I would support $30 billion. I support $40 billion provided that one-half is used for Medicaid, and then others could be negotiated out.

So I do not think the $20 billion is enough, but $20 billion is what we have, and $20 billion is more than we started out with last year. We will hope people forget that, even though 75 of them on this floor voted for it then, and then, for a $30 billion bill, 80 on this floor voted for it this year. That does not happen a lot around here.

That was not a free vote. That was not a trivial vote. That was a vote people made after thinking about it. So we will prevail, and we will rejoice in that. And we will not do that just because we win an amendment; we do that because we know we are helping real people.

We have almost 300,000 people in West Virginia who are on Medicaid. One of the things that always strikes me: We always talk about health care in statistics, and somehow that separates us from being able to get down to what the Senator from Iowa, Mr. HARKIN, calls ''real people.'' And I am of that school, the so-called real people school.

I picked up the paper this morning. I read that 60 million Americans, at some point during the year, do not have health care. That is not a Medicaid statement. That is a health care statement. That means some of them

never have it, and others of them only have it on a part-time basis. But that means that all of them—60 million Americans out of 260 million, how ever many we are—worry all the time about health care.

But here comes a Medicaid amendment in which we can do some good for people. The Senator from Maine mentioned 1,700,000 people are at risk if we do not. I am not sure the $10 billion will take care of all those 1,700,000 people, but it will take care of a lot of people, and it is going to take care of them with very good health care. People need to understand that Medicaid, unlike Medicare, does provide a prescription drug benefit. And Medicaid, probably known to most of my colleagues, provides 6 million elderly, poor Americans—who do not have health care otherwise and prescription drugs otherwise—it provides this to them. So it has an enormous capacity and reach. It is superb health care. It does EPSDT for children. That is early screening. It does all kinds of things that Medicare, obviously being a different area, does not do. So it is a superb program.

The Senator from Maine pointed out it is very good in terms of being a stimulus to the economy. She is quite correct about that. And it is about a 3 to 1 relationship. For every $1 you spend in the State, about $3 is actually churned beyond that. So it is a stimulus program. Yes, it is actually a stimulus program. I think that is one of the reasons the chairman of the Finance Committee put it in the mark.

But there is another aspect here. The Senator from Maine used the words ''safety net.'' I will use the word ''underpinning.'' Either one is the same. This is a sacred concept. This is a country, because of our original history under the British crown, in which we wanted to protect the minority, not protect the majority. The majority, we figured, were able to do that.

There are protections and checks and balances in all these things, but people sometimes say: Well, if somebody is on Medicaid, that means they are not working or they don't deserve it. That is so untrue.

When I go back to the way I was introduced to West Virginia—and what caused me to stay in West Virginia—when I became a Vista volunteer for 2 years, and I dealt with people, none of whom had health care, they fed me every meal I had, because I ate in some home or some mobile home or whatever it was. I depended upon them. My life was them. If it was a good day for them; it was a good day for me. If it was a bad day for them; it was a bad day for me. It changed me in every single way.

But these are people who need this. There is nothing that hurts so much as to know a child cannot get screened for autism when they should be, or that a child has no dental care whatsoever. I had to deal with that. I would have to load kids from this little community into my jeep, and we would go down to the one place in Charleston, WV, which offered free dental care. And, obviously, you can't do that for 38 years. So it is a tragic situation.

These are good people. These are people sometimes who cannot find work simply because they live too far out in the country, as was the case in this community, or they did not have automobiles to be able to get to work. Or if they got to work, they didn't know how to take a job exam or have a job interview, or they had never been up in an elevator and they were scared by that, or they were asked to lower a Venetian blind because the Sun was in their eyes, and they had never seen a Venetian blind before, so they would just sort of shut up and hunker down and be defeatist.

Don't tell me those people are not worth keeping healthy because things did not break their way. Things broke well in my life. Things have not broken well in some people's lives in Maine and Alaska and West Virginia, and we cannot pretend that somehow these are not people and that they don't deserve help. The spirit of America is one in which you try to protect those who cannot protect themselves, as much as possible, within reason.

Incidentally, this also happens to do an enormous amount for our hospitals and nursing homes. And that was the one thing that was not said by the Senator from Maine. Eighty-five percent of any hospital in West Virginia depends on Medicare and Medicaid—all of them.

So by doing this—and by pouring millions of dollars into West Virginia, and $10 billion across America—for a temporary period of 18 months, we strengthen our entire health care system as well as stimulating the economy. So it helps the economy and it helps the people—and people who really do need it.

The Senator pointed out that the other $10 billion—which I was less involved with because I was focused on the Medicaid relief—is spent wisely: in education, job training, transportation. She talked about it. And it is a good expenditure. Governors and local groups can decide how to spend that.

I was worried it would be kind of a revenue-sharing thing. I remember back when I was Governor in 1982, we had revenuesharing, and, all of a sudden, county courthouses all over the State of West Virginia got new roofs and got refurbished, which is not exactly what I think the revenuesharing was meant to be for.

So it is a serious business when you give Medicaid help to people who need it.

I will conclude with this. And this really gets my goat. I have heard a lot around here the argument that you cannot give money to States. What are we, two nations? Are we 50 States, on the one hand? Is that called America? Or are we a Federal Government? Is that America? Or are we somehow bound up that we work together and that we help each other?

I was not elected by a country. I was elected by a State. I am a Senator from West Virginia. That means we work together.

To say the States have been irresponsible is so wrong because if you go back to the end of the Second World War or if you go back just 10 years, you will find the States have been far more discrete and responsible in their spending than has the Federal Government.

Now, you can say: Well, the Federal Government has very broad responsibilities, the Department of Defense, and other endeavors. And I understand that. But the fact is, the States have been responsible.

When we took in less money in 1982 than we did in 1981, I had to fire 10,000 Department of Highway workers. I had to fire them. I had to fire those people—good people who worked. So don't tell me that States don't sacrifice.

West Virginia has just raised its cigarette tax to 55 cents, and all of the money is being spent by the Governor on Medicaid. And, at the same time, the State is having to cut services.

This morning, I talked to the president of our very largest university, with 31,000 students, West Virginia University. His budget, and every other State public education budget at the college/university level, has been cut by 13 percent. And it will happen again next year. It is a devastating cut. Why? Because, as the Senator from Maine said, you have to balance the budget.

So we are dealing with real States here, but, most importantly, we are dealing with real people who need the help in an America which was created to protect those who needed that help.

I ask my colleagues to join the Senator from Maine, the Senator from Nebraska, and others who have sponsored this bill, and been working on it for a long time. I am thrilled that, at last, it has a very good chance of passing.

I thank the Presiding Officer and I yield the floor.

The PRESIDING OFFICER. Who yields time? The Senator from Iowa.

Mr. GRASSLEY. Madam President, I yield myself off the bill such time as I may consume.

The PRESIDING OFFICER. The Senator has that right.

Mr. GRASSLEY. I am in support of this amendment. I am very glad that such a compromise has been worked out. I am very happy with the team of people both on and off the committee who have put it together. I would like to emphasize one thing about the amendment. I am sure it has been stated very well by other sponsors, but this is meant to bring temporary—and I want to stress ''temporary''—fiscal relief to the States. I have heard from my State and many others about the difficult budget situations they are currently experiencing. This amendment will help to bring temporary relief to all States during this difficult fiscal time.

It is important for the Senate to successfully pass a strong growth bill, and

this amendment helps to achieve that goal. Numerous Senators have indicated that State fiscal relief is a key component of this growth package. Some of my colleagues believe strongly that we should direct some State fiscal relief through the Federal Medical Assistance Percentage Program or something we call around here by the acronym FMAP. This is the funding structure for Medicaid. This amendment uses a temporary adjustment in the FMAP formula.

Some of my colleagues feel strongly about giving flexible grants to the States and localities. This amendment also uses flexible grants to those States and localities. Many Members both on and off the Finance Committee have worked hard to reach this agreement. As I stated in the Finance Committee markup, I believe all Senators should have an opportunity to weigh in. The amendment before us reflects the hard work of many Senators who care deeply about State fiscal relief. It is a good compromise. For these reasons, I am going to vote for this amendment, and I urge my colleagues to do the same.

I want to state a couple more times, just so it is not forgotten, to any State and local people listening or who will read about it or for sure will be reminded about it a year or so from now: This is meant to be temporary.

The PRESIDING OFFICER. The Senator from Maine.

Ms. COLLINS. Madam President, I thank the distinguished chairman of the committee for his remarks. I thank the Senator from West Virginia for his eloquent statement, and I now yield time to the other great leader on this issue, my colleague and friend, Senator BEN NELSON of Nebraska.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. NELSON of Nebraska. Madam President, I come to the floor today to support and urge my colleagues to join in support of the amendment before the Senate for State fiscal relief. I begin by thanking my friend and colleague from Maine, Senator COLLINS, who has been stalwart in pushing for State fiscal relief for 2-plus years. We have worked very carefully, very closely to bring about this amendment that is before us today.

On two other occasions, we have had overwhelming support. We believe this amendment will potentially have that same level of support. I thank her for all of the work and leadership she has provided in making this possible.

I thank also the distinguished chairman of the Finance Committee, my friend to the east of Nebraska in Iowa, Senator GRASSLEY. He has been a man of his word. We have worked very carefully, very closely on this issue and others. I thank him for contributing significantly to our effort to bring this amendment to the body.

Most of what needs to be said has been said already. I do want to emphasize, as Senator GRASSLEY has, that this is temporary. It is for a 2-year period. And why is it temporary? Because one would expect that if we are going to grant stimulus programs to grow the economy, that after a reasonably short period of time, the economy will respond. That is the hope, that is the expectation, and that clearly is the goal, not only of this amendment but of the entire growth package before the Senate.

Our goal is to make sure that we grow the economy faster than we grow the deficit. It doesn't make a lot of sense to cut taxes in Washington and ignore what is happening in the State capitals. ether it is in Juneau or Lincoln or wherever it may be, what happens in State capitals with the State legislatures does matter.

Over the weekend, I was home in Nebraska and the local news media was covering in great detail the travail of the Nebraska Legislature in trying to take care of a growing budget deficit caused by declining revenues and increasing costs. Therefore, the news was replete on the subject day in and day out. So if we are going to try to change the attitude and improve the economy with active results in Washington, DC, it does not make sense to ignore what is happening in the State capitals.

We only have one tax pocket. The Federal Government is trying to put in some money. States have their hand in taking more out. That certainly is counterproductive to the goal we have if we ignore what is happening at the State level.

I have said that it is the equivalent of trying to drive a car with one foot on the accelerator and the other on the brake. We don't want what we are attempting to do here negated by what is going on in State capitals. This will permit us to do as much as we can to help avoid that.

There is the human side. Quite honestly, in Nebraska, for example, with this projected budget shortfall, the University of Nebraska, the State colleges are all taking significant cuts. Nebraska teachers are out of work because of lower State aid to education. In fact, when it comes to health care coverage and child care options, more than 15,000 children have already been cut from Medicaid benefits and another 2,000 families have lost their child care. More harsh cuts are on the way unless we do something to help fill the revenue gap. This amendment does that.

Some have suggested that this is bailing out the States or somehow it is a gift that we are doing out of the generosity of Washington. I have encountered the generosity of Washington, generally, as a former Governor when things were given to us. They were called underfunded and unfunded Federal mandates. This is not what we are about today. We recognize that one of the best ways to help the States with their problems today is to take care of these needs and make sure that we don't have what we are doing here negated by action at the State level, which is to respond by supporting additional FMAP funding for a period of 2 years, as well as recognizing that the State and local governments are also feeling the pinch with the fast growing requirements due to hometown security under homeland security requirements. They do not have the luxury to run deficits, nor should they.

Therefore, what we propose is $10 billion to be split between the States and local governments on a block grant basis. This will help provide some relief from property taxes that would otherwise most assuredly rise as the cost of local governments are passed on to taxpayers.

As we look at this package, as we look at State fiscal relief, I hope we will continue to have the bipartisan support we have had in the past. Whether it is 75 or 80 votes is secondary. I certainly hope it would be overwhelming support for this effort.

For those who would say what kind of stimulus will come from this effort, there are studies that show that 1.24 will be returned in one year. From my perspective, a 24-percent return on this sort of investment to take back to the States is a good return, and it is certainly a stimulus to the economy. Therefore, it is a stimulus to the future of this great country.

I appreciate the opportunity. I thank my colleague, the Senator from Maine, for her support, for her constant counseling on how we should go about this effort. I thank her for the time to speak on this very important amendment.

I yield the floor to the Senator from Maine.

Ms. COLLINS. I would like to ask my friend from Nebraska how he would respond to a valid question that has been raised about our amendment: Will the increase in the FMAP, Federal share of Medicaid, be a temporary one?

Mr. NELSON of Nebraska. I am glad my friend from Maine has asked that question so that I can provide some assurances to our colleagues. On behalf of our group of Senators offering this amendment, let me be clear: We have drafted this provision in such a way that the increase in the FMAP will end June 30, 2004. My colleagues will be glad to know that there is precedent for Congress passing short-term Medicaid matching rate increases that have not become permanent.

In 1981, the Omnibus Budget Reconciliation Act reduced Medicaid matching rates for 3 years, while also creating exemptions for States that had high unemployment rates, special hospital review programs, or strong fraud and abuse recovery systems. At the time when this was enacted, some in Congress worried that these changes would be permanent, but these provisions expired on schedule without any particular controversy or efforts to extend them.

There is even a more recent example: The Omnibus Consolidated Rescissions and Appropriations Act of 1996 granted

a temporary increase in the FMAP to Louisiana. The State's matching rate rose from the normal rate of 72.08 percent to a special enhanced rate of 84.28 percent in State fiscal year 1995–96 and from the normal rate of 71.49 percent to an enhanced rate of 81.46 percent in State fiscal year 1996–97. This temporary State relief was granted because the Omnibus Budget Reconciliation Act of 1993 tightened disproportionate share hospital payment policies and posed a hardship for Louisiana at a time when the State's economy was faring badly. The State was able to use these temporary funds to avoid disruptions in essential services. The temporary increase in Louisiana's FMAP expired as scheduled.

These provisions expired as planned after fulfilling their mission of temporary relief to help these States transition through a difficult period. Congress has been able to maintain discipline in the past. There is no evidence that a temporary increase in Medicaid matching rates will inevitably become permanent. In fact, because our amendment in no way adjusts how future FMAPs are calculated, it does not effect a permanent change in FMAPs for States.

Ms. COLLINS. I thank my colleague for that valuable clarification. Let me ask my colleague from West Virginia about another question that has come up regarding the impact of our proposal on the baseline for future Medicaid calculations. There is some concern that this provision might increase FMAP rates in future years. Would you clarify this issue for our colleagues?

Mr. ROCKEFELLER. I am happy to address that issue. The FMAP is currently calculated annually under the following formula. The FMAP is at least 50 percent and is calculated based on the ratio of a State's 3-year average of per capita income to the 3-year average of per capita income of the Nation. Given the nature of this formula, the previous year's FMAP in no way affects the calculation of future FMAPs. Basically, if the State's average per capita income is below the national per capita average, the State gets a higher FMAP. The FMAP is calculated usually 6 months to a year in advance of the start of a Federal fiscal year. The amendment would take the FMAP that has already been calculated by HHS under this formula for fiscal year 2003 and fiscal year 2004 and increase it by 2.95 percentage points for a portion of those years. It does not adjust the underlying formula. Because the FMAP is calculated annually, and the calculation is still based on the current per capita income ratio, our amendment in no way increases the baseline for future FMAP calculations.

I would like to add that I completely concur with the Senator from Nebraska's statement on the temporary nature of the FMAP.

Ms. COLLINS. I would like to add one other point of clarification on this provision. By no means do we intend to prohibit States from using the revenuesharing portion of this amendment on services or other spending that the State cut in its most recent budget. If a State wanted to use a portion of these funds to restore all or part of a vital service it was forced to eliminate or reduce, it should be allowed to do so. We know that the State is the best judge of how to prioritize these funds, not the Federal Government.

Madam President, I thank my colleague and close friend, the Senator from Nebraska, for his leadership and for making such an excellent case. I know there are others who are waiting, so I will conclude the debate on this by making just one final point. Forty-nine States are facing severe budget shortfalls. This is not an isolated problem. It is a problem that affects all but one State. This isn't a case where States have been fiscally irresponsible, spending wildly.

In fact, the States are coping with the demand for services and a decline in revenues at the same time. It is not something they brought upon themselves. That is why we should step in temporarily—these are not permanent assistance programs—to provide help. It will help ensure that 1.7 million Americans will not lose their Medicaid services. It will help ensure that they might just have a little bit of help as they make the painful, difficult choices that are necessary to close their budget gap. It will help ensure that it has a direct stimulative effect, which is, after all, the entire purpose of this package. It is to get our economy growing again and create good jobs. Fiscal aid to States will help to achieve that critical goal.

I want to take this opportunity to ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Ms. COLLINS. I thank the Chair and I yield the floor.

Mr. SMITH. Mr. President, I rise today in support of this amendment to allocate State fiscal relief funds to Medicaid and State and local governments.

I have been supportive of State fiscal relief since the last Congress. Last year, I introduced a bill with Senators ROCKEFELLER, NELSON, and COLLINS to provide states with fiscal relief, which garnered the support of 75 Senators.

This year, I reintroduced State fiscal relief legislation with Senators ROCKEFELLER, NELSON, and COLLINS that would provide States with $20 billion—half through FMAP.

And earlier this year, 80 Senators supported a sense of the Senate that $30 billion should be spent on State fiscal relief, with half of the money going to Medicaid. Eighty votes is a pretty clear signal that this is important to a lot of folks in a lot of States.

And make no mistake, FMAP is good economic stimulus for the States which need it badly. By providing State fiscal relief in the form of FMAP back to our states, we improve the health of our workforce, protect or expand health coverage, create new jobs, and infuse the economy with new money.

By providing a temporary boost to FMAP in the form of $10 billion, Oregon would see more than $300 million in new economic activity, more than $110 million in new wages would be generated, and more than 3,500 jobs would be created.

As you can see, State fiscal relief is one of the most effective policies the Congress could and should enact as part of the economic stimulus/growth package. There is no question that States will spend any additional Federal funds they receive quickly, putting money directly into the economy rather than curtailing economic activity.

As many economists have noted, we need to increase demand in the economy—but State budget actions to balance their budgets right now are reducing demand significantly. This is precisely the wrong medicine at the wrong time for our economy.

As you know, States are facing budget deficits of approximately $100 billion that need to be closed over the next few months. States are closing these deficits by cutting education, health care, and public safety—and sometimes by considering raising taxes.

Unfortunately, the economic impact of State budget cuts and possible tax increases have wide-reaching impacts. A dollar cut from Medicaid results in far more than one dollar less in health care.

Fortunately, the opposite is also true: every single dollar spent on Medicaid results in over $3 in the State and local economy.

Some of our colleagues will tell us that the States spent their own way into the current fiscal crisis. But most of the spending increases in health care were driven by the fact that health care costs grew almost twice as quickly as general inflation, and that Medicaid enrollment rose among disabled individuals and the elderly—two groups with expensive health care needs.

In addition, States expanded health care coverage among low income children and pregnant women.

Since the economy began to falter, virtually every State has taken Medicaid cost-containment action. Additional cuts are expected next year as States struggle to fill budget shortfalls of billions of dollars.

Of course, this means that the number of uninsured Americans will continue to grow.

According to the CDC, Medicaid and SCHIP provided coverage for 2 million children and 1 million adults who lost their health coverage last year. I suspect this year, those numbers will be even larger.

My home State of Oregon has been hit hard by the economic downturn.

The number of uninsured is up, way up. Children and adults, parents have lost their jobs and they are turning to Medicaid. Will Medicaid be there for them?

Without additional resources, 100,000 Oregonians will lose their health coverage, and the people who retain their coverage are facing drastically reduced benefits. This loss will have a ripple effect in the local economy. In some counties, a quarter of the population is eligible for Medicaid.

While we need to strengthen our economy in the long run, it is imperative that we address the immediate economic problems by tackling the State fiscal crisis.

This amendment will provide millions of dollars to needy State and local governments to provide essential services that benefit all of us.

I urge my colleagues to support this amendment.

The PRESIDING OFFICER. Who yields time?

Mr. BAUCUS. Madam President, I yield such time as the minority leader himself may use.

Mr. DASCHLE. Madam President, I thank the distinguished ranking member, the Senator from Montana. I will just take a couple of minutes.

I think this is a critical amendment. I hope, as we consider what it is we need to do to ensure that our country can be put back in economic balance, that we recognize the importance in providing meaningful assistance to the States.

Of all the amendments we have before us, this is one of the most important. I just spoke to the Governors yesterday. They have an $80 billion shortfall. So I am very hopeful that, as we consider where it is we can do the most good, where we can get the greatest traction, where we can do the most to ensure that we have the greatest degree of economic recovery, we recognize the importance of helping States deal with the crisis they are facing in dealing with medical costs. Likewise, we must recognize that we have an obligation to offset the costs of the Leave No Child Behind Act and realize that transportation infrastructure has to be addressed. Our legislation would do that.

So I applaud my colleagues for the extraordinary effort they have made to bring us to this point. I congratulate our colleagues on both sides of the aisle for their effort. I hope our colleagues will see fit to pass the amendment when we vote on it tomorrow.

If I may say briefly, I wish we were not here tonight with the legislation that is pending before us. Our country is mired in debt. We could exceed $400 billion in debt this year—the single largest 1-year level of indebtedness our country has ever faced. I cannot imagine, with all of that debt, with the recognition that we have gone from a $5 trillion surplus to a $2 trillion deficit, that anyone could possibly feel comfortable supporting a tax cut of the magnitude we are talking about tonight.

I only wish that somehow we could resolve our differences and recognize that fiscal responsibility has to have some important part in our calculation as to what makes the most sense as we look to economic recovery. An independent analysis by Economy.com found that we could actually lose jobs in the outyears. The objective report indicated that not only do we not create many jobs in the next year because most of this legislation doesn't kick in until 2004, we actually could harm the economy in the outyears because of increasing long-term indebtedness as a result of higher interest rates.

So from a jobs point of view, we can do better. From a cost point of view, we can certainly do better. From the point of view of fiscal responsibility, we must do better. So we will be offering a Democratic alternative that will allow us that fiscal responsibility and allow us an immediate response to the economic circumstances we are facing right now.

Our bill does what the economic experts told us we must do. They said make it temporary, make it immediate, make it broad-based and, above all, make it fiscally responsible. That is what the Democratic alternative will do tomorrow. It will provide help for the States, as this amendment does. It will provide a broad-based wage credit for every working family in the country today. It will provide meaningful help to small business with the business expensing allowance. It will provide unemployment insurance for those who have seen it terminated. So it does exactly what the Nobel laureates, the economists, have told us must be done if indeed we are cognizant and sensitive to the many pressures and challenges and the many real problems we are facing as we look to our fiscal responsibilities in the coming years.

We can do better than this. I am very hopeful that we can persuade our colleagues to look carefully at what repercussions there will be if the legislation currently pending passes. I hope we can persuade our colleagues that indeed working together we can find a better approach. Our Democratic alternative is that better approach. I urge my colleagues to look at it tonight and support it tomorrow.

I yield the floor and I thank my colleagues for the opportunity to address the alternative, as well as the State amendment.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BAUCUS. Madam President, I, too, am pleased we are going to be voting to increase aid to the States. Earlier this year, I offered legislation to cut taxes, but its centerpiece was aid to the States. In fact, I suggested $75 billion in aid to the States. That sounds like a pretty large sum, but I suggested in the introduced legislation to provide up to $75 billion because, in my judgment—and I think it is the judgment of most economists—dollars that are spent to help States to balance their budgets will significantly help the economies in those States. Unfunded mandates by the U.S. Federal Government has caused some of the problems the States are facing. No Child Left Behind has been mentioned, and there are others, such as IDEA and special education. There are various unfunded mandates.

We in the Congress have said that the States must provide these services, but the President and the Congress have not provided the money to the States so they can provide these services. So the States have had to figure out how to pay for these services because that is Federal law, they must do so.

In the meantime, as we all know, States have suffered dramatic reductions in revenues because the economy has been down. States all across the country have not received near the amount of revenues they expected in their last budgets. When you add to that rising health care costs in the country, which are averaging 12 to 13 percent higher each year, this is a huge increase to the States' Medicaid budgets and other health care budgets. So it is very important to give increased aid to the States. I am disappointed, frankly, that this bill provides only $20 billion when the need is so great.

I remind our colleagues also, as the occupant of the chair knows well—particularly because her father is Governor of a State—States have to balance their budgets. That is not true for the Federal Government. When States face all these unfunded mandates and a reduction in revenue, they have huge budget deficits, which they have to somehow solve, and they can only do so by raising taxes or by cutting various State services, such as Medicaid—their share—and whatnot.

So that is why we are here today and why so many Senators have spoken out in favor of aid to the States. We are soon to have an amendment offered by the Senator from Washington, which I support. She is going to suggest even more aid to the States. This $20 billion is merely a drop in the bucket. As we all know, the budget deficit in California is $35 billion alone. This bill provides just $20 billion. One State alone is much more than that. My State of Montana is running a budget deficit of about $260 million. We are a small State, but $260 million in deficit is a lot for my State with a population of 19,000 people.

So I join in the chorus, and I particularly thank the Senator from Maine and the chairman of the committee. I also thank the other Senators who are working to put this together. I must say I will support it, but I wish we were a little wiser, frankly, and providing more aid to the States. Certainly $20 billion is low, but if that is all we can get, that is what we face. I thank all my colleagues who have worked on this.

Madam President, I now yield 3 minutes to the Senator from New York.

The PRESIDING OFFICER. The Senator from New York.

Mr. SCHUMER. Madam President, I thank my colleague from Montana. I add my remarks to his. I agree with him completely. I am in full support of the Collins-Rockefeller-Nelson amendment. Our localities and States desperately need aid. It makes no sense to tell John Q. Citizen that he will get a $100 rebate from the Federal Government and then have his State and local taxes rise $100. That does not put money in his pocket and stimulate the economy.

Madam President, $20 billion is a decent sum, half going to FMAP and half to direct aid. I would like to see a little more going to localities. It is 60–40, as I understand it. My original proposal with Senator COLLINS and Senator SNOWE was 50–50. That would be a little fairer because localities need help in property taxes a lot. But this is a good start. I am glad it is in the bill. I hope it will stay in the bill because our localities desperately need aid.

Property taxes are going through the roof, and the best property tax circuit breaker is local aid. I wish it was higher as well, and I am glad that in a few minutes, my colleague from Washington will be offering an amendment that doubles that amount.

The original legislation that Senator SNOWE and I introduced was $40 billion. I know my friend from Montana originally proposed $75 billion. Even that would not be enough to do what we need to do. I hope we can raise the amount. Again, States and localities need it.

Cities and counties throughout my State are raising taxes. That is going to put a real damper not only on New York's economy but on America's economy. Local aid prevents some of that from happening.

This is one of the most important provisions in this bill. There are a lot of provisions in the bill that Senator GRASSLEY has proposed with which I agree. There are some with which I disagree. But there is probably none that is more needed, more demanded by the Governors, mayors, county officials, town and village officials than the proposal the Senator from Maine, the Senator from West Virginia, and the Senator from Nebraska have brought before us.

I am going to support it rather enthusiastically, only tempered by the fact that I think it should be more. I hope it can be more. I hope it does not get any lower, I say to my good friend from Iowa, in conference and in other places. He is shaking his head yes, let the record show. I hope he is saying, yes, it should not get lower not, yes, it should get lower.

This is a very important amendment. I will fully support it. I was involved in helping to push this local aid issue. I hope we can increase the amount with the amendment of the Senator from Washington.

I yield back the remainder of my time.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Madam President, it is my understanding that all Senators who wished to speak on the Collins amendment have spoken.

I ask unanimous consent that all pending amendments be temporarily laid aside so the Senator from Washington can offer her amendment.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Washington.

AMENDMENT NO. 564

Mrs. MURRAY. Madam President, I call up amendment No. 564.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Washington [Mrs. MURRAY], for herself, Mr. DASCHLE, Mr. BAUCUS, Mr. ROCKEFELLER, Mr. WYDEN, Mr. SCHUMER, and Mr. CORZINE, proposes an amendment numbered 564.

Mrs. MURRAY. Madam President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To provide temporary State fiscal relief)

Strike section 371 and insert the following:

SEC. 371. GENERAL REVENUE SHARING WITH STATES AND THEIR LOCAL GOVERNMENTS.

(a) APPROPRIATION.—There is authorized to be appropriated and is appropriated to carry out this section $20,000,000,000 for fiscal year 2003.

(b) ALLOTMENTS.—From the amount appropriated under subsection (a) for fiscal year 2003, the Secretary of the Treasury shall, as soon as practicable after the date of the enactment of this Act, allot to each of the States as follows, except that no State shall receive less than ½ of 1 percent of such amount:

(1) STATE LEVEL.—$16,000,000,000 shall be allotted among such States on the basis of the relative population of each such State, as determined by the Secretary on the basis of the most recent satisfactory data.

(2) LOCAL GOVERNMENT LEVEL.—$4,000,000,000 shall be allotted among such States as determined under paragraph (1) for distribution to the various units of general local government within such States on the basis of the relative population of each such unit within each such State, as determined by the Secretary on the basis of the most recent satisfactory data.

(c) DEFINITIONS.—For purposes of this section—

(1) STATE.—The term ''State'' means any of the several States, the District of Columbia, and the Commonwealth of Puerto Rico.

(2) UNIT OF GENERAL LOCAL GOVERNMENT.—

(A) IN GENERAL.—The term ''unit of general local government'' means—

(i) a county, parish, township, city, or political subdivision of a county, parish, township, or city, that is a unit of general local government as determined by the Secretary of Commerce for general statistical purposes; and

(ii) the District of Columbia, the Commonwealth of Puerto Rico, and the recognized governing body of an Indian tribe or Alaskan native village that carries out substantial governmental duties and powers.

(B) TREATMENT OF SUBSUMED AREAS.—For purposes of determining a unit of general local government under this section, the rules under section 6720(c) of title 31, United States Code, shall apply.

SEC. 371A. TEMPORARY STATE FMAP RELIEF.

(a) PERMITTING MAINTENANCE OF FISCAL YEAR 2002 FMAP FOR LAST 2 CALENDAR QUARTERS OF FISCAL YEAR 2003.—Notwithstanding any other provision of law, but subject to subsection (e), if the FMAP determined without regard to this subsection for a State for fiscal year 2003 is less than the FMAP as so determined for fiscal year 2002, the FMAP for the State for fiscal year 2002 shall be substituted for the State's FMAP for the third and fourth calendar quarters of fiscal year 2003, before the application of this section.

(b) PERMITTING MAINTENANCE OF FISCAL YEAR 2003 FMAP FOR EACH CALENDAR QUARTER OF FISCAL YEAR 2004.—Notwithstanding any other provision of law, but subject to subsection (e), if the FMAP determined without regard to this subsection for a State for fiscal year 2004 is less than the FMAP as so determined for fiscal year 2003, the FMAP for the State for fiscal year 2003 shall be substituted for the State's FMAP for each calendar quarter of fiscal year 2004, before the application of this section.

(c) GENERAL 4.95 PERCENTAGE POINTS INCREASE FOR LAST 2 CALENDAR QUARTERS OF FISCAL YEAR 2003 AND EACH CALENDAR QUARTER OF FISCAL YEAR 2004.—Notwithstanding any other provision of law, but subject to subsections (e) and (f), for each State for the third and fourth calendar quarters of fiscal year 2003 and each calendar quarter of fiscal year 2004, the FMAP (taking into account the application of subsections (a) and (b)) shall be increased by 4.95 percentage points.

(d) INCREASE IN CAP ON MEDICAID PAYMENTS TO TERRITORIES.—Notwithstanding any other provision of law, but subject to subsection (f), with respect to the third and fourth calendar quarters of fiscal year 2003 and each calendar quarter of fiscal year 2004, the amounts otherwise determined for Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, and American Samoa under subsections (f) and (g) of section 1108 of the Social Security Act (42 U.S.C. 1308) shall each be increased by an amount equal to 9.90 percent of such amounts.

(e) SCOPE OF APPLICATION.—The increases in the FMAP for a State under this section shall apply only for purposes of title XIX of the Social Security Act and shall not apply with respect to—

(1) disproportionate share hospital payments described in section 1923 of such Act (42 U.S.C. 1396r–4);

(2) payments under title IV or XXI of such Act (42 U.S.C. 601 et seq. and 1397aa et seq.); or

(3) the percentage described in the third sentence of section 1905(b) of the Social Security Act (42 U.S.C. 1396d(b)) (relating to amounts expended as medical assistance for services received through an Indian Health Service facility whether operated by the Indian Health Service or by an Indian tribe or tribal organization (as defined in section 4 of the Indian Health Care Improvement Act)).

(f) STATE ELIGIBILITY.—

(1) IN GENERAL.—Subject to paragraph (2), a State is eligible for an increase in its FMAP under subsection (c) or an increase in a cap amount under subsection (d) only if the eligibility under its State plan under title XIX of the Social Security Act (including any waiver under such title or under section 1115 of such Act (42 U.S.C. 1315)) is no more restrictive than the eligibility under such plan (or waiver) as in effect on July 1, 2003.

(2) STATE REINSTATEMENT OF ELIGIBILITY PERMITTED.—A State that has restricted eligibility under its State plan under title XIX

of the Social Security Act (including any waiver under such title or under section 1115 of such Act (42 U.S.C. 1315)) after July 1, 2003, but prior to the date of enactment of this Act is eligible for an increase in its FMAP under subsection (c) or an increase in a cap amount under subsection (d) in the first calendar quarter (and any subsequent calendar quarters) in which the State has reinstated eligibility that is no more restrictive than the eligibility under such plan (or waiver) as in effect on July 1, 2003.

(3) RULE OF CONSTRUCTION.—Nothing in paragraph (1) or (2) shall be construed as affecting a State's flexibility with respect to benefits offered under the State medicaid program under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) (including any waiver under such title or under section 1115 of such Act (42 U.S.C. 1315)).

(g) DEFINITIONS.—In this section:

(1) FMAP.—The term ''FMAP'' means the Federal medical assistance percentage, as defined in section 1905(b) of the Social Security Act (42 U.S.C. 1396d(b)).

(2) STATE.—The term ''State'' has the meaning given such term for purposes of title XIX of the Social Security Act (42 U.S.C. 1396 et seq.).

(h) REPEAL.—Effective as of October 1, 2004, this section is repealed.

SEC. 371B. ELIMINATION OF 20 PERCENT PARTIAL EXCLUSION OF DIVIDENDS RECEIVED BY INDIVIDUALS.

Section 116(a)(2)(B), as added by section 201 of this Act, is amended by striking ''(20 percent in the case of taxable years beginning after 2007)''.

Mrs. MURRAY. Madam President, I rise to offer an amendment that will help address the real needs of families in cities and States all across this country. I thank my cosponsors Senators DASCHLE, BAUCUS, ROCKEFELLER, WYDEN, KOHL, SCHUMER, EDWARDS, and CORZINE.

As I look at the current tax proposal, I do not see much that will provide an immediate stimulus to our economy or help working families who are struggling during this recession. In fact, today's Washington Post said that even some Republicans consider this plan ''bizarre and economically suspect.''

This tax bill ignores the real needs that families are facing, and it dramatically increases the deficit, all to give massive tax cuts to a very few. That is an approach that has already failed us. Simply put, this tax bill fails America's families. So tonight I am offering an amendment to put some stimulus and relief into this no-stimulus bill.

The Murray amendment provides direct help where it is so badly needed—in our States and in our local communities. My amendment addresses a crisis in health care that jeopardizes access for all Americans.

Currently, the underlying bill, as we just heard, offers $20 billion in aid to the States. By the way, that funding is only there because Democrats fought for it. That is a major accomplishment considering the President's plan included nothing for our ailing States, and the House also failed our States.

While $20 billion is a victory in our current political environment, we all know it is not enough to help our States recover quickly. So my amendment offers an additional $20 billion for our struggling States and local governments. In total, my amendment provides $40 billion in immediate assistance to our ailing States.

Here is how the money will be divided: $20 billion will go to general revenue sharing. Of that, $16 billion is for State governments, including Washington, DC, and Puerto Rico; $4 billion is for local governments, and each State will receive a minimum of $100 million.

The other $20 billion goes to States for Medicaid relief. This provision would temporarily increase the Federal matching rate for Medicaid. If we are going to help our economy recover, we need to help our States and local governments get through this crisis.

All of my colleagues know the plight of our States. My home State of Washington continues to suffer real economic problems, and it illustrates the importance of adopting the Murray amendment. Washington State has the second highest unemployment rate in the Nation at 7 percent. My colleague from Oregon, Senator WYDEN, who is going to be speaking in just a few minutes, shares the distinguished record of having the highest unemployment in the Nation go back and forth between Oregon and Washington in the last 2 years.

In Washington State, since the spring of 2001, we have lost tens of thousands of jobs. In fact, one in nine Washington residents does not have health care coverage today, and 150,000 people in my State have lost health insurance in the last 2 years. In the last 2 years alone, we have faced in my State an earthquake, an energy crisis, declines in our technology sector, the downturn of Boeing, and the loss of thousands of jobs. And now we face a State budget deficit of $2.7 billion. That translates to dramatic cuts in education, health care, transportation, and social services.

These programs are more important now than ever because times are so tough. Unfortunately, as we all know, many other States are facing very similar challenges. In fact, today our States are experiencing the most severe economic crisis since World War II. Nationwide, States are facing deficits totaling $70 billion to $85 billion.

Experts are warning us that 1.7 million people nationwide risk losing Medicaid coverage as States cut their budgets. In fact, in Washington State, according to our insurance commissioner, 60,000 children will lose access to health care unless we help. That is 60,000 children in Washington State alone. Unlike the Federal Government, States do not have the option of deficit spending. Instead, States are forced to cut existing programs or raise new revenues to balance their budgets.

To add to the State's budget crises, the Federal Government has created costly new mandates in areas such as education and homeland security.

The ''No Child Left Behind'' law required States to implement new accountability measures, but the assistance that was promised has never been delivered.

On homeland security, State and local law enforcement must work overtime whenever the threat level is raised. For many States and localities, homeland security is on the verge of becoming another unfunded mandate. Unfortunately, in response to the crises in our States, the President proposed nothing to help them. It is like the famous newspaper headline: ''Ford to City: Drop Dead.'' The House of Representatives followed the President's lead in leaving States in crisis. It took Democratic efforts in the Senate to build bipartisan support for our States.

I am proud of the work that Democrats have done to add $20 billion to the tax legislation to help our States get through this difficult time. I also commend my colleagues on the other side who are working on this issue. I applaud their work in the face of strong opposition from the President and the Republican party leadership.

My amendment will help States deal with education, as many State universities and community colleges are facing double-digit tuition increases. My amendment will also help States address their Medicaid shortfalls by temporarily raising the Federal share of Medicaid payments.

Given the fiscal crisis in our States, this additional support is critical today. This aid will allow our States to maintain health care coverage for our most vulnerable citizens.

Some of my colleagues may hear the word ''Medicaid'' and think I am just talking about helping low-income families. That is true and it is critical, but it is much more than that.

Yes, Medicaid does provide coverage for more than 42 million low-income, disabled, and elderly Americans, but let's not forget that Medicaid plays a major role in America's health care delivery system.

It pays for about half of all nursing home care. It pays for 17 percent of prescription drug coverage.

Hospitals, doctors and clinics in every State rely on Medicaid as a significant source of revenue.

Cuts in Medicaid could close nursing homes. Cuts could make it harder for middle class families to pay for long-term care for their aging parents or relatives. It could mean lower wages for nurses in long-term care facilities. Finally, let me emphasize, it could have a major impact on women because 70 percent of Medicaid beneficiaries over age 15 are women.

Unless we address the Medicaid shortfall, we will feel the impact everywhere.

When poor kids, families, and moms do not have health care, kids show up at school sick, moms cannot care for families, and parents do not go to work. That affects everyone. It will add to the 41 million Americans who do not have health insurance, and that will add to the costs we all pay for health

care. This affects families and businesses in the form of much higher insurance premiums.

Finally, when Medicaid is underfunded, it puts more pressure on our doctors, hospitals, and clinics that are already struggling. We are losing doctors and seeing hospitals close today.

We cannot afford to let things get worse. We need to improve the underlying tax bill so it addresses the real challenges facing families in our States and local communities. States are facing a fiscal crisis, and my amendment provides $20 billion in aid. States are facing a healthcare crisis, and my amendment provides another $20 billion to make up the Medicaid shortfall.

This amendment is a chance to improve what has been called a ''bizarre and economically suspect'' tax plan.

Before I close, I want to clarify something that we may hear during this debate. I want my colleagues to know that this is not about bailing out States that have overspent. We are talking about individual Americans and their access to services like vision and dental care, asthma medicine, hospice care, and physical therapy. So when my colleagues blame the States for this crisis, they are choosing their words carefully. They do not dare blame the disabled, the elderly, poor children and their parents, but that is who they are really talking about, the people who will lose access to health care unless we pass the Murray amendment.

Let's not forget that our States have had to pick up the bills because the Federal Government has not done its job in certain areas.

For example, because we have not reformed health care at the Federal level, States have had to deal with more and more residents on Medicaid. Because Federal assistance for tuition has been cut, there is more pressure on State-funded universities. To those pressures we can add the Federal Government's failure to fund the education law and new homeland security mandates.

So this is not about bailing out States that have done something wrong. This is about recognizing our responsibility to pay for the things we have required at the Federal level. We know there is an economic crisis in our States, and this is a chance to provide some critical support.

Unless we provide some real aid to our States, Congress and the President will just be passing the tax burden on to the local level. Let's do the responsible thing.

I think that any Senator who votes against the Murray amendment will have a hard time explaining to their Governor, their mayors, and all their citizens why they left their State hanging in order to provide a massive tax cut to the few, which will not result in immediate economic growth.

I urge my colleagues to vote for the Murray amendment, and I thank my co-sponsors.

I yield 15 minutes to my colleague from Oregon, who is a cosponsor of this amendment and who knows in his State how much they are struggling as they try to meet a crisis, as so many other States are.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. WYDEN. Madam President, I thank Senator MURRAY, the lead sponsor for this legislation.

Oregon and Washington are really ground zero as far as the economic hurt in this country, and I thank her for all of her leadership and support.

I will take only a few minutes tonight because I know we have had a number of speakers on this topic, but I think it is time to put a human face on this issue and try to make sure that people really understand what is at stake.

In Eugene, OR, where I went to school, parents have recently been selling their own blood plasma—that's right, their own blood plasma—to pay for a math teacher's salary for one more year because the school district has been unable to come up with the cash to pay for a math teacher. I think that really says it all.

As Senator MURRAY and other colleagues talked about, we are not talking about luxuries. We are not talking about something that would be frivolous or on somebody's wish list. We are talking about the most essential services in our society, making sure that kids get a good start, and decent health care.

What it has come to in my State, which is in its third year now of financial meltdown, is we have parents actually going out and selling blood.

Something is really out of whack in this country when somehow the Congress is going to find ways to come up with billions of dollars to rebuild Iraq, but the Congress of the United States will not come up with the dollars that are needed to rebuild the States. That is what this effort on a bipartisan basis is all about.

In my home State, we now have schools closing a month early. We brought an end to the medical-needy program which helped nearly 9,000 low-income Oregonians with unusually high health costs who do not qualify for our innovative health plan. More than 2,500 older adults and persons with disabilities have lost adult care, assisted living care, nursing home care, and the list really goes on.

I particularly wanted to highlight the fact that these cuts and the hardship that has been engendered as a result of these cuts comes about at a time when some of our States have been on the cutting edge of innovation.

I will take a minute to describe our health plan. The State of Oregon has been the only State in the country—in fact, the only political jurisdiction on the planet—that has been willing to force a discussion about tough calls in health care. Many feel, given the demographics tsunami that is ahead with millions of baby boomers retiring and the technology explosion, it is not on the level if you are not willing to make some tough choices in health care. That is what my home State did a number of years ago with the Oregon Health Plan; we held the first nationwide debate about how to go about making choices in health care, making sure you are doing prevention first in kids and pregnant mothers. And all the services we know will reap great benefits in the years ahead.

That is the program that has been slashed. It was not a program that engendered a lot of fancy services or Cadillac health care or profligate spending. It was a program that focused on the basics, on the essential health care services, on services that by anyone's analysis are just plain vanilla, essential services for our citizens.

I bring this up by way of saying, as we move tonight to close out the discussion of these amendments, I certainly support the Collins amendment. It is very helpful. I would like to go further, for all the reasons Senator MURRAY has described tonight, that we think about these consequences in human terms: What is going on today in Eugene, OR, what is going on with the Oregon Health Plan where people did make tough and courageous calls.

A lot of the States must be wondering now, what was the point of trying to be innovative? What was the point of trying to be innovative because when there were tough financial circumstances nationally beyond their control, the Federal Government said: That is the way it goes, we are not going to do anything to help tide you over so innovative programs such as the Oregon Health Plan are not decimated.

These are critical issues. The budget cuts we have seen in health care and education are not going to be quickly healed. Regarding the national economy, we all hope for a speedy recovery, but it seems to me, by any calculation, the States are going to need significant and ongoing help to ameliorate the damage that has been done and to start pulling together the tatters of the social safety net and begin to help our citizens again. We are not going to repair that tattered safety net with just a few needles and thread; we will do it with real and tangible help, the way the Murray amendment seeks to do.

I come to the Senate tonight to make it clear, what we seek to do in these important amendments is to try to give our States the tools in this struggle to provide the most critical of services, to tell them they are going to have a little bit more to get by with during unprecedented times.

School finance in Oregon has been cut so drastically they have curtailed the school year in some districts. We have been laying off teachers left and right. We have no way to attract them. Senator SMITH and I co-hosted an important economic development summit at the end of last year with 1,300 business leaders from all over the State.

They are worried, as a business community, that with the shortening of the school year in the country, it will be very tough to grow existing businesses and to attract new ones.

Suffice it to say, we are not really happy about the Doonesbury cartoons either. We have been first so often in my home State—with environmental protection, mass transit—but we are not pleased to be first in terms of economic hurt and unemployment and the kinds of problems we have been outlining on the floor tonight.

We have to start filling the holes in these devastated budgets. The situation is dire. In the face of this unprecedented suffering, many in the Senate believe the $20 billion allocated is not enough and the Senate must do better.

Ultimately, budgets are about choices. Budgets are not just about charts and graphs and figures and lots of dark ink on paper. Budgets are about hopes and aspirations and what kind of country we want. I don't want a country and I don't want a State to have to sit by while the Government does not respond when people have to sell blood to finance a teacher's salary and we end up having the devastation to an innovative state-of-the-art health plan, the way the Oregon Health Plan was at the outset.

I don't want to tell the people of my home State, and I don't think others in this body want to either, that the U.S. Congress can figure out a way to come up with billions and billions of dollars to reconstruct Iraq, hundreds of millions of dollars for tax cuts, and simply not come up with the critical dollars needed to keep our kids in school for a full year, to keep older people in health care systems that are a lifeline for them.

I hope our colleagues will support the Murray amendment. The very least the Senate can do is to keep the huge budgetary hole the States have found themselves in from getting deeper and wider. The Murray amendment ensures that can be done.

I urge the passage of this critical amendment. I yield the floor.

Mr. SCHUMER. Madam President, I first thank my colleague, Senator MURRAY, for her sponsorship of this vital amendment. I also want to specifically recognize Senator GRASSLEY, the distinguished chairman of the Finance Committee, and Senator BAUCUS, the distinguished ranking member, for their leadership in putting State and local fiscal relief on the agenda. I should also note the bipartisan effort of Senators COLLINS, ROCKEFELLER, SMITH and NELSON which helped establish State aid in the budget debate. Finally, Senator SNOWE deserves special recognition for her early and steadfast support of this legislation.

The fiscal crisis in our States and cities is a national problem that requires bipartisan cooperation in the best spirit of the Senate, and I am proud to be working together with my esteemed colleagues.

I support the Murray amendment.

This amendment is critical to New York. It will help thousands of New Yorkers keep their jobs, maintain the State services they rely on, and most importantly avoid the burden of increasing taxes. I cannot state that more clearly—without this legislation the tax burden on citizens in my State will go up. That threatens to undo the very stimulus we all believe is necessary.

As we all know, New York is not alone. States are facing their worst fiscal crisis since World War II. The Governor of New York, George Pataki, stated the situation in all of our States and cities clearly, ''We face a fiscal crisis today of a magnitude that we have not faced in our lifetime.''

According to estimates provided by the National Conference of State Legislatures, the total budgetary shortfall for all States in fiscal year 2004 was in the range of $80 billion, and an approximate $22 billion gap still remains from fiscal 2003. Many believe these figures remain significantly understated.

Almost every State is running a significant, multi-hundred million dollar deficit. In many States, the figure runs into the multi-billions of dollars. In several States, the deficit's percentage of the total State budget is estimated to be in the range of 25 percent or more. New York State's budget shortfall alone is $12 billion dollars.

The situation at the local level is just as dire. According to the National Association of Counties, nearly 72 percent of counties are facing budget shortfalls, 37 percent are reducing services, and 17 percent are increasing taxes—all at a time when the demand for services and the need for tax cuts is rising given the sour economy.

This is not a regional issue. It is a national crisis.

Unlike the Federal Government, which has seen its fiscal position change from a budgetary surplus in 2000 to a newly estimated deficit of over $300 billion in fiscal 2003, almost every state is required by law to have a balanced budget. To achieve this the only options are to raise taxes and/or cut spending.

State taxes are increasing in three ways. First, state income tax rates are increasing. Second, property tax rates are skyrocketing. In New York City, Mayor Bloomberg was forced to raise property taxes over 18 percent to preserve vital services. Third, States are increasing sales taxes, excise taxes, and other fees. As the New York Times recently reported ''at least 15 states have raised taxes, five of them by 5 percent or more.''

This increasing tax burden falls heavily and squarely on the backs of our working families. It will make it harder for them to make ends meet in these already difficult economic times when every dollar counts.

State spending cuts follow 2 years of a deteriorating economic environment and fiscal outlook. During that time, States have cut the fat from their budgets and depleted reserves. They now are cutting muscle. To balance their budgets for fiscal 2004, States are in the process of eliminating thousands of jobs.

In many States, the jobs that will be lost are vital to our communities: policemen, firefighters, teachers, postal workers, and bus drivers. In New York these were the jobs of the everyday heroes that we celebrated after the tragedies of September 11.

States also are eliminating many critical programs and reducing funds available for those programs that remain.

Among the most vulnerable targets are those services that working families rely on, such as childcare and elementary and secondary education. Without funds, school improvements will not be made. Libraries will not be upgraded. Staff will be cut. Class sizes will dramatically increase.

All of this is happening today. As one school superintendent stated, ''It is the worst thing that has happened in my thirty years in public education.''

This comes at a time when, as a nation, we are striving to raise our children's test scores and improve overall school performance. In addition, in many states the cost of higher education is increasing. Tuition at some State colleges and universities has been raised over 20 percent. Also vulnerable are programs that help those most in need during difficult times.

States now bear the responsibility for numerous programs and services that provide the safety net that our citizens rely on. For example, as we know well, states fund a large percentage of the cost of Medicaid. During the current fiscal crisis, according to the Kaiser Commission on Medicaid and the Uninsured, Medicaid programs have been cut substantially. This will place an enormous burden on our society. States clearly need funding to pay for Medicaid.

In addition, programs such as job-training, housing subsidies, and other services for lower-income citizens are at risk.

Most importantly, states now face extraordinary demands to provide the protection citizens require in the new post-9/11 world. They face increased responsibilities to patrol ports, bridges and tunnels, to train emergency response personnel, and to put in place the infrastructure to protect their citizens.

In the current world, with threats on our home soil at high levels, and on the brink of a war with a nation accused of sponsoring international terrorism, we cannot abandon our States and cities. We must give them the funds they need to protect our citizens.

The solution is to provide direct Federal aid to the States and localities within the budget. We have had bipartisan agreement to provide $20 billion in direct Federal aid to the States and

localities on a one-time basis. I commend Senator GRASSLEY for his leadership in getting this done. It is a very good start, but it not enough.

I have heard some argue that state aid is not good economic policy, but numerous reports indicate that a very large number of economists believe that aid to the States is, in fact, an extremely effective means of providing fiscal stimulus, as it quickly puts money in the hands of people who need it and will spend it.

State and local aid also alleviates the need for States to cut more jobs, cut more programs, and raise taxes, which acts as an ''antistimulus'' on the economy. Without any State aid, an individual's or family's decreased in Federal taxes could be surpassed by an increase in State and local taxes.

We should not support policies where, ''What one hand giveth the other taketh away.'' We should not ''rob Peter to pay Paul.''

This modest increase in the amount of aid is a one-time shot in the arm for the States. It is not an enormous, multi-year change that threatens to build more deficits. It is a short-term proposal in response to a crisis that threatens to further drag down our economy and further increase the tax burden on our citizens.

Some argue that States and cities have dug their own fiscal graves, and should now lie in them. I could not disagree more. Our States and cities face the same economic forces as the Federal Government. As the economy has forced a dramatic reversal in fiscal health in our Federal budget, so has it wreaked havoc on local budgets.

Why should we hold States and localities to a different standard than we hold ourselves?

If we want to teach States a lesson, why should we force citizens to bear the brunt of that discipline through higher taxes on their income, bigger class sizes for their children, and less services for those in need?

The money we are discussing is not a bailout. Nowhere close. States and locals will still need to make painful cuts and possibly raise taxes. But we can help alleviate the pain which will fall not on lawmakers, as we all know, but on our citizens.

As President John Kennedy once said, ''Let us seek not the Democratic solution or the Republican solution, but the right solution.''

This is the right solution. I fully and enthusiastically support Senator MURRAY's amendment.

The PRESIDING OFFICER. Who yields time?

Mr. GRASSLEY. Madam President, I spoke earlier in support of the Collins amendment which is a $20 billion fiscal relief package. We have been told that $20 billion is a drop in the bucket. I don't think $20 billion is a drop in the bucket. We have been told that maybe $75 billion is not enough for State aid.

We have to be fiscally responsible as we approach this. I do not fault the good intentions behind people who have higher figures in mind, including the amendment by the Senator from Washington. There are Members on both sides of the aisle for whom fiscal relief is a key component of any larger tax and jobs package. I have worked hard to accommodate Members' priorities relative thereto.

A number of provisions in this amendment have been addressed by the State fiscal conservative relief amendment offered by Senator COLLINS. The State fiscal relief amendment offered by Senator COLLINS represents a significant boost to States. It provides $20 billion. To me, that is lots of money. This is much more money than some would like to spend at all. However, there will be those for whom no amount of spending will ever be enough.

I am not saying Senator MURRAY is one of those for whom no amount of money would ever be enough. All I am saying is that at some point we have to determine a final dollar amount for State aid.

We have an amendment that provides $20 billion for States, and I think we should stick with that number. Therefore, Senator MURRAY's amendment at $40 billion is too expensive and must be opposed. I urge my colleagues to vote against this amendment. I urge them to support the Collins amendment.

I yield the floor.

Mr. BAUCUS. I yield whatever time the Senator from Washington desires.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Madam President, I know there are many other Senators on the floor who wish to speak to their amendments. Let me conclude this amendment debate by saying how important it is for our States that are struggling today with $75 billion or $80 billion in debt, that we do everything we can to get the economy going in a true economic stimulus package to provide funds for those States to assure they do not lose people off health care, that their education systems are intact, and they have the ability to deal with their budget crisis and we don't add to it with fiscally irresponsible tax cuts that preclude them from being able to provide the services that are so critical today.

I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Madam President, I ask unanimous consent all pending amendments be temporarily set aside and the Senator from Michigan be recognized for the purpose of offering an amendment.

The PRESIDING OFFICER. Is there an objection? Without objection, it is so ordered.

The Senator from Michigan.

AMENDMENT NO. 614

Ms. STABENOW. Madam President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Michigan (Ms. STABENOW) proposes an amendment numbered 614.

Ms. STABENOW. I ask unanimous consent the reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To ensure the enactment of a medicare prescription drug benefit)

At the end of end of subtitle C of title V, add the following:

SEC. . ENSURING ENACTMENT OF A MEDICARE PRESCRIPTION DRUG BENEFIT.

(a) TRIGGER.—Notwithstanding any other provision of this Act, the provisions as described in subsection (b) shall not take effect except as provided in subsection (c).

(b) PROVISION DESCRIBED.—A provision described in this subsection is—

(1) section 102 of this Act to the extent such section accelerates the scheduled phase down of the top tax rate of 38.6 percent to 37.6 percent in 2004 and to 35 percent in 2006; and

(2) section 116(a)(2)(B) of the Internal Revenue Code of 1986, as added by section 201 of this Act.

(c) DELAY UNTIL ENACTMENT OF A MEDICARE PRESCRIPTION DRUG BENEFIT.—The provisions described in subsection (b) shall apply to taxable years beginning in or after the calendar year in which a prescription drug benefit under the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) is enacted that is—

(1) available to all beneficiaries under such program; and

(2) actuarially equivalent to the Blue Cross and Blue Shield benefit offered through the Federal employees health benefits program.

Ms. STABENOW. Madam President, I rise this evening to offer an amendment that seeks to set the right priorities for us in the Senate and in the Congress as we move forward this year with the budget. My amendment is simple. It says before the dividend tax cut and the acceleration of the top tax rate go into effect, Congress must pass a Medicare prescription drug bill that is actuarially equivalent to the value of the Blue Cross standard option under the Federal Employees Health Benefits Program, known as FEHBP, for all Medicare beneficiaries.

This is a question of our values and priorities. My amendment is a promise to our Nation's seniors. It says you are as important as the elite in this country; we are finally going to get something done; and that it will be something that is equal to what we receive in the U.S. Senate. This is the third consecutive Congress that has considered adding an outpatient prescription drug benefit under Medicare. In the last two Congresses we were unsuccessful. To be fair, we were unsuccessful with a Democratic President, a Republican President, a Democratic Congress, a Republican Congress. The reality is we have not yet been able to

deliver for our seniors the promise of prescription drug coverage under Medicare.

I believe the time is up. Our seniors and those who are disabled, who depend on Medicare, are counting on us to get this done this year.

In order to be able to do that, we need to impose some discipline on ourselves. We have to hold our feet to the fire in order to get this done. This amendment says to the House and Senate and the administration that we must all work together to pass a meaningful prescription drug benefit or a major component of the tax cut that is supported by the majority will not go into effect.

I would like to make it clear that my amendment does not eliminate the tax cuts on dividends or those for the people who pay the highest rates. As long as we pass a meaningful prescription drug benefit, these tax cuts would take effect as scheduled.

Having said that, I want to also indicate that I do not believe, from an economic standpoint, that is the best way to stimulate the economy. I agree with the over 450 economists who have said this will not create jobs; it will not create growth. But if in fact there is support to pass the tax breaks geared to the elite in the country, I ask my colleagues to at least be willing to hold off. At least be willing to hold off until we can fulfill the promise of an outpatient prescription drug benefit under Medicare.

My amendment says this should be available to all seniors, not just seniors in private insurance, as has been proposed by the President and by others, but all seniors should be able to get the same prescription drug coverage.

In addition, this amendment says the prescription drug benefit we pass should be actuarially equivalent to the plan that is most often used by Federal employees, including Members of Congress. In other words—and I have heard other colleagues say this—the seniors of this country should get no less in prescription drug help than we get through our insurance plan. That is what my amendment says, simply. The tax cuts geared to the most wealthy among us, the elite in the country, should wait until we can fulfill the promise of a prescription drug benefit that is equal to what we receive as Members of the Senate.

I have heard many friends on the other side of the aisle extol the virtues of our plan, the FEHBP plan. I have also heard the President and members of his administration make similar comments. They say a new prescription drug benefit should be modeled after the benefit in the Federal employee plan. In fact, on May 6 my distinguished colleague from Idaho, Senator CRAIG, held a hearing in the Aging Committee, which I am on, that highlighted the Federal employee program, its benefits, and so on. While the witnesses disagreed on whether it would be appropriate to go to the structure of that plan—and I have great concerns about anything outside of Medicare—they all agree that this plan that we and other Federal employees have offers excellent prescription drug coverage for Federal employees.

I think most of us agree our seniors deserve the same opportunity to have prescription drug coverage equal to what we or other Federal employees receive. However, the current budget resolution does not allow for that. It does not provide for the resources to do that. So despite the comments I have heard on a number of occasions from colleagues that, in fact, we ought to be providing similar coverage, the budget resolution does not provide the resources. So this, again, is a question of priorities. It is a question of values. What should come first, fulfilling the promise of a quality prescription drug benefit for our seniors under Medicare or proceeding with a tax cut geared to the elite in this country?

I think it is particularly of concern that we focus on this, particularly in light of the overwhelming evidence that those particular tax cuts will not stimulate the economy in the short run, will not create jobs, will not create growth. No matter how many times Members say that, with all due respect, we have overwhelming evidence—450 economists, 10 Nobel laureates, concerns by Chairman Greenspan—and only 13 economists on the side, saying it is a good idea.

Before we go ahead with something we know is not a short-term stimulus, doesn't create jobs, doesn't create growth, and, in fact, created red ink as far as the eye can see, I ask that we stop.

Whether Members wish to have a dividend tax cut and a top rate cut or wish not to, we should come together and agree we would not proceed until we provide prescription drug coverage that is quality and is similar to what we have as Members of the Senate.

This is a trigger. As I indicated, it is not eliminating those parts of the tax bill. It is simply a trigger on those.

If I might take just another moment on the broader issues of Medicare, on this question of whether we will have the resources to update Medicare to provide a real prescription drug benefit, one that we could probably support because it would be similar to what we are able to receive as Members of the Senate. The larger issue is where we are going in terms of the huge national debt projected for the future. The actual question is whether we will be able to meet our obligations overall for Medicare and Social Security in the long run without going into more and more deficit.

I refer to the study that was recently done that indicates if we were to take the proposals that have been put forward by the President—I realize in the Senate there is a modified version of that. We don't have exactly this amendment in front of us. But if we are to take what the President has suggested in totality over the next 75 years, we would see a cost of over $14 trillion.

At the same time, the projected Medicare and Social Security deficit is $10 trillion.

I go back again to my concern that this an issue of priorities. We have one proposal that creates a $14 trillion cost. At the same time that we know we have an unfunded liability in Social Security and Medicare of $10 trillion, why in the world would we do that? Why in the world would anybody? This is what the economists are talking about. Over 450 economists have come out against this, saying it will not create jobs; it will just create more massive debt; it will create instability long term in the economy; it jeopardizes Medicare and Social Security.

These are the numbers they are looking at. Why in the world would anybody with common sense looking at this say we ought to go in this direction? If we didn't go in this direction, and if we agreed to the amendment we are talking about, we would be sending a clear message that we are committed to really providing Medicare prescription drug coverage and not just talking about it for another session but really providing it for our seniors and for the disabled. And we would be sending a message that we are making a long-term commitment to Medicare and Social Security.

My fear is, if we proceed down the road as we currently are as a Congress, that we are creating a situation which will lend itself to the argument of those who say we can't afford Medicare and Social Security anymore. We heard that. We heard we can't afford prescription drug coverage; we can't afford Medicare as we know it; we can't afford Social Security as we know it. We can afford to update it for prescription drugs if we do not pass irresponsible tax policy that creates trillions and trillions of dollars in debt.

That is my concern overall. I am hopeful that we will reconsider this. I am very hopeful that in the meantime, regardless of the broader picture, colleagues will join to be able to send a strong message that we are going to put the seniors of the country first and a real prescription drug benefit first. As many colleagues have said, our seniors deserve the same kind of benefit that we receive in the Senate. This amendment would allow that to happen.

With the passage of these other provisions, it then would allow them to take effect after the prescription drug benefit is passed.

I reserve the remainder of my time. I yield to my colleagues who are possibly wishing to speak. I would like the opportunity to respond at the appropriate time.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. WARNER. Madam President, I see my distinguished colleague from

Ohio who arrived a few moments before me. I simply ask of my colleague whether I can proceed for 4 or 5 minutes without being disruptive to the statement on which he is proceeding.

Mr. VOINOVICH. I am happy to yield my distinguished colleague 3 or 4 minutes prior to submitting my amendment.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. Madam President, I ask unanimous consent to lay the pending amendments aside.

The PRESIDING OFFICER (Mrs. DOLE). Without objection, it is so ordered.

AMENDMENT NO. 550, AS MODIFIED

Mr. WARNER. Madam President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The senior assistant bill clerk read as follows:

The Senator from Virginia [Mr. WARNER], for himself and Ms. COLLINS, Mr. ALLEN, Mr. CRAIG, and Ms. MURKOWSKI, proposes an amendment numbered 550, as modified.

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

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

The amendment is as follows:

(Purpose: To amend the Internal Revenue Code of 1986 to increase the above-the-line deduction for teacher classroom supplies and to expand such deduction to include qualified professional development expenses)

At the end of subtitle C of title V, insert the following:

SEC. ___. EXPANSION OF ABOVE-THE-LINE DEDUCTION FOR CERTAIN EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.

(a) IN GENERAL.—Subparagraph (D) of section 62(a)(2) (relating to certain trade and business deductions of employees) is amended to read as follows:

''(D) CERTAIN EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.—The deductions allowed by section 162 which consist of expenses, not in excess of $400, paid or incurred by an eligible educator—

''(i) by reason of the participation of the educator in professional development courses related to the curriculum and academic subjects in which the educator provides instruction or to the students for which the educator provides instruction, and

''(ii) in connection with books, supplies (other than nonathletic supplies for courses of instruction in health or physical education), computer equipment (including related software and services) and other equipment, and supplementary materials used by the eligible educator in the classroom.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2002.

Mr. WARNER. Madam President, I thank the distinguished Presiding Officer. I thank the managers of this bill and my colleague from Ohio.

I will proceed for a few minutes with regard to amendment No. 550, in which I am privileged to be joined by Senators COLLINS, ALLEN, CRAIG, and MURKOWSKI, the Presiding Officer. It relates to the teachers of America.

I learned, as other colleagues have learned on their trips to schools, to my utter astonishment that so many teachers reach into their own pockets and take their own dollars, after paying taxes in those instances where they pay taxes, and buy school supplies for the children. They have to use their own money for further teacher education.

Last year, the Congress of the United States, at the initiative of myself and many others, finally passed a law by which they got a $250 above-the-line deduction. That was a remarkable achievement legislatively. Unfortunately, that piece of legislation sunsets at the end of this calendar year.

The purpose of this amendment is, first, to increase $250 to $400 as the amount of deduction and, second, to enable that amendment now, by virtue of this amendment, to become permanent law so that they can plan their futures a little bit better. This deduction will be there for those wonderful and courageous teacher expenditures which they take out of their own pockets. I find it to be very touching.

I was talking to my colleague from Ohio while waiting to take the floor, and he told me that at the time he was Governor, they put similar legislation into State law. This, of course, will be Federal law and apply to all 50 States.

This amendment will make this important tax benefit permanent for our teachers. In addition, it will increase the above the line deduction to $400 and expand the allowable uses for the deduction to include professional development expenses.

It is important to note that the President's budget calls for this tax relief. I also note that the amendment has been endorsed by the National Education Association.

I ask unanimous consent to have printed in the RECORD a letter from the NEA endorsing my amendment.

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

NATIONAL EDUCATION ASSOCIATION,
Washington, DC, May 14, 2003.

U.S. Senate,
Washington, DC.

DEAR SENATOR WARNER: On behalf of the National Education Association's (NEA) 2.7 million members, we urge your support for the Warner amendment on teacher tax deductions when it is offered during consideration of the tax reduction plan. A similar amendment was approved by the Senate during the last Congress by a vote of 98–2. This year's vote may be included in the NEA Legislative Report Card for the 108th Congress.

The Warner amendment, which was originally introduced as the Teacher Tax Relief Act (S. 695), would increase to $500 and make permanent a tax deduction for educators' out-of-pocket classroom supply expenses. The amendment also would help educators access quality training, much of it mandated by the No Child Left Behind Act, by expanding the deduction to include professional development.

Last year, Congress enacted a $250 tax deduction for educators' out-of-pocket expenses as part of the economic stimulus package. The current deduction expires at the end of the year. The Warner amendment would make a real difference for many educators, who often sacrifice other personal needs in order to pay for classroom supplies and professional development. Two important reasons for supporting this amendment are:

According to a study by the research firm Quality Education Data, a division of Scholastic, elementary school teachers spend more than $1 billion a year on classroom supplies. The study found that the average elementary educator spends $521 annually, with first-year teachers spending over $700 a year for classroom supplies.

Teacher quality is the single most critical factor in maximizing student achievement. Ongoing professional development is essential to ensure that educators stay up-to-date on the skills and knowledge necessary to prepare students for the challenges of the 21st century.

We urge you to support this important amendment.

Sincerely,

DIANE SHUST,
Director of Government Relations.
RANDALL MOODY,
Manager of Federal Relations.

Mr. WARNER. Madam President, why do teachers need this kind of relief? It is now estimated that the average teacher spends $521 out of their own pocket each year on classroom materials—materials such as pens, pencils and books. First-year teachers spend even more, averaging $701 a year on classroom expenses.

Why do they do this? Simply because school budgets are not adequate to meet the costs of education. Our teachers dip into their own pocket to better the education of America's youth.

Moreover, in addition to spending substantial money on classroom supplies, many teachers spend even more money out of their own pocket on professional development. Such expenses include tuition, fees, books, and supplies associated with courses that help our teachers become even better instructors.

The fact is that these out-of-pocket costs place lasting financial burdens on our teachers. This is one reason our teachers are leaving the profession. Little wonder that our country is in the midst of a teacher shortage.

Without a doubt the Teacher Tax Relief Act of 2001 took a step forward in helping to alleviate the Nation's teaching shortage by providing a $250 above-the-line deduction for classroom expenses.

However, it is clear that our teachers are spending much more than $250 a year out of their own pockets to better the education of our children.

This amendment that I have offered today is the same as the administration's request. Again, the amendment will increase the above-the-line deduction for educators from $250 allowed under the current law to $400; allow educators to include professional development costs within that $400 deduction (under current law, up to $250 is deductible but only for classroom expenses); and make the Teacher Tax relief provisions in the law permanent.

Current law sunsets the teacher tax provisions at the end of this year.

Our teachers have made a personal commitment to educate the next generation and to strengthen America. And, in my view, the Federal Government should recognize the many sacrifices our teachers make in their career.

This amendment is another step forward in providing our educators with the recognition they deserve.

In my view, America's teachers deserve better.

I ask unanimous consent that an analysis of the President's budget request which depicts exactly the same amendment about which I am speaking also be printed in the RECORD.

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

EXTEND, INCREASE AND EXPAND THE ABOVE-THE-LINE DEDUCTION FOR QUALIFIED OUT-OF-POCKET CLASSROOM EXPENSES

Under current law, teachers who itemize deductions (do not use the standard deduction) and incur unreimbursed, job-related expenses are allowed to deduct those expenses to the extent that when combined with other miscellaneous itemized deductions they exceed two percent of AGI. Current law also allows certain teachers and other elementary and secondary school professionals to treat up to $250 in annual qualified out-of-pocket classroom expenses as a non-itemized deductions (above-the-line deduction), effective for expenses incurred in taxable years beginning after December 31, 2001 and before January 1, 2004. Unreimbursed expenditures for certain books, supplies and equipment related to classroom instruction qualify for the above-the-line deduction. Expenses claimed as an above-the-line deduction cannot be claimed as an itemized deduction. The Administration proposes to extend the above-the-line deduction to apply to qualified out-of-pocket expenditures incurred after December 31, 2003, to increase the deduction to $400, and to expand the deduction to apply to unreimbursed expenditures for certain professional training programs.

Mr. WARNER. Madam President, the amendment is in compliance with the President's program. It is the desire of this National Education Association just to take existing law, make it permanent, and to increase it to $400, given the calculations of the amounts that are expended each year by teachers all across America, which is larger than existing law, $250.

I appreciate the indulgence of my colleagues. I hope this amendment will receive the support of the Senate tomorrow as we proceed to vote.

I thank my colleague from Ohio and yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. BAUCUS. Madam President, I ask unanimous consent that the pending amendments be temporarily laid aside so the Senator from Ohio may offer an amendment.

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

Mr. VOINOVICH. Thank you, Madam President.

AMENDMENT NO. 592

Madam President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The senior assistant bill clerk read as follows:

The Senator from Ohio [Mr. VOINOVICH] proposes an amendment numbered 592.

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

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

The amendment is as follows:

(Purpose: To establish a blue ribbon commission on comprehensive tax reform)

At the appropriate place insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Fundamental Tax Reform Commission Act of 2003''.

SEC. 2. ESTABLISHMENT OF COMMISSION.

(a) ESTABLISHMENT.—There is established the ''Blue Ribbon Commission on Comprehensive Tax Reform'' (in this Act referred to as the ''Commission'').

(b) MEMBERSHIP.—

(1) COMPOSITION.—The Commission shall be composed of 12 members of whom—

(A) 1 shall be the Chairman of the Board of Governors of the Federal Reserve System;

(B) 1 shall be the Vice Chairman of the Board of Governors of the Federal Reserve System;

(C) 1 shall be the Commissioner of Internal Revenue;

(D) 2 shall be appointed by the majority leader of the Senate;

(E) 1 shall be appointed by the minority leader of the Senate;

(F) 2 shall be appointed by the Speaker of the House of Representatives;

(G) 1 shall be appointed by the minority leader of the House of Representatives; and

(H) 3 shall be appointed by the President, of which—

(i) no more than 2 shall be of the same party as the President; and

(ii) 1 may be the Secretary of the Treasury.

(2) FEDERAL EMPLOYEES.—The members of the Commission may be employees or former employees of the Federal Government.

(3) DATE.—The appointments of the members of the Commission shall be made not later than July 30, 2003.

(c) PERIOD OF APPOINTMENT VACANCIES.—Members shall be appointed for the life of the Commission. Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment.

(d) INITIAL MEETING.—Not later than 30 days after the date on which all members of the Commission have been appointed, the Commission shall hold its first meeting.

(e) MEETINGS.—The Commission shall meet at the call of the Chairman.

(f) QUORUM.—A majority of the members of the Commission shall constitute a quorum, but a lesser number of members may hold hearings.

(g) CHAIRMAN AND VICE CHAIRMAN.—The President shall select a Chairman and Vice Chairman from among its members.

SEC. 3. DUTIES OF THE COMMISSION.

(a) STUDY.—The Commission shall conduct a thorough study of all matters relating to a comprehensive reform of the Federal tax system, including the reform of the Internal Revenue Code of 1986 and the implementation (if appropriate) of other types of tax systems.

(b) RECOMMENDATIONS.—The Commission shall develop recommendations on how to comprehensively reform the Federal tax system in a manner that generates appropriate revenue for the Federal Government.

(c) REPORT.—Not later than 18 months after the date on which all initial members of the Commission have been appointed pursuant to section 2(b), the Commission shall submit a report to the President and Congress which shall contain a detailed statement of the findings and conclusions of the Commission, together with its recommendations for such legislation and administrative actions as it considers appropriate.

SEC. 4. POWERS OF THE COMMISSION.

(a) HEARINGS.—The Commission may hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence as the Commission considers advisable to carry out this Act.

(b) INFORMATION FROM FEDERAL AGENCIES.—The Commission may secure directly from any Federal department or agency such information as the Commission considers necessary to carry out this Act. Upon request of the Chairman of the Commission, the head of such department or agency shall furnish such information to the Commission.

(c) POSTAL SERVICES.—The Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the Federal Government.

(d) GIFTS.—The Commission may accept, use, and dispose of gifts or donations of services or property.

SEC. 5. COMMISSION PERSONNEL MATTERS.

(a) COMPENSATION OF MEMBERS.—Each member of the Commission who is not an officer or employee of the Federal Government shall be compensated at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time) during which such member is engaged in the performance of the duties of the Commission. All members of the Commission who are officers or employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States.

(b) TRAVEL EXPENSES—The members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Commission.

(c) STAFF.—

(1) IN GENERAL.— The Chairman of the Commission may, without regard to the civil service laws and regulations, appoint and terminate an executive director and such other additional personnel as may be necessary to enable the Commission to perform its duties. The employment of an executive director shall be subject to confirmation by the Commission.

(2) COMPENSATION.—The Chairman of the Commission may fix the compensation of the executive director and other personnel without regard to chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates, except that the rate of pay for the executive director and other personnel may not exceed the rate payable for level V of the Executive Schedule under section 5316 of such title.

(d) DETAIL OF GOVERNMENT EMPLOYEES.—Any Federal Government employee may be detailed to the Commission without reimbursement, and such detail shall be without interruption or loss of civil service status or privilege.

(e) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The Chairman of the Commission may procure temporary and intermittent services under section 3109(b) of

title 5, United States Code, at rates for individuals which do not exceed the daily equivalent of the annual rate of basic pay prescribed for level V of the Executive Schedule under section 5316 of such title.

SEC. 6. TERMINATION OF THE COMMISSION.

The Commission shall terminate 90 days after the date on which the Commission submits its report under section 3.

SEC. 7. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as are necessary to the Commission to carry out this Act.

Mr. VOINOVICH. Madam President, I rise today to commend Chairman GRASSLEY for the outstanding job he has done to bring this reconciliation bill to the floor and to focus attention on our urgent need to address fundamental tax reform.

When the Senate enacted the budget resolution for fiscal year 2004, it presented Chairman GRASSLEY with a very difficult challenge—to report to the Senate meaningful, stimulative tax deductions while keeping the overall growth in the deficit below $350 billion. Many observers, in and out of Congress, considered that task impossible. But I believe the Finance Committee has accomplished that goal.

The reconciliation bill before the Senate today contains $430 billion in tax cuts and $80 billion in offsets, for a net cost of $350 billion. Equally important, both the tax cuts and the offsets are real. The Joint Committee on Taxation, a highly respected, neutral scorekeeper, has analyzed this bill and certifies the revenue effects of both the tax cuts and the offsets.

Many people claim this economic growth package is too small and they would like to see larger tax relief for small businesses and working families. So would I, but only if we can offset the additional cost. And some people claim the tax cuts are too large and will limit funds available to low-income support programs. I sympathize with their concern, but we must recognize that the most effective low-income support program is a job. And we can only provide jobs by jump-starting the economy.

Too many of our fellow Americans are out of work, too many of our fellow Americans are worried about whether they are going to have a job. Small business owners and investors in Ohio have told me this is a good plan that will help them create jobs in my State. We accelerate the reduction of tax rates, we end the marriage penalty, we accelerate small business depreciation, we increase the size of the child tax credit, and we begin to eliminate the double taxation of dividends.

Another area of contention is the nature of the offsets. It is in this area, more than any other, that Senator GRASSLEY has been unjustly criticized. He was asked to produce offsets that would limit the total cost of tax reform to $350 billion, and he has done it.

Members of Congress who oppose some or all of the offsets because of their impact on special interest groups have had ample time to present their own alternatives and failed to do so. It is easy to criticize, but it is difficult to legislate. Let us acknowledge that regardless of our individual opinions regarding the offset package Chairman GRASSLEY and a majority of his committee have chosen to legislate.

However, the current disagreements over the offset package inevitably begs the question: Why is the Tax Code so complicated? How did we get into this situation? And how can we return to a simple, fair, and honest Tax Code? What is stimulative to the economy? What isn't stimulative? What tax expenditures came in several years ago which are no longer relevant? All these issues need to be discussed. That is why I am offering this amendment.

Many of my colleagues have said: We need fundamental tax reform, but now is not the time. I have heard that over and over. I have heard that for years: Tax reform but now is not the time.

I think the debate over offsets demonstrates this is precisely the time to abandon piecemeal tinkering and embrace fundamental tax reform. This Congress—not the next or the one after that—should seize the opportunity to focus national attention on the need for comprehensive tax reform in the United States of America.

I am proposing the establishment of a commission to examine the Tax Code from top to bottom. And I recommend fundamental restructuring. The goal of any Government revenue program should be to raise sufficient funds to operate public programs with the minimum disruption of the economy. Tax structures should be simple, fair, effective, and honest. Our current Tax Code achieves none—none—of these objectives.

Proof of the complexity of our current Tax Code is demonstrated by a few, simple observations:

The Internal Revenue Code consists of approximately 1,395,000 words.

There are 693 sections of the Internal Revenue Code that are applicable to individual taxpayers; 1,501 sections applicable to businesses; 445 sections applicable to tax-exempt organizations, employee plans, and governments.

As of June 2000, the Treasury Department had issued almost 20,000 pages of regulations containing over 8 million words.

The current 1040A short form has doubled the number of lines that once appeared on the 1945 version of the standard 1040 tax return. It has an 85-page instruction booklet which now tops the long form 1040 instructions published just 7 years ago. This is the short form, 85 pages; and it is more than the instructions that we had 7 years ago on the long form.

The IRS prints at least 1,101 publications, forms, and instructions, containing 16,339 pages, up from 943 documents with 12,933 pages. That is 2 years ago.

Over 56 percent of the taxpayers in this country need professional people to help them prepare their tax return.

Americans toil for about—listen to this—6.4 billion hours on tax forms and recordkeeping, accounting for 84 percent of the Federal Government's paperwork burden in this country. And that is associated with the Internal Revenue Code. This only includes financial recordkeeping and tax preparation, and these estimates may be too low since they ignore the countless hours spent on tax minimization strategies. Everybody is working to figure out a way not to pay taxes.

Included among the items of needless complexity today are the following:

An alternative minimum tax that treats items such as dependent exemptions as tax shelters, thereby threatening to tax millions who never were meant to be affected; phaseout after phaseout of such allowances as itemized deductions, earned-income tax credits, personal exemptions, eligibility for IRAs, eligibility for other savings incentives, eligibility for educational tax breaks; and each of these is like an additional minimum tax system all of itself, forcing taxpayers to file multiple schedules for each form.

I have a very simple return. I do not have that much. But the schedules that are connected with my return are unbelievable. I am sure my colleagues who think about it think about all the time they spend on preparing their own individual tax returns.

Also, included among the many items of needless complexity today are:

Pension and saving incentives that add administrative costs and possibly even reduce net savings by providing different rules for withdrawals, penalties, Social Security tax treatment, allowable amounts of exclusion or deduction, and so on; a tax treatment of dependent children that needlessly causes millions of unnecessary tax returns to be filed; a capital gains law with at least seven different tax rates, and that requires taxpayers to fill out pages of forms even when they have only a few dollars of capital gains; complicated rules for charitable deductions and charities, including multiple limits on giving as a percent of income, and a perverse excise tax on foundations that actually discourages charitable giving; child credits and dependent exemptions that could easily be folded into one; and unnecessarily strict estimated tax rules that pick up very little extra revenue for all the complexity they introduce.

It is unbelievable.

One of the most disturbing aspects of this current Tax Code is the almost continual growth of so-called tax expenditures. Essentially, they increase the level of tax rates far beyond what is necessary, and then mitigate the impact with incentives to special interest groups. It is the Government equivalent of jacking up prices in the grocery store, and then accepting coupons at the checkout counter.

Private sector investment becomes distorted by tax provisions encouraging both individuals and corporations to allocate their funds to minimize their taxes rather than to maximize their income. Ultimately, most people end up paying more than they should for both their groceries and their taxes.

According to a recent article in the Washington Post, many leading tax reform advocates believe the only solution for this dilemma is to propose new and different tax cuts every year. Although I sympathize with their goal, it will not provide the most effective reforms that meet the ultimate test the American people demand: a Tax Code that is fair, simple, and honest. Tax reform, like surgery, is best done quickly. Do you hear that? Tax reform, like surgery, is best done quickly and infrequently rather than slowly and often.

That is why I am proposing a commission to propose comprehensive reform that can be enacted at once, implemented quickly, and establish a fair, simple, honest, and effective revenue structure for the next generation.

This commission will examine all aspects of the Federal revenues, including individual taxes, corporate taxes, capital gains taxes, excise taxes, user fees, taxes on dividends, tax deductions, tax credits, and tax complexity.

The commission will recommend fundamental reforms that can be enacted in a single reform package and implemented quickly. It will allow Congress and the Nation to focus on tax reform, devise a simple, fair, honest solution, and move on to other priorities.

The current debate clearly demonstrates the system is broken and now—not next year, or the year after—now is the time to fix the problem.

Madam President, I yield the floor.

The PRESIDING OFFICER. Who yields time? The Senator from Montana.

Mr. BAUCUS. Madam President, I think the Senator from Ohio is on target. It makes excellent sense for the United States to set up some kind of a tax commission to take a good, hard look at our tax structure. As I listened to the Senator's amendment being read, one thought came to my mind, though. That is, commissions sometimes work and sometimes they don't work. And the goal here, clearly, if we do this, is to make it work.

That begs the question, how do you make it work? How do you make it worthwhile, not just some outfit drawing conclusions that are put on the shelf to gather dust. Most commission recommendations are put on the shelf to gather dust.

The one commission that comes to my mind that really has worked—and I can think of many that have not—is the commission on Social Security back in the early 1980s, when President Reagan nominated Chairman Greenspan to head the commission on Social Security. Various Senators were on the commission. Senator Dole was on the commission, and Senator Moynihan. They had a job to do, and they did a pretty good job. It was not political. The President, both bodies of Congress, both political parties, all got together and worked with members on the commission to come up with recommendations to save Social Security.

Two points: One is, the membership is people who really want to do a good job. They work together. There is not any political sniping, no partisan rhetoric. They work together. And it is very important that the composition of the commission be people who do want to work together; that is, the commission not be stacked.

The second point is at that time there was a crisis. Social Security was about to go belly up. A crisis generally creates solutions and results. The complexity of the U.S. Tax Code and the increasing complexity of the Tax Code may have become a crisis in the nature of Social Security back in the early 1980s; I don't know.

I am saying to the Senator from Ohio: It is a good amendment. As most things in life, it is the followthrough that counts, the followup that counts. It is making sure that if we do this, the right people are appointed. I say that in part because when I listened to the Senator, he mentioned two members appointed by the majority leader, one by the minority leader, three by the President, and also the House. It has the possibility of being a stacked deck, possibility of being a partisan commission. That is the last thing we need around here is a partisan commission on tax reform.

I would like to work with the Senator, and I know other Senators would like to work with him, to do the very best we can to make sure this is not a stacked deck, and it is not therefore a commission whose recommendations collect dust on some shelf somewhere but rather something that makes good sense.

One other point I might mention while the Senator from Ohio is here. I know the Senator is wondering, just as I think most Senators in this body are wondering, what is the real effect of dividend exclusion. What effect does it really have. There are a lot of people who have lots of ideas. A lot of economists have spoken on the effect of excluding dividends from income. I think in theory most of us agree there is some inequity between the taxation of equity and the taxation of debt with respect to companies' decisions as to whether to invest or investor decisions as to whether to invest.

One point that often rises in the debate is the wealth effect. What is the wealth effect of a significant reduction in dividend income? Who knows, really? There are all kinds of analyses; different people have different points of view. We are trying to do our best to try to get opinions of people who really don't have an axe to grind, of people who really, as far as we can tell, are pretty straight, who have their heads screwed on straight and they are trying to give us the right recommendation rather than spoon-feed us some political agenda from any side.

I am trying to do the best I can by trying to find people who are probably neutral. The three organizations I looked at that have analyzed the wealth effect of the President's dividend proposal are Brookings Institute, McKinsey & Company, and Goldman Sachs is the third. Let me go through first the Brookings analysis briefly. I think it is instructive.

The total value of equities held by households in the United States is $10 trillion. That is, the total value of all equities held by households is $10 trillion. I will get to institutional investors in just a moment.

The reasonable estimate of the stock price increase due to the President's dividend proposal, according to Brookings' analysis, is 5 percent. The increase in value effect of equities held by households as a result of the stock price increase is about $500 billion. The next question is what is the wealth effect, how much effect of that increase, if it is 5 percent, is going to be translated into spending in the economy.

The Brookings analysis is that the wealth effect—that is, the percent of wealth increase that is consumed rather than saved by households—will be 3 to 5 percent. So that means the increase in consumption as a result of the wealth effect is about $15- to $25-billion, which is about .14 percent to .23 percent of GDP. We all know that usually to have a real stimulus in the economy you need somewhere between 1 and 1.5 percent; and .14 and .23 is certainly very small compared with 1 percent or 1.5. That is the Brookings analysis.

The McKinsey Company's analysis is very similar. I want to read a quote from the McKinsey analysis. I think it is instructive. It says:

> But the proposed tax cut (eliminate tax on dividends) isn't likely to have a major lasting effect on US share prices, primarily because the key investors who drive them are already exempt from taxes. What little impact the proposal may have was probably reflected in the 2.2 percent gain in the S&P 500 the day before it was announced.

Continuing on to quote:

> Those who believe otherwise draw on classic finance theory. In a world without taxes, theory suggests, shareholders would be indifferent to whether a corporation paid dividends, since the funds to do so would come at the shareholders' own expense. In a world with taxes, shareholders may face different tax rates on, for example, dividends as opposed to capital gains. They would care whether a company retained its earnings or distributed those earnings as dividends, because this would affect how much they got to keep. If all investors paid taxes on dividends, yes, share prices probably would rise if the tax were eliminated.
>
> The fact, however, is that tax-paying US individual shareholders own a minority of all US shares—

That is, about 28 percent. That is, individuals own about 28 percent.

> whereas tax exempt US institutions and individuals who hold shares in tax-exempt accounts own 61 percent. (The remainder was

in foreign hands.) For the most part, taxpaying individual shareholders don't drive share prices, whereas nontax-paying institutional investors do: the trading activity of a company's top 40 to 100 investors—again, usually big institutional investors—accounts for 70 percent of its stock price movement.

Since these investors are indifferent to the issue of taxes on dividends [because they are tax exempt] they are unlikely to set in motion the kinds of changes in their portfolios that would drive up share prices.

I will soon yield to the Senator from Ohio.

The third reason Goldman Sachs gave in their review is that it would generate no more than a 5 percent increase in stock prices. That is the Goldman Sachs view.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. VOINOVICH. I will soon ask for the yeas and nays on my amendment.

Second of all, the ranking member of the Finance Committee and I sat in on meetings together as part of the centrist coalition. The thing that impressed me, when we met with Alan Greenspan, was the fact—and he has said this publicly since the time we had our private meeting with him—that the most significant thing we could do to aid the economy was to eliminate double taxation, eliminate the tax on dividends, although it was a short-term benefit, he said, but something systemic needs to be done to better the Tax Code.

You can argue the dividend issue any way you want, but what I usually do is ask the people back in Ohio how they feel about it. No. 1, many of our businesses that have defined pension plans, because their stock is down, are going to be asked for an enormous amount of money to be deposited in those fine pension plans, which they don't have. Other corporations have told me that if their stock price gets a bump, they will issue stock and they will get cash that way so they won't have to borrow it the way they are now borrowing the money.

In addition, there are many people, such as my son George, who have retirement accounts, who have seen those retirement accounts go down in value. There are millions of Americans in that same position. Other Americans, who are in a better position, have seen a vast amount of wealth disappear in the stock market. Many of them say to me that eliminating the tax on dividends will give a bump to the market. Because the market will get a bump up, they are going to feel a little better about the future and, as a result of that, will be more likely to spend some money.

So you can argue this any way you want.

I have other people who say to me, if you do this, it is going to impact on municipal bonds, affect real estate trusts, and eliminate or have an impact on the low-income housing tax credit.

So that is the issue we are talking about here. We will talk about that today and tomorrow.

What we really need to do is put all of this on a table and not do it as part of this stimulus package, and have tax reform, so we can start to look at the wealth factor and look at whether it makes a difference in terms of our economy. We have tax loopholes and tax expenditures that are really no longer relevant. We can take that money and put it into something elsewhere. We can reduce taxes and provide something that would be really helpful to the economy. But we don't do that around here. We take things from day to day, week to week, year to year.

I say to the ranking member of the Finance Committee, my distinguished colleague, if the commission membership is not what it ought to be, I am glad to rewrite it so that it is entirely impartial, so it will get the job done. I want to get the job done. I would like to have a commission such as they had in 1983 when we looked at Social Security. They did a good job. I think we ought to do that again. I think a lot of people agree on that. But unless we get at it now, it will not happen, we will let it go, and it will be something else next year.

Mr. BAUCUS. Madam President, I appreciate what the Senator said, and he is correct. We have had all kinds of theories, and it is hard to tell what is the most accurate. Maybe we should just not pass this bill because we are going to make the Code that much more complex by passing this legislation, and so we will at least be giving the commission a bit of a break. I appreciate what the Senator has said.

Mr. VOINOVICH. Madam President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. BAUCUS. Madam President, I ask unanimous consent that the pending amendment be temporarily laid aside so the Senator from Florida may offer an amendment.

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

AMENDMENT NO. 617

Mr. GRAHAM of Florida. Madam President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Florida [Mr. GRAHAM] proposes an amendment numbered 617.

Mr. GRAHAM of Florida. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

(The amendment is printed in today's RECORD under ''Text of Amendments.'')

Mr. GRAHAM of Florida. Today, the Senate began consideration of the Jobs and Growth Tax Relief Reconciliation Act of 2003. This is an appropriately named act because the economy is very much in need of assistance.

The President's mishandling of the economy since January 20, 2001, is almost incredible. Two million-plus Americans have lost their jobs since that date. We have seen a 50 percent increase in the unemployment rate to last month's 6 percent. The stock market has lost a quarter of its value. There has been a $7 trillion turn in the Federal Government's finances—from a $5 billion projected surplus to today's $2 trillion projected addition to the national debt.

The CBO's most recent estimate is that the deficit this year will top $350 billion—the largest annual deficit ever. Economic growth has been anemic—on average, 1 percent, and consumer confidence has dropped 34 percentage points.

What has been the response to this dismal economic record? The President has proposed the same prescription that he proposes for nearly all of our mounting domestic problems: tax cuts for the very wealthy.

Madam President, I don't think we have a problem; we have at least three interconnecting challenges. The first is to regenerate a moribund national economy; the second is to prepare for the next decade, when our Government will be faced with enormous additional expenses, particularly in Social Security and Medicare; and finally, the immediate crisis that is occurring because of our States' financial positions and what that is doing to wage loss, benefits loss, and a denial of the services that represent the ultimate safety net under much of our population.

The bill the Finance Committee has reported very closely follows the President's plan. There are two fundamental aspects of this plan with which I take the strongest exception. First, the mix of tax cuts that it includes will do little to stimulate the economy, which we desperately need. Second, the cost of this program is not offset, so Federal deficits and the debts that we will pass on to our children and grandchildren will grow even greater.

Why is a stimulus important—a real stimulus? It is important because consumer spending makes up two-thirds of our economy; so as consumers go, so goes our economy. The economy is struggling today not because we don't produce enough goods and services in the United States but because consumers are reluctant to spend what they have to purchase those goods and services.

Madam President, I would like to direct your and my colleagues' attention to this picture. This picture was taken on a desert airport in Senator KYL's State of Arizona. It is a picture of a portion of the over 300 commercial airliners currently parked on that airfield.

I submit these airplanes are not parked on the airfield in Arizona because Boeing cannot build enough airplanes. They are parked there because there are not enough passengers who want to or are able to or are willing to fly in those airplanes.

This administration, in spite of that fundamental truth, has pursued a plan that does not emphasize demand-side stimulus. The administration believes producing goods and services is more important than selling those goods and services.

This picture of airplanes parked is evidence that producing goods is not enough. For the economy to get back on track, more Americans must shop at our malls, go out to eat, and buy airline tickets. Putting more money quickly into the hands of those who are the most likely to spend it is the best formula for jump-starting this economy.

Rather than spread tax cuts broadly to spur consumer demand, the President's plan directs most of the tax cuts to the wealthiest taxpayers. President Bush believes we need to reduce the tax burden on investment by completely exempting dividend income from the income tax. By doing so, President Bush hopes to spur savings and investments. Businesses are not going to make such investments when today, on average, they are only using 75 percent of their capacity.

The plan I offer today provides substantial tax relief for all working Americans. My plan will give to the typical two-working-member family paycheck tax relief of up to $1,530 this year and again $1,530 next year. Let me recite a couple of recent experiences.

Last Friday, I taught school at Oyster River High School in Durham, NH. I talked to some of the teachers at that school. Very few of them are invested in the stock market. Those who are invested in the stock market are invested generally through a plan, such as a 401(k) retirement plan, where the dividends are already exempt from taxation. So they will get zero benefit from this plan.

On Sunday of this week, I worked at Drake's Diner in Des Moines, IA. I talked to the bus boys, the waiters, the cooks, and the dishwashers. I tell you, their salary level is not sufficient for them to have a significant presence in the stock market. This paycheck relief plan will put real money in the pockets of real Americans who will spend it to stimulate the demand that is so critical to getting this economy jump-started. This paycheck tax relief will inject $200 billion into the economy over the next 2 years.

During the Finance Committee markup, some criticized the wage tax as being a threat to the finances of the Social Security trust fund. That argument is a red herring and has no basis. My amendment makes absolutely no changes to the payroll taxes paid by employers and employees and, therefore, does not affect one thin dime of the revenues that go in to the Social Security and the Medicare trust funds.

My amendment provides a refundable income tax credit for workers designed to provide the same benefits as would a temporary reduction in the payroll tax.

My plan also includes tax relief for small businesses. It substantially increases the amount of machinery and equipment that a small business can deduct; therefore, creating an incentive for that business to make its investment now when we need it as opposed to deferring it to a future date.

My amendment will provide States with over $40 billion in aid over the next 12 months. This temporary assistance is provided to the States by the Federal Government, increasing its share of Medicaid costs.

Greater assistance from the Federal Government will help forestall drastic cuts in State health programs that will affect those least able to absorb them. Directing relief to the Medicaid reimbursement rate is the most efficient means by which to get these funds to the States.

Finally, my plan bolsters unemployment compensation benefits. Many of those over 2 million people who have lost their jobs since January 20, 2001, have lost them for a considerable period of time and, thus, have exhausted both their State and now their Federal unemployment benefits. My proposal would extend the Federal program, which is currently scheduled to expire at the end of this month, through November. It would provide 26 weeks of benefits to those who are struggling to find work in this stagnant economy. It would also provide 13 weeks of benefits to the approximately 1 million workers who had exhausted their benefits before the end of last year but who were excluded from the extended program which we enacted in January.

Finally, this proposal gives the States the option of modernizing their unemployment compensation programs to better cover part-time and low-wage workers.

In summary, the plan I have submitted will stimulate demand and, thus, has the better opportunity to stimulate the economy. It focuses all the money in the next 24 months, as Senator NELSON from Nebraska commented that one of his objections to several of the proposals was they would spread the money out over a 10-year period and, in the case of the President's plan, an infinite period because the tax cuts would stay in effect assumedly until Congress acted to do otherwise, whereas what we need to do is the money that is available to stimulate the economy needs to be focused in the period when the economy needs stimulation.

Finally, this plan is fair. It treats all Americans, whether they are teaching school in Oyster River or whether they are busing tables at Drake's Diner, fairly and gives them an opportunity to be part of the recovery of the American economy.

Maybe even more important, my plan does not ask our children and grandchildren to foot our bill. We have had an incredible buildup of debt. If I could use as an example my own family. My father was born in 1885. On the day he was born, he inherited, as his share of the Federal national debt, $33. I was born in 1936. On the day I was born, I inherited a national debt of $264. My oldest daughter was born in 1963. When she was born, she inherited as her portion of the national debt $1,634. The last number I am going to give you is stunning, almost unbelievable. My youngest granddaughter was born 3 years ago. When she was born, her share of the national debt was $20,163.

In four generations of one American family, we have gone from $33, as that citizen's portion of the national debt, to $20,163. This expansion of debt is not only immoral, it is also bad economics. By putting the cost of their tax plan on the Nation's credit card, the President jeopardizes the very economic growth we hope to stimulate.

Increasing the debt reduces national safety, crowds out private sector borrowing, increases the cost of capital for the private sector, and ultimately reduces economic potential. Even further, there is a commonsense reason to offset the cost of the stimulus bill so that it does not increase the national debt. In just 8 years, the first wave of the baby boom generation, born after World War II, will become eligible for full Social Security and Medicare benefits.

Today, there are 39½ million Americans eligible for Social Security and Medicare full benefits. In the year 2011, 8 years from today, when the first of the baby boomers become eligible, there will be 45 million. At the time when the last of the baby boomers turn 65, which will be in the year 2030, there will be nearly 72 million participants in these two programs.

Those numbers are hard to comprehend, but what they say is that our Federal Government has entered into a contract with our citizens paying through this very payroll tax that we discussed earlier, with the expectation that upon retirement, they will have purchased some benefits, both economic and medical security.

My plan is fully offset, primarily by suspending some of the tax cuts enacted in 2001, tax cuts that have yet to go into effect. My proposal suspends the reductions in the top three income tax rates planned to go in effect in 2004 and in 2006. My plan freezes the planned cuts in the estate tax scheduled beyond 2006. My plan also clamps down on those Americans who avoid paying taxes by investing in abusive tax shelters, moving their corporate headquarters to a file cabinet in Bermuda or hiding assets offshore.

We need to bring America back to a time when our economy was booming and our Federal finances were sound. The President's plan will not do that. My plan will.

I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER (Mr. GRAHAM of South Carolina). The Senator from Arizona.

Mr. KYL. I ask unanimous consent that the pending business be set aside for the purpose of offering an amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

AMENDMENT NO. 575

(Purpose: To further enhance the denial of deduction for certain fines, penalties, and other amounts.)

Mr. KYL. Mr. President, I send amendment No. 575 to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will read the amendment.

The legislative clerk read as follows:

The Senator from Arizona [Mr. KYL], for himself, Mr. CORNYN, Mr. ALEXANDER, and Mr. ENSIGN, proposes an amendment numbered 575.

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

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

(The text of the amendment is printed in today's RECORD under ''Text of Amendments.'')

Mr. KYL. I ask unanimous consent that this amendment be designated the Kyl-Cornyn amendment and that Senators ALEXANDER and ENSIGN be listed as original cosponsors.

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

Mr. KYL. Mr. President, I will address this amendment for a few minutes, and then I am going to speak on the dividends proposal that will be offered tomorrow and that hopefully the Senate will approve as one of the perfecting amendments of the legislation that passed out of the Finance Committee.

The first thing I would like to do is to describe the amendment that I have just laid down. I know Senator CORNYN is coming a little bit later, and he will be talking about it, too.

This amendment is known as the tobacco tax lawyers amendment. The technical name is different than that, but the gist of this amendment is that about $9 billion could be returned to the States, the clients in the tobacco litigation, from the attorneys who overcharged those clients. This legislation ensures that overcharging be recognized in law so that the States can apply for that refund.

How does that work? There is an existing IRS Code provision that says if one is the trustee of a trust, and they overcharge that trust, they take too much in the way of fees out of it, they have to return those fees. The IRS will enforce that.

In fact, the Secretary of the Treasury is involved in that process. We simply apply that same existing IRS Code provision to this situation where attorney's fees have been charged in excess.

The common thread is a fiduciary relationship, the legal term which applies where a trustee or a lawyer to a trust or to a client has a responsibility above and beyond a mere contractual responsibility. As the court cases all attest—and I will quote a couple in a moment—whereas a contract between two regular people is enforceable in law, with respect to a trustee or a lawyer, where you have a fiduciary responsibility to the client or to the trust, that contract is not the most important thing. The most important thing is the fiduciary responsibility, which the law will enforce, above the contracted for fee. That is what would apply in this particular case.

As a result of the tobacco litigation we are all familiar with, the fees are being paid to these lawyers at the rate of about $500 million a year. That exists for 30 years until the year 2028, possibly forever if the lawyers win their argument for an inflation adjustment. Some attorneys are receiving fees—if we can believe this now—in excess of $150,000 an hour.

Senators make about $150,000 a year, and there are a lot of people who think Senators are overpaid. Think about instead of earning $150,000 a year, a person earned $150,000 every hour. That is what some of the attorneys in this tobacco litigation are earning. It is unconscionable, and no contract that provides for that can be enforceable in law. It is clearly a breach of the fiduciary responsibility.

Congress enacted this Tax Code provision in 1996 in response to two very famous people. I will not mention their names, but they set up a trust and then proceeded, basically, to pay themselves as trustee most of the money out of the trust. Congress said: That is not right. We do not care what the contract says. It is wrong. The IRS can tax you on that overage.

That is the same provision we would use. The Congress can tax you on that overage, and I will describe in a minute how we actually describe what the overage is.

I will first assure my colleagues that the money that would be returned by the tobacco lawyers is not returned to the tobacco companies. They have to pay the money. They either pay it to the lawyers or they pay it to the States. The money would be returned to the States. As I said, under the original bill that Senator CORNYN and I introduced, it is about $9 billion. That is the securitized value of this income stream of over half a billion dollars every year for 30 years, and maybe in perpetuity. So $9 billion is the reduced-to-present value of this fee award.

I have a chart, which I do not think I will bother to put up on the easel, which shows what every State would get. My State, for example, would receive about $164 million, and it could use that money. Since it is based purely on population, if that is what Arizona, with a little over 5 million people, received, my colleagues can figure out what their State would receive.

I will go back to describe what the tobacco settlement really did because most people are not aware of what happened in the tobacco settlement. Attorney's fees were not awarded in the tobacco settlement pursuant to contract. So for those people who say we are trying to abrogate contracts, as I said, we are not talking about contracts. We are talking about a fiduciary responsibility. In any event, in the tobacco settlement, there was not a contract. Nor were they awarded by a court, which is the other way that ordinarily attorney's fees are awarded as a result of successful litigation.

So it was not awarded by a contract, and it was not awarded by a court. Instead, after the tobacco companies' initial offer to settle the litigation and that offer failed and Congress rejected a legislative settlement, which some of my colleagues will recall, the tobacco companies and the lawyers agreed to a $246 billion settlement, with a special provision for attorney's fees. So this was not between the lawyers and clients. It was between the lawyers and the other party, something about which courts always raise a red flag.

That provision included a very unusual agreement by the tobacco companies to pay the fees of these lawyers who represented their opponents, the States. The fees were ostensibly set by a panel of three arbitrators, and there are some very interesting articles about how this would occur that would make your blood boil. Two of the majority were effectively chosen by the lawyers.

In this agreement, the tobacco companies and lawyers agreed to immunize all fee awards from judicial review. In other words, it stipulates that it cannot be reviewed by a court. And all proceedings were concealed from the public. That is what we are talking about—a secret deal by which the tobacco companies agreed, as part of how much money they had to pay out, that they would pay these substantial fees to the lawyers.

It does not take too much imagination to figure out that it was in the best interests of two parties that this arrangement exist—the lawyers and the tobacco companies. They got together and they concocted a secret deal which was never reviewed by a court, is not pursuant to a contract, and which, by the precedence of this Congress, can be limited.

Now, the amendment we have proposed guarantees that none of these lawyers receives less than $20,000 an hour for their services. Is that generous enough? None of them will get less than $20,000 an hour. How much is a plumber charging these days? A hundred dollars an hour? I am not sure what it is. How much does a schoolteacher get these days? Probably not $100 an hour when you add it all up. These lawyers would be guaranteed $20,000 for every hour they put in. Some claim to have put in 10,000 hours, 20,000 hours, 30,000 hours. Add it up. They will not have to sell their yachts.

As I said, there are a lot of descriptions of this, and I will put some of this in the RECORD at the appropriate time.

I wanted to note, if anyone thinks I misspeak, in one of the articles it is noted that in the case of Michigan, for example—I will be very specific—the fee worked out to $22,500 an hour for this particular firm. These lawyers would therefore have to take a little bit of a cut. Instead of getting $22,500 an hour, they only get $20,000 an hour.

Now, The Economist, a respected magazine published in Great Britain, notes that tobacco settlement ''arbitration is a mere figleaf. The money going to the lawyers was clearly part of the overall amount that the tobacco companies were willing to pay to settle the case. Whatever the lawyers get, the States do not.''

That is the bottom line. So the money has to be returned to the clients, the States, not the tobacco companies.

As I said, the proposal is based on the intermediate sanction tax, an existing provision of the Tax Code that applies a punitive tax to the excessive portion of a fiduciary's fee and effectively forces the fiduciary to restore the excessive portion of the fee to the client. Our amendment applies the same tax formula to the excessive attorney's fees in the mega-lawsuits.

The suit would have to be $100 million or this provision would not apply. We are talking about a very minute number of lawsuits per year; probably 15 to 20 litigations a year, at most, according to experts, would qualify. You have to exceed $100 million as part of the settlement or judgment.

Let me note, because one of my colleagues said you have to have contingent fees in the big complicated cases, that is very true, lawyers will take tough cases on a contingent fee. In the early stages of this litigation, it was tough litigation, that is true. So sometimes lawyers will take a third, sometimes even 40 percent. I have seen fees as high as 50 percent of the settlements.

What have experts and courts said about that? Courts have made clear that fee agreements based primarily on the size of the recovery tend to become unreasonable when judgments reach the $100 million mark, which is the mark we use here. As one court stated:

> In much smaller cases, a fee award of 33 percent does not present the danger of providing the plaintiff counsel with the windfall that would accompany a mega fund settlement of $100 million or upwards, but it is quite different when the figure hits the really big time.

Whereas the Third Circuit Court notes:

> Courts have generally decreased the percentage awarded for attorney fees as the amount recovered increases and $100 million seems to be the informal marker of a very large settlement.

It is one of the reasons we chose the $100 million mark.

The logic of avoiding judgment-based awards in the very largest lawsuits is straightforward:

> It is not 150 times more difficult to prepare, try, and settle a $150 million case than it is to try a $1 million case, but the application of a percentage comparable to that in a smaller case may yield an award 150 times greater.

Another said:

> There is considerable merit to disallowing standard percentage awards as the size of the recovery fund increases. In many cases the increase in the recovery is merely a factor in the size of the class and has no direct relationship to the efforts of counsel.

That certainly was the case in the tobacco litigation.

Before the trial lawyers or some of their allies say this is a Republican lawyer-bashing amendment, I say two things. First, I am a lawyer. I am not trying to bash any lawyers. A guaranteed fee of $20,000 an hour would be considered extraordinarily generous by the standards of most of my colleagues. Second, the fee formula used in this situation allows attorneys to receive up to 500 percent of what courts usually determine as reasonable hourly rates but not less than $20,000 an hour. So you take what a court determines as a reasonable rate, add 500 percent—no one can contend that is unfair—and that is the standard used in this typical type of case.

Before you say this is Republican lawyer bashing, this came from probably the most liberal court in the country, the Florida Supreme Court, which in a specific case tried to determine what would be a fair fee in a situation like this.

What it said was that the maximum multiplier that it thought was appropriate was this multiplier of 5, or 500 percent.

Here is what the court said:

> We set the maximum multiplier available in this common-fund category of cases at 5. . . . [A] multiplier which increases fees to five times the accepted hourly rate is sufficient to alleviate the contingency risk factor involved and attract high level counsel to common fund cases while producing a fee that remains within the bounds of reasonableness. We emphasize that 5 percent is a maximum multiplier.

I take this as the most liberal of standards, the reasonable attorney's fees, plus 500 percent, and then say, but we will guarantee you that you do not get anything less than $20,000 an hour if it turns out not to satisfy that. I challenge any of my colleagues, if you vote against this amendment, you are going to have to justify paying lawyers $20,000 an hour rather than returning that money to the States.

The original of the bill Senator CORNYN and I filed has this provision effectively from June of last year. To avoid any question that it is retroactive, we made it effective on the effective day of the act, so it is only prospective.

There is one more thing I want to summarize. This act does not alter the considered fee award standards of any jurisdiction in the country. Rather, it is intended to enforce those standards and to correct the occasional extreme outlier. What we are doing is enforcing the court-imposed law relating to fiduciary responsibilities.

Let me quote a couple of these courts. This is from the Illinois Supreme Court:

> A fiduciary relationship exists as a matter of law between attorney and client.

The New Jersey Supreme Court:

> An attorney's freedom to contract with a client is subject to the constraints of ethical considerations.

The Massachusetts Appeals Court:

> While freedom of contract is the guiding principle underlying contract law, contractual freedom is muted in the lawyer-client and lawyer-lawyer context.

That comes from a law professor, Joseph Perillo.

Here is another court:

> [A]n attorney is only entitled to fees which are fair and just and which adequately compensate him for his services. This is true no matter what fee is specified in the contract, because an attorney, as a fiduciary, cannot bind his client to pay a greater compensation for his services than the attorney would have the right to demand if no contract had been made. Therefore, as a matter of public policy, reasonableness is an implied term in every contract for attorney's fees.

As I noted before, in this case, in the tobacco litigation, you don't have a contract between the client and the attorney. The contract is between the attorney and the opposing parties, the tobacco companies, which make it even more suspect.

Again, as I said, this does not change the substantive law. It simply enforces preexisting fiduciary standards that bind every attorney in every State.

I urge my colleagues when we vote on this amendment tomorrow to just consider the alternative. These lawyers are all going to get a ton of money, hundreds of millions of dollars, guaranteed $20,000 per hour that they work. Most of them worked, they claim, thousands of hours on this case. But we are able to return somewhere, depending upon how the payment for this amendment is done, between $6.5 billion and $9 billion to the States. The States could use this money at this time. The tobacco companies have to pay the money one way or the other.

After compensating lawyers on the basis of a reasonable attorney fee plus 500 percent, but at a minimum at least $20,000 an hour, the remainder would be returned to the States. I submit this is a responsible thing for us to do.

The final comments I would like to make relate to the amendment that will be offered tomorrow relating to the dividend section of this bill. The proposal is to join the President in finally bringing to an end the pernicious practice of taxing dividends in this country twice, which puts us at a competitive disadvantage with our trading partners, which is unfair in anybody's book, which drives corporations to fund their investment by debt rather than equity investment, which reduces the transparency of corporations because they do not have to account to shareholders, and which diminishes the value of stock because the shareholders are going to have to pay a tax on the dividends even after the corporation has already done so.

Those are the reasons President Bush understood that this double taxation of dividends had to be addressed in this tax bill. The beauty of his proposal is that when combined with two of the other provisions of the act, the acceleration of the write-off for small business and, most important, the acceleration of the reductions in the marginal income tax rates, we will produce in this country 1.4 million jobs next year, and we could produce half a million jobs this year.

The proposal that is going to be offered tomorrow is ingenious in that it puts the bulk of this relief right up front where it will do good for the economy right now; and, second, it sends an unmistakable message to the stock market that we mean business about reducing the tax to zero.

What the proposal does is, for this current tax year, before we could put this all in effect, it gives all of the dividend holders a 50-percent deduction on their dividends. So for this tax year we are in right now they can write off half of what they would otherwise have to pay, and starting next year, 2004, and going into 2005 and 2006, in other words for 3 straight years, the tax rate for them goes to zero on these dividends. It is repealed. It is gone.

I challenge anybody at the end of that period of time to suggest at that point we try to reinstate the double taxation of dividends. It is not going to happen.

So the message to the stock market, when the vote occurs tomorrow and you have seen that the Senate is willing to follow the President and repeal the double taxation of dividends, the message is that you can finally begin to see the light at the end of the tunnel with respect to the recovery.

What do economists tell us? One economist, a very prominent economist, told us at a dinner the other night that he could expect to see at least a 20-percent increase in the value of stock as a result of this. The average of the economists we have talked to is closer to 10 percent. But take 10 percent. I think we would all like to see a return of that much value in our stock portfolio. This exists whether or not we are holding stock that issues dividends because of the general value of the market, or increased value of the market that would result from this. Obviously, those taxpayers who receive dividends from their corporate holdings would receive a direct benefit in the reduction of their liability for taxes, in addition to the increase in the value of their stock.

Obviously, this is going to be very good tax policy. It puts us in a better competitive position. Do you know that the United States has the second worst tax rate on dividends in the entire world of economically developed countries? Only Japan has a slightly higher rate. And every other country in the economically developed world has a lower tax rate on dividends than we do. No wonder we are having a problem right now.

But another point I would like to make with regard to this whole issue is that dividends obviously work in two good ways. By putting money back in taxpayers' pockets, they can do with those dividends whatever they like. The distinguished Senator from Florida who was speaking a moment ago talked about the need for consumers to have more money in their pockets. This is a way for consumers, and specifically senior citizens, to get more money in their pockets. There are about 10 million seniors who would receive relief under this proposal, just under $1,000 a year in terms of the average value they would receive. This is money in their pocket. This is money with which they can do one of two things: They can either spend it or they can invest it. In either case they are helping the economy.

For those who think we need to have people who can spend more, they can spend more. For those who think we need more investment, obviously some seniors invest some part of their income.

I would like to make a point in response to the Senator from Florida because he referred to my beloved home State of Arizona and showed a photograph of some airplanes sitting out on a tarmac, airplanes that were mothballed. If you come out to Tucson, AZ, you will see a very interesting sight. There are literally hundreds if not thousands of these airplanes. Most of them are military, but there are some commercial airplanes as well.

The point he was trying to make was this is a consumer-driven recession and therefore we need to put money in the pockets of consumers. The two big things we do here is accelerate the marginal income tax rate—that puts money in the pockets of consumers—and don't double tax dividends so the people who invest in stocks have that money to spend. Even for those who believe this is a consumer-driven recession, which it is not, what the President has proposed, and what we will be voting on tomorrow, helps put money in the pockets of consumers.

But there is a fundamental misunderstanding, if you look at airplanes and say, therefore, because people are not flying as much, this is a consumer-driven recession. There are two problems: First, regarding 9/11, the airline industry is almost unique among the businesses in this country. The airline industry and associated industries went into a nose dive that they still haven't recovered from because the traveling public has not traveled as much after 9/11. But the airlines will tell you a second factor has contributed to their bad financial situation. In addition to the fact that some people do not travel as much as a result of 9/11, and we have increased security costs placed upon them, the biggest single factor, they will tell you, is they have lost the business traveling public.

The business travelers who buy the first class or business class tickets and fly a lot are not flying as much. Why? Because the corporations are trying to save money. Why? Because they can't get enough money to invest in their businesses. Why? Because there is a capital asset deficit. This recession, the first of the 21st century, is the first nonconsumer recession. It is a capital asset deficit recession. It is a recession that understands that investment income is what is lacking.

Over the last 2 or 3 years, we have seen, by the count of some economists, almost $10 trillion sucked out of the stock values of this country. Something has to be done to put back that value. The way you put it back is by creating more investment opportunities. Most of the economists we have talked to said the single best thing you can do to add to that investment opportunity is to repeal this double taxation of dividends.

My colleague, Senator VOINOVICH from Ohio, quoted Alan Greenspan a while ago, who said if you are going to do something like this, get rid of the double taxation of dividends. That will help spur investment. He also said to Congress, stop spending so much money.

This chart on my left demonstrates the situation here. Last year, consumer spending didn't go down. Those of you who have refinanced your home or tried to buy a car at 0 percent interest know people are still buying. Consumer spending went up 3.4 percent last year, and it was up the year before as well. This green line shows consumer spending continues to go up. From 1999 to 2002, you can see that consumer spending is increasing.

It hasn't fallen off. What has fallen off? The gross private investment is what has fallen off—the investment in our businesses in the United States. After reaching the peak just after the year 2000, we all know what happened. We read the paper and see what is happening to the stock market. You can see investment in the market has plummeted, and it hasn't come back very much. It will come back if we give people the means to invest and the incentive to invest because they are not going to have their profits from their investment in corporations taxed after the corporation has already paid the tax.

This is clearly a capital asset problem and not a consumer spending problem, as has been alleged by so many of those on the other side of the aisle.

Finally, I want to say this: My colleague from Florida said, ''The President's handling of the economy''—the end of the quote, but the gist is the President's handling of the economy is why we are in the bad economic situation.

Under current circumstances, would that the President could handle the economy. But as all economists know, fortunately 250-plus million people drive the economy in this free market country of ours. They make millions of decisions every day. The President

doesn't run the economy in the United States of America. He has very little that he can do to change the economic situation in the country except try to lead by persuasion. He is trying very hard to do that.

The other thing he can do is to propose to the Congress that we try to do things he thinks will help the economy and he has done that. But my colleague who spoke these words a moment ago wants to deny him the ability to put his plan in effect. On the one hand, they complain he is not doing anything to handle the economy, and on the other hand, they are going to disagree with whatever he proposes to do. Of course, we know the truth. He doesn't handle the economy. But he has some influence over the direction we go by getting his best advisers together and trying to figure out how we can create the most jobs and produce economic recovery. He has done that. Most of the Republicans in this body have agreed his proposal is the best way for us to create jobs.

Therefore, tomorrow what will be offered is very close to what he proposed. With this dividend, this elimination of the double taxation of dividends, we will be able to go a long way toward giving the President the plan he has asked for—not so that he can handle the economy, but so we as leaders can help lead the country toward at least some degree of recovery in this year of 2003.

As I said before, some people say the President's reelection depends on whether the economy is strong or not. I don't think he would be proposing something which he thinks won't work. He is proposing something which he believes will work, and we believe it will work. That is why I hope my colleagues will support the proposal that will be offered tomorrow in support of the President's program to eliminate the double taxation of dividends.

The PRESIDING OFFICER. Who yields time?

Mr. GRASSLEY. I yield to the Senator from Texas what time he might consume.

The PRESIDING OFFICER. The Senator from Texas.

Mr. CORNYN. Mr. President, I appreciate the Senator from Iowa providing me an opportunity to speak on a matter I know the Senator from Arizona has already addressed—something called the Intermediate Sanctions Compensatory Review Adjustment Act of 2003.

This amendment, I believe, is important for a number of reasons. First of all, nobody in this body is going to get quite everything they may want in this jobs and economic growth package of 2003. But, for better or for worse, a deal has been struck in order to obtain sufficient votes to get the matter out of committee and hopefully enacted into law to provide $20 billion of State aid as part of this package.

If it had been up to me, I would have said that notwithstanding the difficult times States find themselves in—and in my State of Texas they find themselves with a $10 billion budget shortfall—but notwithstanding that fact, I would be reluctant to send $20 billion to the States with no strings attached so they could spend however they might like when we have no means of establishing accountability for how that money might be spent. But the collective wisdom of the Finance Committee and perhaps this body is that $20 billion in State aid will be sent to the States as part of this overall package.

That being the case and recognizing that no single Senator gets everything he or she wants, the question then has arisen—and the Senator from Arizona has raised it—the issue of attorneys' fees ostensibly earned by lawyers who represented the various States in the tobacco litigation and other contingency fee arrangements whereby certain private lawyers have earned, or at least claim to have earned, literally billions of dollars in attorneys' fees.

I don't speak on this issue without a little bit of history, and perhaps that would provide some context for why I support this amendment.

On January 1, 1999, I was sworn in as Attorney General of Texas, shortly after my predecessor had entered into a settlement with the tobacco industry, and really I think what we all recognize is an unprecedented lawsuit ultimately resulting in the largest civil judgment in the history of the world.

I know the State of Texas and other States filed this lawsuit to recover Medicaid expenditures they had incurred on smoking-related illnesses. Certainly, I count myself second to no one in expressing concern about the number of people in this country and around the world—some 400,000 in this country alone—who lose there lives annually as a result of smoking-related illnesses. But that is only part of the story.

The rest of the story is that a small group of entrepreneurial lawyers saw an opportunity once they joined league with State attorneys general to file litigation against the tobacco industry. If that were more or less the end of the story, then I wouldn't have concerns. But ultimately, those settlements ended up with the States in a joint venture with the tobacco industry to keep the tobacco industry alive, and with the settlements, these huge amounts of money, multiple billions of dollars being paid out of the profits of the tobacco industry for continuing to sell more of their tobacco products in the future, not just in this country but across the world.

So rather than discouraging or limiting tobacco use in this country and around the world, the States became joint venturers, so to speak, with the tobacco industry because if the tobacco industry was unable to sell more of its product, then the States would not get paid under the settlements, a truly shrewd and ingenuous arrangement on the part of these entrepreneurial lawyers.

But the real concern I have about this arrangement, particularly in my home State of Texas, is while the State receives a historic settlement of $17.3 billion—and actually that purports to be the present value of the money that is going to be paid in perpetuity—it is really probably only a part of what ultimately that judgment is worth.

Once these lawyers settled the case for the client, so to speak, then they talked to the tobacco industry, and they said: OK, what about us? We have my client's settlement, $17.3 billion, roughly speaking. Now what about us? And they engaged in an arrangement which I believe violated one of the most basic obligations that a lawyer owes to the client and breached their fiduciary duties to the client.

It simply boils down to this: that the duty of a lawyer who has been hired by a client is to maximize the recovery on the part of the plaintiff. Here, rather than do that, they struck a deal with the tobacco industry for a certain amount of money and then said: Well, on top of that, now you have to deal with us—which turns on its head the duty of loyalty that a lawyer has to a client to not let his or her personal interest conflict with the interests of the client and to maximize the recovery by the client.

So, simply stated, I believe what we saw in the tobacco litigation, all across this country, represented an unprecedented breach of fiduciary duty that the lawyer owed to the client to maximize the client's recovery and enrich the lawyers in the process.

So the question is, What do we do about it? Well, here again, I believe that the needs of the States, and particularly the State of Texas—which is currently in session trying to deal with a $10 billion shortfall, looking at cutting health care for those who are unable to pay for health care on their own, for children under the CHIPS program, for public education—that this provides an opportunity for this body to correct an injustice, to enforce a fiduciary duty that the lawyer owes to the client, and to provide aid to the States in the process in a way that will help ameliorate that loss and vindicate a wrong.

Part of this story, too, involves a tragedy. My predecessor as attorney general currently stands indicted by a U.S. grand jury in the Western District of Texas for trying to enrich a friend, a colleague, to the tune of some $520 million for doing no work.

For those who have not followed the story, I will just say that about the time the tobacco settlement was struck, there arrived on the scene another lawyer, whom nobody had ever heard of before, by the name of Mark Murr. The lawyers who had been involved in the litigation—at least they had done some work on it—wondered what this arrangement was. And when push came to shove, ultimately the five main lawyers in the Texas tobacco lawsuit got their $3.3 billion. But then

there was an arrangement made to create a separate mechanism, a collusive arbitration arrangement, whereby Mark Murr would receive up to $520 million out of the recovery of the State of Texas.

As it turned out, during my investigation as attorney general, we determined that the contract upon which Mr. Murr claimed a right to be paid had been falsified, backdated, and literally been cut and pasted to make it look as if he had done some work on the case and had been involved in the case much earlier than he really had. In truth, and in fact, I believe he did not do any work to justify that fee.

During the 4 years that I was attorney general of the State of Texas, we conducted an investigation into that matter, were successful in preventing Mr. Murr from making the claim for that money against the treasury of the State of Texas, and ultimately, I believe, provided the factual basis under which the U.S. attorney was able to present that case to the grand jury, and ultimately resulting in the indictment of the former attorney general of the State of Texas.

I say that with no pleasure at all. It is a tragedy, a terrible tragedy. But it is a story of how a steward of the public trust has violated that trust and now must be held accountable for violating that trust. But in the process, and what this amendment addresses specifically, is the manner in which five private lawyers enrich themselves at the expense of the State of Texas and how other lawyers across the country, during the course of this tobacco litigation, enrich themselves at the expense of their State clients in breach of their fiduciary duties.

The Internal Revenue Code provides a mechanism where those who breach fiduciary duties—whether they be a trustee or, in this case, a lawyer representing a client—can be taxed. It provides another mechanism, a nonlitigation mechanism, to enforce that fiduciary duty that is owed by the fiduciary to the client. In this case, I believe it is an opportunity for this body to find funds—if, in fact, it is the will of the majority of this body—and to see Federal dollars, or money that otherwise is paid by Federal taxpayers, go to State taxpayers. It provides another opportunity to provide up to $9 billion of additional funds by simply enforcing the fiduciary duty owed by these lawyers to their clients, the various States.

So I am pleased to join Senator KYL and Senator ALEXANDER in cosponsoring this amendment that would, if adopted by this body, provide an additional $9 billion in State aid, in a way that I believe ultimately does justice, by enforcing this fiduciary duty owed by the lawyers to the client.

Let me just say, Mr. President, in closing, that I support the Jobs and Economic Growth Act of 2003. Even though I think it will undergo a number of amendments and will ultimately not be exactly what any of us would like, I believe it provides a necessary prescription for what ails the economy and will provide a necessary jump-start to allow taxpayers, the ones who earn the money, to keep more of that money and spend it as they see fit, and to allow small businesses that earn the money to reinvest in their businesses and create new jobs in a way that will ultimately help us grow our way out of our current economic doldrums.

So I am happy to support this important legislation and happy to add my voice to hopefully putting America back to work.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

The Senator from Montana.

Mr. BAUCUS. Mr. President, I ask unanimous consent that all pending amendments be temporarily set aside so the Senator from Louisiana can offer an amendment.

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

The Senator from Louisiana.

NOTICE

Incomplete record of Senate proceedings. Except for concluding business which follows, today's Senate proceedings will be continued in the next issue of the Record.

ORDERS FOR THURSDAY, MAY 15, 2003

Mr. GRASSLEY. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 9:15 a.m., Thursday, May 15. I further ask that following the prayer and the pledge, the morning hour be deemed expired, the Journal of proceedings be approved to date, the time of the two leaders be reserved for their use later in the day, and that the Senate then resume consideration of Calendar No. 97, S. 1054, the jobs and economic growth bill, as provided under the previous order; provided further that no second-degree amendments be in order to the amendments offered during Wednesday's session, prior to a vote in relationship to the amendment.

Finally, I ask unanimous consent that following the first vote, all succeeding votes in sequence be limited to 10 minutes each.

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

PROGRAM

Mr. GRASSLEY. For the information of all Senators, the Senate will resume consideration of the jobs and economic growth bill and immediately begin a series of stacked votes on the remaining amendments to the bill. There are approximately 25 amendments that will need to be disposed of. Following the votes on the pending amendments, additional amendments are possible and therefore this is going to be a very lengthy voting sequence. All Members are urged to remain close to the Chamber during this so-called vote-arama in order to expedite passage of this bill.

I also ask that any Member who intends to offer an amendment during tomorrow's session contact the chairman and ranking member of the Finance Committee. We are not encouraging additional amendments. However, it would be helpful to know in advance the substance of the amendment to be offered. The majority leader has stated that we will finish the jobs and economic growth bill on Thursday.

Under a previous order, following passage of the jobs and economic growth bill, the Senate will begin consideration of H.R. 1298, the Global HIV/AIDS bill. The majority leader has also stated it is his intention to complete action on this vital legislation this week as well.

Finally, I say to my colleagues that tomorrow will be a very busy session, with numerous rollcall votes. With the cooperation of all Members, we can finish our work on these two bills in an orderly way.

UNANIMOUS CONSENT AGREEMENT—CORRECTION ON VOTE SEQUENCE

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. There is a correction on the vote sequence. Landrieu amendment No. 579 in the consent request should be amendment No. 619. I ask unanimous consent that change be made.

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

Mr. BAUCUS. In addition, in the consent request there were two Burns amendments. I ask unanimous consent that be modified so there is only one Burns amendment, and that is amendment No. 593.

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

ADJOURNMENT UNTIL 9:15 A.M. TOMORROW

Mr. GRASSLEY. If there is no further business to come before the Senate, I ask unanimous consent that the

Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 12:16 a.m., adjourned until Thursday, May 15, 2003, at 9:15 a.m.

NOMINATIONS

Executive nominations received by the Senate May 14, 2003:

EXPORT-IMPORT BANK OF THE UNITED STATES

APRIL H. FOLEY, OF NEW YORK, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES FOR A TERM EXPIRING JANUARY 20, 2007, VICE DAN HERMAN RENBERG, TERM EXPIRED, TO WHICH POSITION SHE WAS APPOINTED DURING THE LAST RECESS OF THE SENATE.

DEPARTMENT OF TRANSPORTATION

NICOLE R. NASON, OF VIRGINIA, TO BE AN ASSISTANT SECRETARY OF TRANSPORTATION, VICE SEAN B. O'HOLLAREN, RESIGNED.

DEPARTMENT OF STATE

GRETA N. MORRIS, OF CALIFORNIA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF THE MARSHALL ISLANDS.

UNITED STATES POSTAL SERVICE

JAMES C. MILLER III, OF VIRGINIA, TO BE A GOVERNOR OF THE UNITED STATES POSTAL SERVICE FOR THE TERM EXPIRING DECEMBER 8, 2010, VICE EINAR V. DYHRKOPP, TERM EXPIRED, TO WHICH POSITION HE WAS APPOINTED DURING THE LAST RECESS OF THE SENATE.

MERIT SYSTEMS PROTECTION BOARD

NEIL MCPHIE, OF VIRGINIA, TO BE A MEMBER OF THE MERIT SYSTEMS PROTECTION BOARD FOR THE TERM OF SEVEN YEARS EXPIRING MARCH 1, 2009, VICE BETH SUSAN SLAVET, TERM EXPIRED, TO WHICH POSITION HE WAS APPOINTED DURING THE LAST RECESS OF THE SENATE.

FEDERAL LABOR RELATIONS AUTHORITY

PETER EIDE, OF MARYLAND, TO BE GENERAL COUNSEL OF THE FEDERAL LABOR RELATIONS AUTHORITY FOR A TERM OF FIVE YEARS, VICE JOSEPH SWERDZENWSKI, RESIGNED, TO WHICH POSITION HE WAS APPOINTED DURING THE LAST RECESS OF THE SENATE.

FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION

STANLEY C. SUBOLESKI, OF VIRGINIA, TO BE A MEMBER OF THE FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION FOR A TERM OF SIX YEARS EXPIRING AUGUST 30, 2006, VICE MARC LINCOLN MARKS, TERM EXPIRED, TO WHICH POSITION HE WAS APPOINTED DURING THE LAST RECESS OF THE SENATE.

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

NAOMI CHURCHILL EARP, OF VIRGINIA, TO BE A MEMBER OF THE EQUAL EMPLOYMENT OPPORTUNITY COMMISSION FOR A TERM EXPIRING JULY 1, 2005, VICE REGINALD EARL JONES, TERM EXPIRED, TO WHICH POSITION SHE WAS APPOINTED DURING THE LAST RECESS OF THE SENATE.

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

WILLIAM A. SCHAMBRA, OF VIRGINIA, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE CORPORATION FOR NATIONAL AND COMMUNITY SERVICE FOR A TERM EXPIRING SEPTEMBER 14, 2006, VICE CAROL W. KINSLEY, TERM EXPIRED, TO WHICH POSITION HE WAS APPOINTED DURING THE LAST RECESS OF THE SENATE.

DONNA N. WILLIAMS, OF TEXAS, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE CORPORATION FOR NATIONAL AND COMMUNITY SERVICE FOR A TERM EXPIRING OCTOBER 6, 2006, VICE ROBERT B. ROGERS, TERM EXPIRED, TO WHICH POSITION SHE WAS APPOINTED DURING THE LAST RECESS OF THE SENATE.

LEGAL SERVICES CORPORATION

THOMAS A. FUENTES, OF CALIFORNIA, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE LEGAL SERVICES CORPORATION FOR A TERM EXPIRING JULY 13, 2005, VICE THOMAS F. SMEGAL, JR., TERM EXPIRED, TO WHICH POSITION HE WAS APPOINTED DURING THE LAST RECESS OF THE SENATE.

LILLIAN R. BEVIER, OF VIRGINIA, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE LEGAL SERVICES CORPORATION FOR A TERM EXPIRING JULY 13, 2004, VICE HULETT HALL ASKEW, TERM EXPIRED, TO WHICH POSITION SHE WAS APPOINTED DURING THE LAST RECESS OF THE SENATE.

DEFENSE NUCLEAR FACILITIES SAFETY BOARD

R. BRUCE MATTHEWS, OF NEW MEXICO, TO BE A MEMBER OF THE DEFENSE NUCLEAR FACILITIES SAFETY BOARD FOR A TERM EXPIRING OCTOBER 18, 2005, VICE JOSEPH DINUNNO, RESIGNED, TO WHICH POSITION HE WAS APPOINTED DURING THE LAST RECESS OF THE SENATE.

IN THE ARMY

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES ARMY TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTION 601:

To be lieutenant general

MAJ. GEN. JOHN R. VINES, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT IN THE UNITED STATES ARMY TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 624:

To be major general

BRIGADIER GENERAL LLOYD J. AUSTIN III, 0000
BRIGADIER GENERAL GARY L. BORDER, 0000
BRIGADIER GENERAL WILLIAM H. BRANDENBURG, 0000
BRIGADIER GENERAL RANDAL R. CASTRO, 0000
BRIGADIER GENERAL JAMES A. COGGIN, 0000
BRIGADIER GENERAL MARTIN E. DEMPSEY, 0000
BRIGADIER GENERAL BARBARA G. FAST, 0000
BRIGADIER GENERAL JOSEPH F. FIL JR., 0000
BRIGADIER GENERAL BENJAMIN C. FREAKLEY, 0000
BRIGADIER GENERAL JOHN D. GARDNER, 0000
BRIGADIER GENERAL BRIAN I. GEEHAN, 0000
BRIGADIER GENERAL GARY L. HARRELL, 0000
BRIGADIER GENERAL STEVEN R. HAWKINS, 0000
BRIGADIER GENERAL JANET E. A. HICKS, 0000
BRIGADIER GENERAL KENNETH W. HUNZEKER, 0000
BRIGADIER GENERAL JAMES A. KELLEY, 0000
BRIGADIER GENERAL RICKY LYNCH, 0000
BRIGADIER GENERAL MICHAEL R. MAZZUCCHI, 0000
BRIGADIER GENERAL DENNIS C. MORAN, 0000
BRIGADIER GENERAL JAMES H. PILLSBURY, 0000
BRIGADIER GENERAL DAVID C. RALSTON, 0000
BRIGADIER GENERAL DON T. RILEY, 0000
BRIGADIER GENERAL JAMES E. SIMMONS, 0000
BRIGADIER GENERAL EDGAR E. STANTON III, 0000
BRIGADIER GENERAL GUY C. SWAN III, 0000
BRIGADIER GENERAL DAVID P. VALCOURT, 0000
BRIGADIER GENERAL W. MONTAGUE WINFIELD, 0000
BRIGADIER GENERAL JOHN A. YINGLING, 0000

IN THE MARINE CORPS

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES MARINE CORPS TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTION 601:

To be lieutenant general

LT. GEN. WALLACE C. GREGSON JR., 0000

IN THE NAVY

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES NAVY TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 624:

To be rear admiral (lower half)

CAPT. CAROL I. B. TURNER, 0000

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES NAVY TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 624:

To be rear admiral (lower half)

CAPT. TERRY L. MCCREARY, 0000

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES NAVY TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 624:

To be rear admiral (lower half)

CAPT. GARY A. ENGLE, 0000

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES NAVY TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 624:

To be rear admiral (lower half)

CAPT. THOMAS R. CULLISON, 0000

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES NAVY TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 624:

To be rear admiral (lower half)

CAPT. JEFFREY A. WIERINGA, 0000

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES NAVY TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 624:

To be rear admiral (lower half)

CAPT. DAVID J. DORSETT, 0000

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES NAVY TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 624:

To be rear admiral (lower half)

CAPT. ELIZABETH A. HIGHT, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT IN THE UNITED STATES NAVY TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 624:

To be rear admiral (lower half)

CAPT. MARTIN J. BROWN, 0000
CAPT. WILLIAM A. KOWBA, 0000
CAPT. MICHAEL J. LYDEN, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT IN THE UNITED STATES NAVY TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 624:

To be rear admiral (lower half)

CAPTAIN JOHN M. BIRD, 0000
CAPTAIN JOHN T. BLAKE, 0000
CAPTAIN FRED BYUS, 0000
CAPTAIN FRANK M. DRENNAN, 0000
CAPTAIN MARK E. FERGUSON III, 0000
CAPTAIN JOHN W. GOODWIN, 0000
CAPTAIN RICHARD W. HUNT, 0000
CAPTAIN ARTHUR J. JOHNSON JR., 0000
CAPTAIN MARK W. KENNY, 0000
CAPTAIN JOSEPH F. KILKENNY, 0000
CAPTAIN WILLIAM E. LANDAY, 0000
CAPTAIN MICHAEL A. LEFEVER, 0000
CAPTAIN GERARD M. MAUER JR., 0000
CAPTAIN DOUGLAS L. MCCLAIN, 0000
CAPTAIN WILLIAM H. MCRAVEN, 0000
CAPTAIN RICHARD O'HANLON, 0000
CAPTAIN KEVIN M. QUINN, 0000
CAPTAIN RAYMOND A. SPICER, 0000
CAPTAIN PETER J. WILLIAMS, 0000

IN THE MARINE CORPS

THE FOLLOWING NAMED OFFICERS IN THE UNITED STATES MARINE CORPS FOR REGULAR APPOINTMENT UNDER TITLE 10, U.S.C., SECTION 531:

To be first lieutenant

BENJAMIN T ACKISON, 0000
ALEC H ACUNA, 0000
ROBERT M AGUAM, 0000
DARRIAN H AINSWORTH, 0000
CAMERON W ALBIN, 0000
ISMAEL ALCALA, 0000
SKENDER ALICKA, 0000
RYAN P ALLEN, 0000
THOMAS L ALLOSSO, 0000
RICHARD ALVAREZ, 0000
EDWARD P AMDAHL, 0000
MICHAEL E ANDA, 0000
RICHARD A ANDERSON, 0000
ROBERT K ANDERSON, 0000
SCOTT J ANDERSON, 0000
ANTHONY J ANGELONE, 0000
ALEXANDER C ARCINAS, 0000
DAVID A ARENAS, 0000
GREIG E ARENDT, 0000
DANIEL ARISPE, 0000
THOMAS K ARMSTRONG, 0000
BARRY S ARNWINE, 0000
RYAN W ASLESEN, 0000
JAMES A ATCHISON JR., 0000
DARRYL G AYERS, 0000
TIMOTHY J AYERS, 0000
RICHARD P AYRES, 0000
JOHN L BABISH, 0000
ROBERT E BACZKOWSKI JR., 0000
BOBBY R BAILEY JR., 0000
TASE E BAILEY, 0000
RIDLEY P BAIN, 0000
GREGORY A BAKER JR., 0000
JONATHAN T BAKER, 0000
BRADLEY J BALL, 0000
BRIAN W BANN, 0000
JEFFREY M BARBER, 0000
ROBERT G BARBER, 0000
ADAM N BARBORKA, 0000
BRUCE B BARKER II, 0000
SEAN W BARNES, 0000
ROBERT M BARNHART JR., 0000
COLBY E BARRETT, 0000
CRAIG D BARRETT, 0000
ARTHUR J BARRON, 0000
ANDREW E BARTLE, 0000
DANIEL J BARTNICKI, 0000
KATHARINE A BARWICK, 0000
RUSSELL N BATES, 0000
CARRIE C BATSON, 0000
RYAN J BAUMAN, 0000
ERIC E BAYLES, 0000
JAMES F BEAL, 0000
SHANNON R BEALL, 0000
JAMES A BEAULIEU, 0000
BRIAN J BECK, 0000
JONATHAN W BEERY, 0000
DALE R BEHM, 0000
WELDON T BELL II, 0000
RUSSELL A BELT II, 0000
RICARDO BENAVIDES, 0000
JOHN T BERDUSIS, 0000
CARL E BERGER, 0000
ANN BERNARD, 0000
VICTOR D BERNARD, 0000
CHRISTOPH T BERRY, 0000
MICHAEL A BERSKY, 0000
THOMAS A BERTRAM JR., 0000
MATTHEW J BETLEY III, 0000
ANURADHA K BHAGWATI, 0000
CHAD T BIGNELL, 0000
JAMES W BIRCHFIELD, 0000
PAUL F BISCHOFF, 0000
ALVIN C BISSETTE, 0000
JOE D BLACK JR., 0000
EDWARD J BLACKSHAW, 0000
ALEXANDER W BLAKE, 0000
MARC E BLANKENBICKER, 0000
JOE D BLOCKER, 0000
PATRICIA D BLOCKER, 0000
BRIAN M BLOMQUIST, 0000
CHADD W BLOOMSTINE, 0000
CHARLES W BLOUNT, 0000
SAMUEL P BLUNTZER, 0000
HORACE J BLY, 0000
JOHN D BOLT, 0000
JONATHAN C BONNETTE, 0000
DAVID L BONNEY, 0000
NEIL E BOOHER, 0000
ADAM P BOOTH, 0000
MICHAEL A BOURQUIN, 0000
JONATHAN M BOYD, 0000
KURT A BOYD, 0000
BROOKS D BRADEN, 0000

ANTHONY S BRADLEY, 0000
JERAMY W BRADY, 0000
ROBERT K BRADY, 0000
JAVIER A BRAHAM, 0000
JOEL P BRANIECKI, 0000
THOMAS J BRANNAN, 0000
ARTHUR J BRAUER, 0000
JASON C BREZLER, 0000
JASON E BROENE, 0000
JOHN N BROGDON, 0000
AARON J BROOKS, 0000
THOMAS L BROOKS, 0000
DAVID R BROTHERS, 0000
BEN A BROUSIL, 0000
BRIAN P BROWN, 0000
CHRISTOPHER A BROWN, 0000
RACINE M BROWN, 0000
WARREN J BRUCE, 0000
GREGORY J BUCHANAN, 0000
CHARLES B BUCKLEY JR., 0000
JEREMY L BUCKWALTER, 0000
JOHN P BUDD, 0000
JONAS L BURING, 0000
JOSHUA J BURKE, 0000
JASON E BURKETT, 0000
RICHARD D BURKETT JR., 0000
BRAD H BURNETT, 0000
MARK E BURRELL, 0000
BRADFORD M BURRIS, 0000
PAUL C CABELLON, 0000
NATHAN B CAHOON, 0000
TRAVIS C CALDWELL, 0000
DOUGLAS T CAMPBELL, 0000
JOSEPH O CAMPOMANES, 0000
SUSAN M CANADAY, 0000
MARISOL CANTU, 0000
ANDREW J CAREAU, 0000
BRIAN P CAREY, 0000
MICHAEL G CARLE, 0000
DOUGLAS A CARR, 0000
MICHAEL J CARRASQUILLA, 0000
KEVIN M CARROLL, 0000
DERRICK V CARTER, 0000
MISCA T CARTWRIGHT, 0000
PATRICK B CASSALIA, 0000
LUCAS C CASTANOS JR., 0000
SEAN M CAWLEY, 0000
PATRICK CAZE, 0000
BENJAMIN A CHAMBERLIN, 0000
JOJO CHAMES, 0000
JENNIFER K CHANCY, 0000
CHRIS E CHARLES, 0000
CHRISTOPHER CHASE, 0000
RYAN A CHERRY, 0000
JEREMY B CHESLA, 0000
CHARLIE W CHIANG, 0000
JOHN R CHOLEWIN, 0000
CHRISTOPHER L CLAFLIN, 0000
CAMERON F CLARK, 0000
ROSA A CLARKE, 0000
EDMUND G CLAYTON, 0000
KEVIN P CLEARY, 0000
WILLIAM P CLEMENT, 0000
BRIAN N CLIFTON, 0000
NEIL M CLONTZ, 0000
DOUGLAS J COBB JR., 0000
GARY L COBB, 0000
GENE E COLBERT JR., 0000
HAYDEN E COLBY, 0000
PETER J COLBY, 0000
CHRISTOPHER M COLE, 0000
TEDDY R COLEGATE, 0000
CLINTON J COLLINS, 0000
JEFFREY H COLLINS, 0000
JOHN R COLOMBERO, 0000
JUSTIN M COLVIN, 0000
JON P CONNOLLY, 0000
JOHN B CONRAD, 0000
ROBERT E COOGAN, 0000
STEVEN H COOK, 0000
CARLOS G COOPER, 0000
ANDREW J COPELAND, 0000
JOSHUA CORMIER, 0000
DEVIN E CORN, 0000
ERNEST I CORNBROOKS IV, 0000
MARK D COSTNER, 0000
FABIAN COVARRUBIAS, 0000
CHRISTOPHER J CRACE, 0000
STEVEN L CRAIG, 0000
SUSAN E CRAIG, 0000
SETH J CRAWFORD, 0000
HERSCHEL J CRINER III, 0000
MICHAEL G CRISTLER, 0000
SEAN E CRITTENDEN, 0000
MICHAEL A CRIVELLO, 0000
MATTHEW R CROUCH, 0000
IRA A CROWE, 0000
DOUGLAS R CULLINS, 0000
RYAN M CUNNINGHAM, 0000
JAMES A CURTIS, 0000
DENNIS B DALTON, 0000
ALEXANDER W DAMICO, 0000
JEREMY C DANIEL, 0000
SCOTT E DANIELSON, 0000
BENJAMIN M DAVENPORT, 0000
MICHAEL R DAVIDGE, 0000
ROBERT M DAVIS, 0000
BENJAMIN J DEBARDELEBEN, 0000
BRYON S DECASTRO, 0000
ARTHUR G DECOTIIS JR., 0000
JOEL A DELUCA, 0000
TIMOTHY R DEMANN, 0000
GERARD C DEMPSTER, 0000
SUZANNE M DENAULT, 0000
JAMES C DERRICK, 0000
DARYL L DESIMONE, 0000
ROBERT P DICKINSON, 0000
FRANK E DILLBECK, 0000
RODNEY J DIMALANTA, 0000
JOHN Q DINH, 0000
MARK C DINSMORE, 0000
DEREK L DIVINE, 0000
KYLE M DJUKICH, 0000
CHAD A DODD, 0000
ERIK H DOEBEL, 0000
ROBERT L DOHN, 0000
KENT D DOMME, 0000
DAVID J DONNELL, 0000
BRIAN DONOHUE, 0000
SEAN M DONOHUE, 0000
CRAIG T DOUGLAS, 0000
JOHN M DOUGLASS, 0000
CHARLES E DOWNING III, 0000
JULITO E DRAKE, 0000
RYAN F DRANGINIS, 0000
MATTHEW J DUGAN, 0000
PAUL J DUNBAR, 0000
PETER E DUNKELBERGER, 0000
JAMES J DUNPHY, 0000
STEVEN J EASTIN, 0000
JASON W EDHOLM, 0000
JAMES M EELMAN, 0000
MATTHEW S EMBORSKY, 0000
JASON T ERBECKER, 0000
MICHAEL A ESCHER, 0000
NATALIE M ESCOVAR, 0000
RICCO A ESPINOZA, 0000
ERIC L ESTES, 0000
EILON EVENESH, 0000
JEAN P EXANTUS, 0000
JOHN A FABBRI, 0000
DAVID J FALCHECK II, 0000
BETH S FALCON, 0000
CLAYTON Z FARRAR, 0000
ISTVAN P FEHER, 0000
CHANTELL M FERNANDEZ, 0000
DANIEL J FETTIG, 0000
JASON A FILOS, 0000
CLAY T FIMIANI, 0000
DOUGLAS Y FINN, 0000
SOL M FISER, 0000
JED C FITCH, 0000
DANIELLE N FITZ, 0000
DAVID M FITZSIMMONS, 0000
RICH D FITZSIMMONS, 0000
RYAN P FLANAGAN, 0000
KATE E FLEEGER, 0000
CLAY H FOLK, 0000
WILLIAM A FOLK, 0000
MONTY J FONTENOT, 0000
JAMES C FORD III, 0000
STEVEN M FORD, 0000
MATTHEW W FOREMAN, 0000
JONATHAN L FORMAN, 0000
JOSHUA L FOSTER, 0000
TYLER R FOTHERINGILL, 0000
MARK C FOWLER, 0000
JAMISEN L FOX, 0000
SHARON U FRANCO, 0000
JASON D FRANZ, 0000
JOSHUA T FRASER, 0000
DAVID A FRAZEE, 0000
BRANT P FREY, 0000
JENI M FROEHLICH, 0000
RYAN C FUSSELL, 0000
JOHN P GALVIN, 0000
NICHOLAS L GANNON, 0000
STEVEN J GASPER JR., 0000
SEAN M GAVIGAN, 0000
ANDREW S GEER, 0000
MICHAEL G GEHRKI, 0000
MARK P GEORGE, 0000
WAYNE H GESCHWINDT, 0000
CHRISTOPHER M GIGLIOTTI, 0000
JOHNNIE R GLADDEN III, 0000
STUART W GLENN, 0000
FAITH A GONZALEZ, 0000
JOSE A GONZALEZ II, 0000
LYLE L GORDON, 0000
ROBERT J GORDON, 0000
DANIEL GORMAN, 0000
CHARLES W GOSTAGE, 0000
MATTHEW T GOUBEAUX, 0000
ANDREW T GRAHAM, 0000
CHRISTOPHER J GRANGER, 0000
BRIAN R GRANT, 0000
JOHN E GRANVILLE, 0000
PAUL L GREENBERG, 0000
SHANNON C GREENE, 0000
WILLIAM C GRIFFIS, 0000
STEPHANIE R GRIFFITH, 0000
MILES N GROGAN, 0000
RICARDO J GUADALUPE, 0000
MICHAEL S GUINN, 0000
JOHN J GUTIERREZ, 0000
WILLIAM I GUY JR., 0000
KWABENA K GYIMAH, 0000
LEITH R HABAYEB, 0000
BRYAN P HALL, 0000
MICHAEL L HALLIGAN II, 0000
POLLARD D HAM, 0000
CLAIRE M HAMILTON, 0000
JON F HAMILTON, 0000
LUCAS T HANBACK, 0000
KELLY A HANCOCK, 0000
ABIGAIL M HANDY, 0000
SPENCE W HANEMANN, 0000
MICHAEL A HARKIN, 0000
OWEN HARLEMAN, 0000
ELIZABETH A HARRESCHOU, 0000
JOHN E HARRIS III, 0000
MICHAEL J HARRIS, 0000
OMAR K HARRIS, 0000
BENJAMIN V HAWN, 0000
JEREMY A HAYES, 0000
WILLIAM G HEIKEN, 0000
MATHEW E HEIL, 0000
JOHN H HELM JR., 0000
KATHRYN E HENDEL, 0000
CHARLES F HENDERSON III, 0000
JAMES J HENNESSEY II, 0000
GLEN C HENTON, 0000
JONATHAN D HESKETT, 0000
BRIAN J HESLIN, 0000
JAMES L HIATT, 0000
EVAN L HILL, 0000
ROGER S HILL, 0000
WILLIAM M HIMEBAUGH, 0000
AARON R HINMAN, 0000
JOHN B HOBSON, 0000
KEVIN P HODSON, 0000
VINCENT M HOGAN, 0000
MICHAEL W HOLCOMB, 0000
ERIC L HOLMES, 0000
WILLIAM D HOOD, 0000
FORREST W HOOVER III, 0000
MARTIN E HORNER, 0000
JUSTIN A HOSLER, 0000
RYAN P HOUGH, 0000
JOHN R HOVEY, 0000
JENNY I HOWARD, 0000
SAMUEL E HOWIE, 0000
MARC D HUDZINSKI, 0000
BENJAMIN T HUGGINS, 0000
JEFFREY C HUGHES, 0000
PATRICK C HULSY, 0000
JASON C HUMBLE, 0000
EVAN B HUME, 0000
GARY F HUMPHRIES, 0000
CHRISTOPHER D HUNT, 0000
MATTHEW C HUNT, 0000
KEVIN G HUNTER, 0000
MICHAEL A HUNZEKER, 0000
KEVIN V HYDE, 0000
MICHAEL R HYDE, 0000
DAVID H ICKLES, 0000
CHRISTOPHER G INAMI, 0000
FRED J INGO III, 0000
MORINA D IVEY, 0000
ELLEN E JACKMAN, 0000
KEVIN M JACKSON, 0000
RYAN A JACOBS, 0000
ERIC M JAGELS, 0000
MATTHEW T JAMES, 0000
IAN H JARDINE, 0000
PETER J JEFFREY, 0000
RANDY L JEFFRIES, 0000
CHARLES A JINDRICH, 0000
JAMES S JOACHIM, 0000
CLARENCE R JOHNSON III, 0000
JAMES W JOHNSON, 0000
MICHAEL S JOHNSON, 0000
NICHOLAS D JOHNSON, 0000
STEVEN C JOHNSON, 0000
ANTHONY C JOHNSTON, 0000
ANDREW J JONES, 0000
KIMBERLEY E JONES, 0000
STEPHANIE K JONES, 0000
WILLIAM R JONES, 0000
NICHOLAS M KALT, 0000
IAN M KANSKI, 0000
MICHAEL J KANSTEINER, 0000
ZACHARY E KAREM, 0000
SCOTT M KAZIK, 0000
MICHAEL S KEANE, 0000
BENJAMIN M KEATING, 0000
LUCAS C KECK, 0000
PAUL B KEENER, 0000
RALPH O KEENER JR., 0000
EDWARD L KELLER, 0000
HERMAN C KEMP, 0000
JOHN J KENNELEY, 0000
JONATHAN Q KENNEY, 0000
ZENON W KESKE, 0000
ADAM K KESSEL, 0000
JIN K KIM, 0000
WON S KIM, 0000
TED S KIMMEL, 0000
CADE M KING, 0000
MARSHALEE E KING, 0000
CHRISTOPHER N KINSEY, 0000
GEORGE D KINTER, 0000
PHILLIP E KIRKMAN, 0000
REED L KLAUER, 0000
CHRISTOPHER J KLEMKO, 0000
PETER E KLEMPAY, 0000
ROBERT A KNAUER, 0000
TRAVIS R KNIGHT, 0000
WILLIE E KNOX, 0000
HENRY H KO, 0000
MATTHEW J KOOYER, 0000
ERICA S KOVACH, 0000
JULIE A KOVACH, 0000
CHRISTOPHER M KRAHULEC, 0000
ANDREW J KRESSIN, 0000
GEOFFREY E KRISTIANSON, 0000
MICHAEL C KROZY, 0000
JOHN D KRYSA, 0000
SEAN F KUEHL, 0000
CASEY S KUHLMAN, 0000
DAVID W KUMMER JR., 0000
JASON M KUT, 0000
DANIEL C LAMMERS, 0000
CHARLES W LAMONT, 0000
JAMES M LANE, 0000
JOHN K LANGSTON, 0000
JENNIFER L LARSEN, 0000
BRIAN T LAURENCE, 0000
DANIEL W LAUX, 0000
MICHAEL S LAWLOR, 0000
DAVID F LAWRENCE, 0000

GARRETT T LAWTON, 0000
JOHN K LE, 0000
WYLAND F LEADBETTER III, 0000
STEPHEN J LEBO, 0000
ANDY R LEE, 0000
JEREMY E LEE, 0000
PAUL M LEE, 0000
JASON T LEIGH, 0000
ERIK LEIN, 0000
TYLER D LEONARD, 0000
ERIC LEVESQUE, 0000
ROBERTO LEVIN, 0000
ERNEST C LINCOLN, 0000
AARON C LLOYD, 0000
ROBERT J LOKAR, 0000
WILLIAM L LOMBARDO, 0000
VICTOR A LOMUSCIO, 0000
LINDA D LONG, 0000
MICHAEL G LONG, 0000
JOHN A LOVASTIK V, 0000
ERIK G LOYA, 0000
DAVID R LUBER, 0000
JASON S LUCERO, 0000
JOSEPH T LUDICK, 0000
CHAD A LUKE, 0000
JEREMY J LUTHER, 0000
ADAM C MACALUSO, 0000
STEPHEN P MACKEY, 0000
NICK G MACKRES, 0000
BART E MACMANUS, 0000
CLIFFORD S MAGEE, 0000
JOHN F MAHONEY III, 0000
MICHAEL P MAJOR, 0000
PETER A MANTUANO, 0000
MICHAEL D MARAGHY, 0000
JEFFREY T MARANTETTE, 0000
MATTHEW A MARKHAM, 0000
JAMES H MARSH, 0000
PAULA D MARSHALL, 0000
JUSTIN M MARTELL, 0000
CHRISTOPHER C MARTIN, 0000
JASON T MARTIN, 0000
KENT C MARTIN, 0000
PATRICK C MARVIL, 0000
WILLIAM J MATORY, 0000
TROY P MATTERN, 0000
JASON T MATTHEWS, 0000
MITCHELL T MAURY, 0000
COREY A MAZYCK, 0000
DAVID B MCALEE, 0000
CHRISTOPHER A MCALLISTER, 0000
DANIEL C MCBRIDE, 0000
GLENN E MCCARTAN, 0000
ROBERT G MCCARTHY III, 0000
SEAN P MCCARTHY, 0000
DONALD S MCCORQUODALE III, 0000
MICHAEL J MCCOY, 0000
JAMES D MCCRUMB, 0000
JUSTIN L MCDONALD, 0000
MATTHEW F MCDONALD, 0000
RYAN P MCDONEL, 0000
EDWARD S MCDONOUGH, 0000
MICHAEL P MCFERRON, 0000
TARA K MCGRATH, 0000
KENNETH A MCKEAN JR., 0000
MICHAEL W MCKENNEY, 0000
MATTHEW J MCKINNEY, 0000
WALLACE B MCKINNEY, 0000
ROBERT M MCLELLAN, 0000
BOYD R MCMURTREY, 0000
MICHAEL A MCNAB, 0000
DAVID P MEANY, 0000
RICARDO A MEDAL, 0000
DONALD H MEEK JR., 0000
ADRIENNE Z MEELARP, 0000
DOUGLAS S MEISEL, 0000
MARCOS A MELENDEZ III, 0000
BENJAMIN M MERCIER, 0000
MICHELLE K MERCURIO, 0000
SEAN M MERLIN, 0000
WALTER P MESSICK III, 0000
MELISSA K METZ, 0000
DANIEL W MICKLIS, 0000
DAVID A MILLEN, 0000
ERIC W MILLER, 0000
JONPAUL MILLER, 0000
KASEY C MILLER, 0000
MATTHEW S MILLER, 0000
SEAN D MILLER, 0000
BRETT C MINER, 0000
MELISSA C MINTON, 0000
MELISSA J MITCHELL, 0000
TIMOTHY W MIX, 0000
BRIAN L MIZE, 0000
THOMAS B MONDOUX, 0000
DARYL MOORE, 0000
JEREMY P MOORE, 0000
JESSICA M MOORE, 0000
MIRIAM N MOORE, 0000
SEAN D MOORE, 0000
TYLER J MOORE, 0000
MELISSA R MORAN, 0000
NATHAN P MOREHOUSE, 0000
SERGE P MOROSOFF, 0000
JASON R MORRISON, 0000
STEPHEN D MORRISON, 0000
CHAD M MORTON, 0000
THOMAS A MORTON, 0000
JODIE F MOSER, 0000
JOHN A MOSS, 0000
JOSEPH E MOYE, 0000
HOWARD MUI, 0000
WILLIAM R MULLIKIN, 0000
MICHAEL K MULLINS, 0000
MANUEL F MUNOZ, 0000
JOHN P MUNTZER, 0000
CHRISTOPHER J MURPHY, 0000
DANIEL M MURPHY, 0000
JAMIE P MURPHY, 0000
MARK E MURPHY, 0000
ROBERT P MURPHY JR., 0000
SUSAN E MURPHY, 0000
MATTHEW R MURRAY, 0000
JASON N MYERS, 0000
ROBERT N MYERS JR., 0000
TRISHA D MYLER, 0000
JAMES C NASH, 0000
SAMAR M NASHAGH, 0000
DAVID A NASSE, 0000
EDWARD N NASTASE, 0000
DOMINIQUE B NEAL, 0000
KENDRICK E NEAL, 0000
STUART T NEAS, 0000
RICHARD C NEE, 0000
ROBERT NEESON, 0000
CHRIS J NELSON, 0000
JAMES A NELSON, 0000
JONATHAN N NELSON, 0000
JOSHUA H NELSON, 0000
MICHAEL A NELSON, 0000
NADINA A NEWMAN, 0000
THAI N NGUYEN, 0000
MATTHEW J NICHOLS, 0000
MATTHEW S NICHOLS, 0000
CHRIS L NICHOLSON, 0000
ROY J NICKA, 0000
JOHN E NIEMANN, 0000
JUSTIN E NOBLE, 0000
MATTHEW P NODINE, 0000
GREGORY S NOLAN, 0000
JOHN P NORMAN, 0000
JOSHUA J NORRIS, 0000
GREGORY J NOVAK, 0000
TODD A OBRIEN, 0000
KENNETH J OCONNOR JR., 0000
DENNIS ODONNELL, 0000
MATTHEW M ODONNELL, 0000
MICHAEL D OGNEK, 0000
DEREK J OLIVER, 0000
RYAN J OLIVIERI, 0000
ROBERT C OLSON, 0000
JUAN A OROZCO, 0000
DAVID M ORTIZ, 0000
JEREMY P OSBORNE, 0000
WILLIAM V OSBORNE III, 0000
JAMES P OSULLIVAN, 0000
NEIL E OSWALD, 0000
AARON M OTTE, 0000
JENNY A OUELLETTE, 0000
TEGAN K OWEN, 0000
STEVEN A PACHECO JR., 0000
BENJAMIN H PACKARD, 0000
NATHAN R PACKARD, 0000
CHRISTOPHER M PAES, 0000
VALARIE A PAGE, 0000
JAVIER PALOMO, 0000
CHRISTIAN C PAPPAS, 0000
JOSEPH C PARK, 0000
JOHN B PARKER, 0000
JOSEPH G PARKER, 0000
KRISTOPHER L PARKER, 0000
BENJAMIN B PARKS, 0000
WILLIAM C PARMENT, 0000
THOMAS D PARMITER, 0000
CHRISTOPHER M PARRIS, 0000
CHRISTOPHER A PARSON, 0000
MICHAEL J PARSONS, 0000
CHRISTOPHER T PATE, 0000
ASHLEY F PATRICK, 0000
KYLE M PATTON, 0000
SEAN B PATTON, 0000
JEFFREY E PATUBO, 0000
STEPHEN T PEARSON, 0000
RICHARD F PENNINGTON II, 0000
CRIS S PERHAM, 0000
AMOS J PERKINS III, 0000
MATTHEW R PETER, 0000
JENNIFER R PETERSEN, 0000
ERIK A PETERSON, 0000
ATIIM O PHILLIPS, 0000
JAY D PHILLIPS, 0000
MATTHEW L PHILLIPS, 0000
ROBERT A PIAGENTINI JR., 0000
PETER C PICONE JR., 0000
SEAN M PIEJA, 0000
TOBY N PINEO, 0000
CHARLES T POLLOK II, 0000
DAVID L POULERIS, 0000
DIANA C POWELL, 0000
MICHAEL W PRETUS, 0000
TIMOTHY J PRICE, 0000
CHARLES A PRIDDY, 0000
RICHARD J PROSSER III, 0000
JAMES N PUTNAM III, 0000
JAMES W QUEEN, 0000
JASON P QUINTER, 0000
ANTHONY J R QUITUGUA, 0000
CHRISTOPHER E RABASSI, 0000
MICHAEL A RADYNSKI, 0000
CHAD W RAGAN, 0000
KASMIRA A RAK, 0000
BILLY H RAMSEY, 0000
ALEX J RAMTHUN, 0000
ADAM D RANSON, 0000
SABIR RASHID, 0000
SIDDHARTHA H RATHOD, 0000
ANDERSON W RAUB, 0000
JEFFREY N RAWLINS, 0000
JOHN M REH, 0000
GREGORY M REHLENDER, 0000
CHARLES P REICHE JR., 0000
CAMERON M RENNER, 0000
ABRAHAM REYES, 0000
RICO REYES, 0000
CHRISTOPHER M REYNOLDS, 0000
JARET R RHINEHART, 0000
TIMOTHY R RICHMOND, 0000
ANTHONY C RICKMAN, 0000
CHRISTOPHER M RIEMAN, 0000
ANNA M RILEASMITH, 0000
ANDREW F RILEY, 0000
RUBEN S RILLOS, 0000
DAVID J RIVERA, 0000
ANDREW C ROBERTS, 0000
CHAD E ROBERTS, 0000
HOWARD L ROBERTS, 0000
JASON K ROBERTS, 0000
DARREN M ROCK, 0000
BRIAN L ROCKEL, 0000
JOEL D ROCKEMANN, 0000
MICHAEL J ROD, 0000
BRIAN W ROEMER, 0000
JOHN R ROJAS JR., 0000
DAVID M ROSS, 0000
LOU H ROYER, 0000
JAIME R RUDDOCK, 0000
NEIL A RUGGIERO, 0000
PETER M RUMMLER, 0000
ANDREW A RUNDLE, 0000
FRANK C RUNDUS, 0000
CLIFFORD D RUSS III, 0000
JENNIFER C RUTLEDGE, 0000
TIMOTHY L RYAN, 0000
NATHAN P RYLANDER, 0000
MICHAEL J SADDLER, 0000
ANGEL D SALCEDO, 0000
DONOVAN J SALERNO, 0000
STEPHEN H SALMON, 0000
MAURO R SANCHEZ, 0000
ERIC SANTHUFF, 0000
SARAH J SARTY, 0000
ALPHONSO D SAVAGE, 0000
MARK F SCHAEFER, 0000
JAMES H SCHELLER, 0000
RICHARD R SCHELLHAAS, 0000
RYAN A SCHILLER, 0000
WILLIAM R SCHMIDT, 0000
ZACHERY M SCHNEIDER, 0000
ANDREW J SCHOENMAKER, 0000
WILLIAM SCHORR, 0000
BRIAN J SCHULTZ, 0000
TODD M SCHUNK, 0000
JAMES P SCONFIETTI III, 0000
STACY D SCOTT, 0000
TAD R SCOTT, 0000
MICHAEL T SCOTTI, 0000
CHAD P SEBER, 0000
MARCO D SERNA, 0000
RYAN C SHAFFER, 0000
RYAN D SHEA, 0000
SEAN M SHEA, 0000
DAVID M SHEARMAN, 0000
FRED H SHEPHERD JR., 0000
GARY A SHILL, 0000
DAVID A SHIPLEY, 0000
JASON R SHOCKEY, 0000
KYLE B SHOOP, 0000
ERIK T SIEGEL, 0000
SCOTT H SIGMOND, 0000
JOSHUA P SIMAR, 0000
ANDREW J SIMMONS, 0000
BRANDT R SIMMONS, 0000
LAURIE L SIMONEAU, 0000
KEVIN W SKENE, 0000
MICHAEL T SLAWSKI, 0000
DEVIN A SMILEY, 0000
KAREN E SMITH, 0000
LLOYD M SMITH, 0000
MARK A SMITH, 0000
RANDALL W SMITH, 0000
VIDAL D SMITH, 0000
WILLIAM R SMITH, 0000
KRZYSZTOF G SOBCZAK, 0000
JULIANNE H SOHN, 0000
BRIAN J SOLECKI, 0000
CHRISTIAN SOLOMON, 0000
JEREMY T SOULE, 0000
JEFFREY T SPEEDY, 0000
ERIK T SPRAGUE, 0000
JESS K SPRINGFIELD, 0000
JARED P STANYER, 0000
GREGORY STARACE, 0000
STEPHEN A STARR, 0000
DAVID B STAUGAITIS, 0000
TIMOTHY C STEPAN, 0000
BRENT W STEVENS, 0000
LATRESA A STEWARD, 0000
TIMOTHY C STEWART, 0000
MATTHEW J STICKSEL, 0000
KEVIN M STOFFELL, 0000
DOUGLAS M STRAHAN, 0000
JOSHUA D STRAND, 0000
BRENT W STRICKER, 0000
PAUL D STUBBS, 0000
SHAWN C STUDLEY, 0000
ADAM J SZELAG II, 0000
PHILIP J TADENA, 0000
TIMOTHY W TAPPLY, 0000
DONALD R TARBELL, 0000
CASEY L TAYLOR, 0000
CLAY H TERRELL, 0000
JASON P TERRUSO, 0000
STEPHEN W THEBERGE, 0000
ANDREW C THOMAS, 0000
CHRISTOPHER J THOMAS, 0000
GRAHAM E THOMAS, 0000
HARRY K THOMPSON JR., 0000
JOE F THOMPSON III, 0000
RYAN E THOMPSON, 0000
KEITH THORKELSON, 0000
CRAIG A TIBADO, 0000

FLETCHER C TIDWELL, 0000
DAVID F TOLAR, 0000
DAMON M TORRES, 0000
AARON M TOSCANO, 0000
DUE H TRAN, 0000
MINH D TRAN, 0000
GILBERTO TREJO JR., 0000
MATTHEW A TREPTOW, 0000
COURTNEY D TROMBLY, 0000
JAMES E TUNNEY, 0000
ANDREW M TURNER, 0000
BRIAN D TURNER, 0000
RUSSELL A TUTEN, 0000
MICHAEL J TYLAVSKY, 0000
GLENDON TYREE, 0000
JAMES L TYREE, 0000
MATTHEW C UFFORD, 0000
RODOLFO S URIOSTEGUI, 0000
JAMES R UWINS, 0000
DILLON D VADEN, 0000
PAUL L VANDERWATER, 0000
BRADLEY J VANSLYKE, 0000
MICHAEL P VOLMER, 0000
JASON T VRABLE, 0000
DENNIS C WAIT, 0000
WILLIAM F WALKER, 0000
SEAN R WALSH, 0000
STEPHEN E WALSON, 0000
ERIC J WALTHER, 0000
WILLIAM L WARD, 0000
JEFFREY B WATTS, 0000
NICHOLAS G WEBB, 0000
DALE H WEBSTER, 0000
MARK B WEINRICH, 0000
KEEGAN J WELCH, 0000
SEAN T WELCH, 0000
MICHAEL A WELSCH, 0000
WILLIAM C WENNBERG, 0000
NICHOLAS J WESSMAN, 0000
MARVIN T WHITE, 0000
WAYLON G WHITE, 0000
BRANDON L WHITFIELD, 0000
JEREMY D WHITLOCK, 0000
JON D WICKLUND, 0000
JON T WIDMAN, 0000
BRIAN B WILCOX, 0000
BRYAN D WILLARD, 0000
ANTONIO V WILLIAMS, 0000
BRADLEY J WILLIAMS, 0000
BRANDON B WILLIAMS, 0000
KENNETH R WILLIAMSON II, 0000
SCOTT D WILLIAMSON, 0000
VERNON T WILLIS JR., 0000
BRIAN J WILSON, 0000
ERIC D WILSON, 0000
CHRISTOPHER M WINCHELL, 0000
NICHOLAS R WINEMAN, 0000
BRETT R WINSLOW, 0000
LISA M WNEK, 0000
NATHAN C WOELLHOF, 0000
MARK E WOODARD, 0000
JOHN W WORSHAM, 0000
JOHN D WRAY, 0000
GREGORY D WRIGHT, 0000
DAVID R WROBLEWSKI, 0000
JACK Z WU, 0000
JOSEPH T YAMRICK, 0000
TAE J YOON, 0000
RICKY J YUNG, 0000
ANKIST ZADEYAN, 0000
DEREK M ZALENSKI, 0000
RANDALL C ZILK, 0000
ANTHONY E ZINNI, 0000
MATTHEW P ZUMMO, 0000
ROBERT B ZWAYER, 0000

IN THE NAVY

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVY UNDER TITLE 10, U.S.C., SECTION 624:

To be captain

REBECCA E. BRENTON, 0000
MATTHEW S. BROWN, 0000
WARREN C., GRAHAM III, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVY UNDER TITLE 10, U.S.C., SECTION 624:

To be captain

KATHY A. BARAN, 0000
CAROL L. CHRISTMAN, 0000
KAREN P. FONDREN, 0000
LINDA H. MCMEANS, 0000
RUTH A. MOHR, 0000
MARGARET A. TAYLOR, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVY UNDER TITLE 10, U.S.C., SECTION 624:

To be captain

MICHAEL D. DISANO, 0000
PATRICK J. FELTS, 0000
AVGI IOANNIDIS, 0000
GEORGE F. KILIAN, 0000
VINCENT M. SCOTT, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVY UNDER TITLE 10, U.S.C., SECTION 624:

To be captain

NANCY R. DILLARD, 0000
JAMES M. DONOVAN, 0000
CHARLOTTE V. LEIDY, 0000
DEBORAH A. MCGHEE, 0000
JANET D. STEWART, 0000
CHRISTOPHER L. VANCE, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVY UNDER TITLE 10, U.S.C., SECTIONS 624:

To be captain

JEAN E. BENFER, 0000
LEE S. CARDWELL, 0000
FRANK J. CARUSO JR., 0000
SEAN R. FILIPOWSKI, 0000
REINER W. LAMBERT, 0000
ALLEN V. POLLARD, 0000
CYNTHIA L. WIDICK, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVY UNDER TITLE 10, U.S.C., SECTION 624:

To be captain

DAVID L. BAILEY, 0000
BRIAN J. BILL, 0000
NANETTE M. DERENZI, 0000
PAMELA A. HOLDEN, 0000
CATHERINE S. KNOWLES, 0000
STAUFFER P. MALCOM, 0000
RUSSELL L. SHAFFER, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVY UNDER TITLE 10, U.S.C., SECTION 624:

To be captain

ROBERT W. ARCHER, 0000
LEO O. FALARDEAU, 0000
KENNETH W. FREEMAN, 0000
WILLIAM G. GLENN, 0000
JOHN S. MIKELL JR., 0000
HOWARD P. MILLER, 0000
JIM O. ROMANO, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVY UNDER TITLE 10, U.S.C., SECTION 624:

To be captain

CHRISTOPHER L. ABBOTT, 0000
GREG A. EISMAN, 0000
LISA E. FRAILEY, 0000
ROBERT E. KISER, 0000
MENDAL S. LIVEZEY, 0000
JAMES M. OLSON, 0000
ERNEST P. PETZRICK, 0000
WILLIAM A., WRIGHT III, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVY UNDER TITLE 10, U.S.C., SECTION 624:

To be captain

CHARLES S. ANDERSON, 0000
BARBARA A. BELL, 0000
RANDAL D. BLACK, 0000
THOMAS P. GARRISON III, 0000
MATTHEW R. KERCHER, 0000
FRANCIS C. LUKENBILL, 0000
RANDOLPH L. MAHR, 0000
RICK M. MCQUEEN, 0000
PAUL S. MORGAN, 0000
DAVID L. PRATER, 0000
PATRIC K. ROESCH, 0000
RICHARD W. WALTER II, 0000
PHILIP A. YATES, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVY UNDER TITLE 10, U.S.C., SECTION 624:

To be captain

BRIAN K. ANTONIO, 0000
TIMOTHY ATKINSON, 0000
KRISTIAN P. BIGGS, 0000
NORBERT H. DOERRY, 0000
STEPHANIE A. DOUGLAS, 0000
WILLIAM J. GALINIS, 0000
PATRICK J. KEENAN JR., 0000
DAVID H. KIEL, 0000
STEPHEN D. LEWIA, 0000
ROGER D. MCGINNIS, 0000
ANTHONY J. MULLARKY, 0000
JOHN W. R. POPE II, 0000
GERARD J. REINA, 0000
RICHARD E. REINKE III, 0000
PAUL E. ROWE, 0000
DOUGLAS S. SCHROEDER, 0000
MICHAEL B. STANTON, 0000
GREGORY R. THOMAS, 0000
THOMAS L. VANPETTEN, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVY UNDER TITLE 10, U.S.C., SECTION 624:

To be captain

EUGENE M. ABLER, 0000
GLEN C. ACKERMANN, 0000
DAVID B. ADLER, 0000
ROBERT J. ADRION, 0000
RALPH N. ALDERSON JR., 0000
JEFFREY C. AMICK, 0000
JOHN C. AQUILINO, 0000
WILLIAM R. AULT, 0000
MICHAEL R. BARCLIFT, 0000
KEITH R. BARTON, 0000
PHILLIP L. BEACHY, 0000
DAVID F. BEAN, 0000
RICHARD R. BECK JR., 0000
DAVID D. BELT, 0000
CHARLES J. BERDAR, 0000
WILLIAM P. BINGHAM, 0000
GILMORE N. BIRKLUND, 0000
MATTHEW E. BOBOLA, 0000
ROBERT A. BONNER, 0000
TIMOTHY E. BOOTHE, 0000
KENT D. BRADSHAW, 0000
RICHARD L. BRASEL, 0000
RICHARD P. BRECKENRIDGE, 0000
ROBERT J. BRENNAN, 0000
STEPHEN G. BRENNAN, 0000
TIMOTHY B. BREWER, 0000
MICHAEL G. BROOKS, 0000
JERRY K. BURROUGHS, 0000
THOMAS A. BUTERBAUGH, 0000
ALFRED J. CAMP JR., 0000
EMIL C. CASCIANO, 0000
GEORGE A. J. CHAMBERLAIN, 0000
CURTIS S. CHESNUTT, 0000
HUBERT D. CLOPP, 0000
WILLIAM H. COGAN, 0000
ALFRED COLLINS, 0000
CHARLES B. CONNERS, 0000
HUGH H. COOK III, 0000
TIMOTHY E. COOLIDGE, 0000
JUSTIN D. COOPER II, 0000
MICHAEL J. CORTESE, 0000
JOHN W. COVELL, 0000
GEORGE A. COX, 0000
PAUL D. CRAIN, 0000
JAMES E. DALBERG JR., 0000
MARK W. DARRAH, 0000
BRIAN W. DAUGHERTY, 0000
EDWARD J. DELANEY, 0000
DANIEL N. DIXON, 0000
PATRICK J. DOUGHERTY, 0000
JONATHAN A. DOWELL, 0000
VINCENT DROUILLARD, 0000
MICHAEL R. DURKIN, 0000
JOHN W. DZIMINOWICZ, 0000
DAVID B. EMICH, 0000
DELL W. EPPERSON, 0000
KEVIN S. EYER, 0000
CRAIG S. FALLER, 0000
DORICE S. FAVORITE, 0000
MARK C. FEALLOCK, 0000
JOHN A. FERRER, 0000
JOANNE M. FISH, 0000
BRIAN G. GAWNE, 0000
PATRICK C. GILL, 0000
STERLING G. GILLIAM JR., 0000
RAYMOND B. GINNETTI, 0000
CURT W. GOLDACKER, 0000
THOMAS D. GOODWIN, 0000
MARK L. GORENFLO, 0000
PETER F. GRAUSE, 0000
JAMES GREGORSKI, 0000
WILLIAM T. GRIFFIN, 0000
PAUL A. GROSKLAGS, 0000
STEPHEN L. GUSE, 0000
PATRICK D. HALL, 0000
WILLIAM C. HAMMILL JR., 0000
JEFFREY W. HANSEN, 0000
JOHN F. HARDISON, 0000
KENNETH J. HARVEY, 0000
RANDALL L. HAUKE, 0000
PAUL F. HEALY, 0000
CHARLES M. HERON, 0000
ERIC R. HINGER, 0000
NICHOLAS H. HOLMAN IV, 0000
ELDRIDGE HORD III, 0000
RONALD. HORTON, 0000
JEFFREY M. HUGHES, 0000
MARK R. HUNTER, 0000
KURT T. IRGENS, 0000
MICHAEL J. JACOBSEN, 0000
PAUL N. JAENICHEN, 0000
RUSSELL T. JANICKE, 0000
ALAN F. JOHNSON, 0000
WILLIAM H. JOHNSON, 0000
WILLIAM H. JOHNSON, 0000
EUGENE W. JONES, 0000
ROBERT E. KAPCIO, 0000
ROBERT D. KELSO, 0000
PAUL R. B. KENNEDY, 0000
RONALD W. KENNEDY, 0000
ROBERT S. KERNO JR., 0000
CHRISTOPHER W. KILEY, 0000
STEPHEN C. KINGSTON, 0000
STEPHEN H. KIRBY, 0000
RUSSELL P. KNIGHT, 0000
MARK A. KOHART, 0000
WILLIAM J. KOVACH, 0000
JONATHAN D. KURTZ, 0000
CLAYTON B. KYKER, 0000
ROBERT A. LALLY, 0000
VINCENT L. LAMOLINARA, 0000
LARRY W. LASKY, 0000
DAVID A. LAUSMAN, 0000
TIMOTHY J. LAWRENCE, 0000
MARK M. LEARY, 0000
ROCKY R. LEE, 0000
CARROLL F. LEFON JR., 0000
ADAM S. LEVITT, 0000
BRUCE H. LINDSEY, 0000
JOHN D. LITTLE, 0000
CHARLES E. LOCKETT, 0000
JOHN L. LOCKLER, 0000
JOHN L. LOVERING JR., 0000
JAMES R. LOW, 0000
FRANK J. M. LOWERY, 0000
WALTER E. LUTHIGER, 0000
DANIEL P. MACK, 0000

STEVEN A. MALLOY, 0000
DAVID P. MALONEY, 0000
BRADLEY D. MARTIN, 0000
THOMAS L. MASCOLO, 0000
MARTIN N. MAY, 0000
GARRY R. MAYNOR, 0000
JOHN C. MCCABE II, 0000
KEVIN T. MCCARTHY, 0000
JOSEPH S. MCCLAIN, 0000
MATTHEW J. MCCLOSKEY, 0000
JEFFREY E. MCLEAN, 0000
VICTORINO G. MERCADO, 0000
CHARLES K. MERKEL JR., 0000
SCOTT D. MILLER, 0000
ENRIQUE F. MIRANDA, 0000
WILLIAM MORALES, 0000
DARREL M. MORBEN, 0000
JOHN F. MURPHY, 0000
JAMES P. MURRAY, 0000
CHARLES J. NEARY, 0000
RICHARD B. NICKLAS, 0000
BRIAN K. NUTT, 0000
LEWIS C. NYGARD, 0000
KEVIN W. OAKES, 0000
VICTOR R. OLIVAREZ, 0000
DENNIS J. OMEARA, 0000
GERARD OREGAN, 0000
ALAN OSHIRAK, 0000
DOUGLAS E. OTTE, 0000
BURT T. PALMER, 0000
ROBERT P. PAPADAKIS, 0000
KIM A. PARKER, 0000
MICHAEL S. PAUL, 0000
FREDRICK D. J. PAWLOWSKI, 0000
JEFFREY R. PENFIELD, 0000
DAVID R. PINE, 0000
RICHARD J. POSTERA, 0000
CRAIG D. POWELL, 0000
JEFFREY T. POWERS, 0000
JEROME R. PROVENCHER JR., 0000
RAOUL A. RALL, 0000
CHRISTOPHER S. RATLIFF, 0000
THOMAS L. REESE, 0000
WARREN E. RHOADES III, 0000
RALPH H. RICARDO JR., 0000
CHARLES A. RICHARD, 0000
RANDALL G. RICHARDS, 0000
SAMUEL B. RICHARDSON, 0000
MARK R. RIOS, 0000
CLAUDIA M. A. RISNER, 0000
HARRY M. ROBINSON, 0000
RICHARD J. RUEHLIN, 0000
DAVID G. RUFF, 0000
PETER B. RUSH, 0000
ROBIN L. RUSSELL, 0000
GORDON B. RUTHERFORD, 0000
GARY SANDALA, 0000
MATTHEW T. SCASSERO, 0000
KEVIN D. SCOTT, 0000
GLEN R. SEARS II, 0000
JAMES D. SETTELE, 0000
MATTHEW M. SHARPE, 0000
WILLIAM A. SHEEHAN, 0000
KEVIN B. SHERMAN, 0000
PETER S. SHERMAN, 0000
DONALD R. J. SHUNKWILER, 0000
RICHARD L. SIMON, 0000
DENNIS J. SINNETT, 0000
TAYLOR W. SKARDON, 0000
JOHN W. SMITH JR., 0000
PAUL C. SMITH, 0000
RUSSELL H. SMITH, 0000
MURRAY R. SNYDER, 0000
JOSEPH D. SPITZ, 0000
WILLIAM C. STACIA JR., 0000
LOWELL S. STANTON, 0000
SCOTT A. STEARNEY, 0000
MICHAEL T. STEED, 0000
DAVID F. STEINDL, 0000
CURTIS R. STEVENS, 0000
KEVIN M. SWEENEY, 0000
CHARLES C. SWICKER, 0000
THOMAS A. TACK, 0000
CHARLES E. TAMBLYN, 0000
DAVID C. TAYLOR, 0000
GEORGE D. TAYLOR JR., 0000
EVIN H. THOMPSON, 0000
JOSEPH E. TOFALO, 0000
RONALD P. TOWNSEND, 0000
MICHAEL W. ULLRICH, 0000
RICHARD E. VANDENHEUVEL, 0000
PERRY F. VANHOOSER II, 0000
DOUGLAS J. VENLET, 0000
JAMES S. WAGNER, 0000
JAMES G. WALLACE, 0000
GORDON T. WALTON, 0000
RALPH C. WARD JR., 0000
VICTOR G. WARRINER JR., 0000
TIMOTHY L. WATKINS, 0000
RICHARD W. WATSON, 0000
PAUL S. WEBB, 0000
DANIEL L. WEED, 0000
DAVID G. WEGMANN, 0000
JAMES C. WHITAKER, 0000
GREGORY J. WITTMAN, 0000
GEORGE G. WOMACK, 0000
MARK E. WRALSTAD, 0000
ROBERT P. WYLLY, 0000
MARION D. YANCEY, 0000
MARCUS B. YONEHIRO, 0000
PETER H. YOUNG, 0000
MICHAEL E. ZAMESNIK, 0000

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVAL RESERVE UNDER TITLE 10, U.S.C., SECTION 12203:

To be captain

JUDY L. MILLER, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVAL RESERVE UNDER TITLE 10, U.S.C., SECTION 12203:

To be captain

THOMAS W. HARRINGTON, 0000
TERRY L. PLETKOVICH, 0000
PAUL G. ROBICHAUD, 0000
PETER A. RUSTICO, 0000
MARK J. SCHREIBER, 0000
BRADLEY R. SICKLER, 0000
ROBERT L. YOUNG, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVAL RESERVE UNDER TITLE 10, U.S.C., SECTION 12203:

To be captain

MATTHEW O. FOLEY III, 0000
KAREN D. HILL, 0000
CAROL M. LYNCH, 0000
EDWARD S. MALLOW, 0000
GARY W. MCCOWN, 0000
RICHARD V. POIRIER, 0000
ROBERT M. ROMAIN, 0000
AARON SANTAANNA, 0000
TIMOTHY J. SCHOEPPLER, 0000
PIETER G. STRASSER, 0000
FRANK G. USSEGLIO II, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVAL RESERVE UNDER TITLE 10, U.S.C., SECTION 12203:

To be captain

CRAIG E. BUNDY, 0000
WILLIAM J. CREED, 0000
JAMES J. DIBELKA JR., 0000
MELVIN L. FORD III, 0000
STEPHEN R. LEE, 0000
JOHN M. LEWIS, 0000
GARY D. REINHARDT, 0000
CHARLES C. RICHTER JR., 0000
MARK E. RONGONE, 0000
MICHAEL L. SCHOELCH, 0000
DAVID M. TEETER, 0000
RICHARD L. TRAUGH, 0000
CLIFF P. WATKINS, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVAL RESERVE UNDER TITLE 10, U.S.C., SECTION 12203:

To be captain

WILLIAM M. ARBAUGH, 0000
LEO C. BAKALARSKI, 0000
GARY L. BURGUND, 0000
GARY E. CHEELY, 0000
GROVER S. CROFT, 0000
JAMES R. JOHNSON, 0000
PAUL G. LYSKO, 0000
SCOTT A. MARSH, 0000
JEFFREY R. MCCUNE, 0000
STEPHEN J. MILLER, 0000
JAMES H. SCHWEIKHARD, 0000
DAVID E. WALSTON, 0000
RICHARD E. WOLFE, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVAL RESERVE UNDER TITLE 10, U.S.C., SECTION 12203:

To be captain

DANIEL M. BLESKEY, 0000
DOUGLAS L. DARIANO, 0000
RICHARD D. FRITZLEY, 0000
BRAD A. HASTINGS, 0000
THOMAS J. KARNOWSKI, 0000
NICHOLAS F. KOCH, 0000
PAUL J. MITCHELL, 0000
JEFFREY R. PHILLIPS, 0000
JOHN D. PRIEN III, 0000
LAWRENCE E. RUGGIERO, 0000
MICHAEL J. SHERBAK II, 0000
BRADLEY R. SPANGLER, 0000
STEPHEN F. TYAHLA, 0000
WILLIAM E. VAUGHAN, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVAL RESERVE UNDER TITLE 10, U.S.C., SECTION 12203:

To be captain

BARTLEY G. CILENTO JR., 0000
BRIAN C. CUSICK, 0000
JEFFREY H. DAVIS, 0000
JOHN E. DRAKE, 0000
FRANCIS J. DUFRAYNE, 0000
WESLEY W. EMMONS, 0000
PETER G. GERBINO II, 0000
MICHAEL J. GIORDANO, 0000
GREGORY GULLAHORN, 0000
STEVEN J. HAGER, 0000
JEFFREY A. JONES, 0000
PHILLIP J. LANDRIGAN, 0000
MARK E. LINSKEY, 0000
SEAN R. LOGAN, 0000
LLYOD B. MOORE, 0000
LINDA A. MURAKATA, 0000
RICHARD C. OSMAN, 0000
WILLIAM A. PINCUS, 0000
RAYMON D. PRIEWE, 0000
MICHAEL RIESBERG, 0000
WALLACE C. WALKER, 0000
JAMES L. WHITE, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVAL RESERVE UNDER TITLE 10, U.S.C., SECTION 12203:

To be captain

NANCY J. BATES, 0000
MICHAEL G. BERRY, 0000
PETER BUDI, 0000
ROBERT H. BYNG, 0000
JEFFREY B. CUNNINGHAM, 0000
LAWRENCE E. FOUTS, 0000
FREDRICK M. HAUCK, 0000
CHARLES A. HENKEL, 0000
KENNETH C. HILL, 0000
CALVIN L. HOWARD, 0000
STEPHEN D. HUGHES, 0000
JAMES L. JOHNSON, 0000
RICHARD R. LANCASTER, 0000
GORDON R. LIVINGSTON, 0000
MICHAEL H. MAERTZIG, 0000
MICHAEL S. MCGRATH, 0000
JOHN B. MOORE, 0000
PAUL M. NEMECHEK, 0000
STEPHEN F. NOWAK, 0000
KIM D. POOLER, 0000
SHEILA B. RAUSCH, 0000
ROBERT G. REYNOLDS, 0000
PETER P. SCHLENK JR., 0000
LINDA J. SCHLESINGER, 0000
ANN B. SCHOWALTER, 0000
RAYMOND E. SORENSEN, 0000
JESSE D. THOMAS, 0000
MICHAEL P. UVA, 0000
RICHARD A. WEBSTER, 0000
RICHARD R. WHITE, 0000
LLOYD G. WINGFIELD, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVAL RESERVE UNDER TITLE 10, U.S.C., SECTION 12203:

To be captain

ANNEMARIE ADAMOWICZ, 0000
KANDACE D. ADAMS, 0000
CORAL T. ANDREWS, 0000
ANN R. BALLASSIDNEY, 0000
VIRGINIA R. BAXTER, 0000
MICHAEL S. BEIMER, 0000
ANNE W. BLOOM, 0000
PATRICIA A. BURKES, 0000
MARY L. CALISE, 0000
SERENA A. CHETTA, 0000
LISA C. CRAFT, 0000
GAMBLE P. E. CRAWFORD, 0000
SUSAN B. DAVIS, 0000
LINDA M. DIETSCHE, 0000
DIANE L. FLETCHER, 0000
KATHARINE B. FOSS, 0000
NANCY H. GILMAN, 0000
CAROLYN J. GREEN, 0000
NORMA J. GRENFELL, 0000
KAREN N. GRUBER, 0000
LARRY J. HALEY, 0000
CATHY A. HARRISON, 0000
SUSAN B. HOPKINSON, 0000
VIRGINIA N. KELLER, 0000
NANCY W. KILEY, 0000
ANN N. KIRBY, 0000
BETTY L. KOLE, 0000
KAREN M. KREUTZBERG, 0000
NADYNE D. KRIENKE, 0000
SUSANNA K. LINDSEY, 0000
MARGUERITE T. LITTLETON, 0000
WAYNE T. LOBELL, 0000
POLLY H. LONG, 0000
MARY J. LYONS, 0000
EILEEN M. MALATINO, 0000
JANET L. MARAN, 0000
MARTHA M. MITCHELL, 0000
JOSEPH P. MOORE, 0000
MARILYN W. MORREY, 0000
MARY J. NELSON, 0000
GARY G. NITZ, 0000
SHELA L. NORMAN, 0000
HARRIET E. PALMERWILLIS, 0000
LEE A. B. POWELL, 0000
SALLY M. RAPPOLD, 0000
BELINDA J. RUTLEDGE, 0000
SUSAN C. SAINTONGE, 0000
KATHLEEN M. STAYMAN, 0000
NOLA K. STRICKLAND, 0000
GAIL M. TUOHIG, 0000
JOAN D. WENTZ, 0000
MARY A. WHITE, 0000

EXTENSIONS OF REMARKS

TRIBUTE HONORING 2003 LEGRAND SMITH SCHOLARSHIP FINALISTS MATTHEW MASTERS, OF MORENCI, MI, HEATHER ROBERSTON, OF ADRIAN, MI, AMANDA WHEELER, OF MORENCI, MI, DARCY BEREZNOFF, OF JACKSON, MI, DANIELLE FIGUEROA, OF JACKSON, MI, AND TIM CAUCUTT, OF ADRIAN, MI

HON. NICK SMITH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 2003

Mr. SMITH of Michigan. Mr. Speaker, it is a sincere pleasure to recognize the finalists of the 2003 LeGrand Smith Congressional Scholarship Program. This special honor is an appropriate tribute to the academic accomplishment, demonstration of leadership and responsibility, and commitment to social involvement, demonstration of leadership and responsibility, and commitment to social involvement displayed by these remarkable young adults. We all have reason to celebrate their success, for it is in their promising and capable hands that our future rests.

The finalists of the LeGrand Smith Congressional Scholarship Program are being honored for showing that same generosity of spirit, depth of intelligence, and capacity for human service that distinguished the late LeGrand Smith of Somerset, Michigan. They are young men and women of character, ambition, and initiative, who have already learned well the value of hard work, discipline and commitment.

These exceptional students have consistently displayed their dedication, intelligence and concern throughout their high school experience. They stand out among their peers due to their many achievements and the disciplined manner in which they meet challengers. While they have already accomplished a great deal, these young people possess unlimited potential, for they have learned the keys to success in any endeavor.

As a Member of Congress of the United States of America, I am proud to join their many admirers in extending our highest praise and congratulations to the finalists of the 2003 LeGrand Smith Congressional Scholarship program.

INTRODUCING LEGISLATION TO ALTER FEDERAL TAX TREATMENT OF VOLUNTEER WORK OF SENIOR CITIZENS

HON. RICHARD E. NEAL

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 2003

Mr. NEAL of Massachusetts. Mr. Speaker, today I am introducing legislation, along with four of my colleagues from Massachusetts, Representatives CAPUANO, DELAHUNT, FRANK and MARKEY, to alter the federal tax treatment of real property tax reduction vouchers received by senior citizens for volunteer work.

Approximately 42 towns in Massachusetts have implemented a program to ease the problem senior citizens, who live on fixed incomes, face due to rising property taxes. These towns have allowed senior citizens to perform volunteer work for their town in exchange for a voucher that reduces their property tax by up to $500.

Specifically, my legislation would exclude from gross income vouchers issued by a government unit to offset real property taxes, and received by eligible senior citizens of 65 years of age, in exchange for volunteer work. The legislation also exempts these vouchers from employment taxes.

Mr. Speaker, this legislation enhances an important and creative program being implemented in many towns in Massachusetts. We devote a lot of effort around here to help make sure retirement does not sink senior citizens deep into poverty, and that they have basic health services. This very modest proposal takes a small step in helping seniors remain in their homes despite rising property taxes. A step, I hope, we can take this year.

A NEW SUNRISE: VIEQUES

HON. ALCEE L. HASTINGS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 2003

Mr. HASTINGS of Florida. Mr. Speaker, I thank the patriotic people of Vieques, Puerto Rico, for their tolerance and understanding during more than 60 years. In the past, the Vieques training range helped prepare the U.S. Navy forces for deployment to the Mediterranean Sea and Persian Gulf.

Nevertheless, military training activities on Vieques interrupted local fishing operations and other economic development, and the effect of the activities by the Department of the Navy reduced the potential for developing the island as a tourist destination. Also, the pollutants released in to the local environment caused some concern among residents who feared an increase in the incidence of cancer and other diseases.

I applaud the Department of the Navy for recognizing that for these reasons, among many, the island of Vieques is no longer a satisfactory place for training exercises. Recognizing that the serenity and beauty of Vieques should be enjoyed, and not destroyed, on April 30, 2003, the Navy closed the base and transferred the land to the Department of the Interior to turn it to a wildlife refuge and a wilderness area.

These days, we hear so much about weapons, terrorism, and the military. It warms my heart that the sounds of exploding bombs has been replaced by the laughter of children enjoying hiking, cycling, wild life observation, swimming, and fishing.

But worries about Vieques remain. Now that the military training exercises are over, the land must be cleaned up. The Island needs to be rid of the pollutants—thousands of unexploded bombs and toxins in the land, water, and air. Only then, would the land be truly returned to its rightful owners.

A RESOLUTION HONORING ERICA BUSHINSKI, LEGRAND SMITH SCHOLARSHIP WINNER OF JACKSON, MI

HON. NICK SMITH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 2003

Mr. SMITH of Michigan. Mr. Speaker, let it be known that it is with great respect for the outstanding record of excellence she has compiled in academics, leadership and community service, that I am proud to salute Erica Bushinski, winner of the 2003 LeGrand Smith Scholarship. This award is made to young adults who have demonstrated that they are truly committed to playing important roles in our Nation's future.

As a winner of the LeGrand Smith Scholarship, Erica is being honored for demonstrating that same generosity of spirit, intelligence, responsible citizenship, and capacity for human service that distinguished the late LeGrand Smith of Somerset, Michigan.

Erica is an exceptional student at Napoleon High School, and possesses an outstanding record of achievement in high school. Erica has received numerous awards for her excellence in science, English, social studies and athletics, as well as her volunteer activities with HOST and many other volunteer organizations. Erica is the recipient of a Board of Trustees Scholarship from Central Michigan University.

Therefore, I am proud to join with her many admirers in extending my highest praise and congratulations to Erica Bushinski for her selection as winner of a LeGrand Smith Scholarship. This honor is a testament to the parents, teachers, and others whose personal interest, strong support and active participation contributed to her success. To this remarkable young woman, I extend my most heartfelt good wishes for all her future endeavors.

INTRODUCING LEGISLATION FOR CLARIFICATION OF HOSPITAL INSURANCE (HI) TAX EXEMPTION

HON. RICHARD E. NEAL

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 2003

Mr. NEAL of Massachusetts. Mr. Speaker, I am pleased to introduce today, along with my

colleagues Representatives CAPUANO, DELAHUNT, FRANK and MARKEY, legislation to clarify that the employees of a political subdivision of a State shall not lose their exemption from the hospital insurance (HI) tax by reason of consolidation of the subdivision with the State.

This issue has arisen because in 1997 Massachusetts abolished county government in the State, assumed those few functions that counties had performed, and made certain county officials employees of the State. Specifically, the law provided that the sheriff and the sheriff's personnel ''shall be transferred to the commonwealth with no impairment of employment rights held immediately before the transfer date, without interruption of service, without impairment of seniority, retirement or other rights of employees, without reduction in compensation or salary grade and without change in union representation.''

However, the issue of whether or not these consolidated employees were required to pay the Medicare portion of the FICA tax needed to be clarified. Federal law creates an exemption from this tax for state and local employees who were employed on or before March 31, 1986, and who continue to be employed with that employer. The law is written so it is clear that consolidations between local entities, and consolidations between State agencies, do not negate the grandfather rule. However, the issue of a consolidation between a political subdivision and a State is not directly addressed and I doubt it was considered during the drafting of the federal law.

The Internal Revenue Service has taken the position that a State, and a political subdivision of a state, are separate employers for purposes of payment of the Medicare tax and therefore any grandfathered employees merged in a consolidation between a State and a political subdivision lose the benefit of the grandfather rule, even if such employees perform substantially the same work.

In a Sixth Circuit Court case, *Board of Education of Muhlenberg Co.* v. *United States*, the Court ruled on this general issue in terms of a consolidation of boards of education in Kentucky. The plaintiffs in this case argued that the consolidation of school districts did not create a new employer or terminate the employment of any teacher, and the Court agreed that Congress did not intend that exempt employees who have not been separated from previously excluded employment should lose their grandfather and be forced to pay the HI tax. While this case did not go to the issue of the consolidation between a State and a political subdivision, the logic indicates that this issue matters less than the overarching issue of whether the employees continue in the same or essentially the same positions. In Massachusetts this is clearly the case.

Therefore, Mr. Speaker, I urge the Congress to enact this legislation to clarify that local employees do not lose the benefit of the grandfather rule merely because they have been consolidated with a State govermnent.

CONDEMNING THE CUBAN REGIME FOR ITS INTIMIDATION AND VIOLENT SUPPRESSION OF PRO-DEMOCRACY CUBAN ADVOCATES

HON. ALCEE L. HASTINGS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 2003

Mr. HASTINGS of Florida. Mr. Speaker, the exercise of political and civil liberties, including freedom of expression, assembly, association, movement, press, and the right to multiparty elections, are fundamental rights. These fundamental rights belong to every individual, be it in the United States, Iraq, or Cuba; these rights are universal.

Nevertheless, regardless of this truth, the Cuban Government has carried out summary trials to expeditiously sentence prodemocracy leaders to try to intimidate and silence other prodemocracy activists on the island, while world attention is primarily focused on Iraq.

The oppressive Cuban Government has attempted to suppress the will of its own people on fabricated charges, accusing pro-democracy activists for purportedly ''working with a foreign power to undermine the government.'' Fearing a peaceful transition to democracy in Cuba, under two draconian laws, the Fidel Castro regime has tried to silence the inherent right of individuals to freedom.

I rise to vehemently denounce these actions.

Mr. Speaker, in early 2003, dozens of supporters of the Oswaldo Paya's Varela Project were harassed, jailed, and threatened. On February 18, 2003, two members of the Oswaldo Paya's Christian Liberation Movement, Jesus Mustafa Felipe and Robert Montero, were sentenced to 18 months in prison on charges of contempt and resisting arrest.

On March 18, 2003, the Cuban Government began a massive crackdown on democracy activists. About 80 activists were arrested and made subject to swift trials and prosecutions that began on April 3, 2003. Foreign journalists and diplomats were excluded from the trials. Within days, over 50 of the activists had received prison terms ranging from 6 to 28 years. These sentences, which are an example of the dependency of the judiciary branch on the will of Fidel Castro, further call into question the legitimacy of Castro's regime. I condemn the illegitimacy of the Cuban judiciary system, and the Cuban Government.

In a further deterioration of Cuba's rule of law, on April 11, 2003, the Cuban Government executed three men who had hijacked a ferry in Havana in an attempt to reach the United States. The men were executed by firing squads after summary trials that were held behind close doors; four other ferry hijackers received life sentence while another received 30 years in prison.

Although their crimes should have been punished, this dismal excuse for a judicial system never allowed the suspects a chance. In one of the most deplorable signs of judicial dependency of the past decade, the three men accused of hijacking the ferry never received a fair trial. Under the Cuban ''Kangaroo Courts,'' they were found guilty in three days, and only given a few days to appeal their sentences before being executed by a firing squad a day later. I am appalled at these murders.

Disgusted by the crudeness of the Cuban Government's repression, on April 8, 2003, I supported House Resolution 179, which condemns the Cuban Government's crackdown, calls for the immediate release of all political prisoners, and endorses basic human rights and free elections in Cuba.

I will continue my high level of advocacy for a democratic Cuba in the 108th Congress, supporting a variety of legislative initiatives regarding sanctions, human rights, and drug interdiction cooperation. But more importantly, I will tirelessly labor to help bring democracy and respect for human rights to the island of Cuba.

In conclusion, I praise the courage of those Cubans who have been targeted in this most recent government crackdown, and strongly condemn the recent arrests and murders committed by Castro's regime.

A RESOLUTION HONORING JESSICA WILSON, LEGRAND SMITH SCHOLARSHIP WINNER OF BATTLE CREEK, MI

HON. NICK SMITH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 2003

Mr. SMITH of Michigan. Mr. Speaker, let it be known that it is with great respect for the outstanding record of excellence she has compiled in academics, leadership and community service, that I am proud to salute Jessica Wilson, winner of the 2003 LeGrand Smith Scholarship. This award is made to young adults who have demonstrated that they are truly committed to playing important roles in our Nation's future.

As a winner of the LeGrand Smith Scholarship, Jessica is being honored for demonstrating that same generosity of spirit, intelligence, responsible citizenship, and capacity for human service that distinguished the late LeGrand Smith of Somerset, MI.

Jessica is an exceptional student at Harper Creek High School, and possesses an outstanding record of achievement in high school. Jessica has received numerous awards for her excellence in theater and music, as well as her volunteer activities with the Battle Creek Jr. Theater, and as the organizer of the Youth Choir at her church. Jessica has won numerous awards for her activities, including the Young Woman of Promise Recognition and the Young Woman of Excellence Award.

Therefore, I am proud to join with her many admirers in extending my highest praise and congratulations to Jessica Wilson for her selection as winner of a LeGrand Smith Scholarship. This honor is a testament to the parents, teachers, and others whose personal interest, strong support and active participation contributed to her success. To this remarkable young woman, I extend my most heartfelt good wishes for all her future endeavors.

MODEST INCOME FOR VOLUNTEER WORK IN ELDER SERVICES CORPS IN MASSACHUSETTS SHOULD NOT BE TAXED

HON. RICHARD E. NEAL

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 2003

Mr. NEAL of Massachusetts. Mr. Speaker, I am pleased to introduce legislation today with my colleagues Representatives CAPUANO, DELAHUNT and MARKEY, to allow an exclusion from gross income of stipends received by persons over the age of 60 for volunteer services performed under a qualified State program.

The Elder Services Corps in the State of Massachusetts was created in 1973. It is composed of individuals at least 60 years of age and allows volunteers to assist in meeting the needs of the elderly population of the Commonwealth. Individuals enroll for 1 year at a time, and are required to volunteer 18 hours per week or 72 hours per month, and receive a stipend of $130 a month. The program is 100 percent State funded.

Mr. Speaker, I see no reason why the modest income received for this volunteer service should be subject to tax, especially employment taxes. I hope Congress will act on this legislation this year, and provide an additional incentive for an expansion of this program in Massachusetts, and its adoption by other States.

H.R 1350: IMPROVING EDUCATION RESULTS FOR CHILDREN WITH DISABILITIES ACT OF 2003

HON. HILDA L. SOLIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 2003

Ms. SOLIS. Mr. Speaker, in America, all students, including those with disabilities, have the right to a free and appropriate education. Despite this fundamental right, the special educational needs of children with disabilities have sometimes gone unmet. That is why in 1975, Congress set out to correct this wrong with a law now called the Individuals with Disabilities Education Act (IDEA). IDEA provides federal funding to help states and school districts meet their legal obligations to educate children with disabilities, and to pay 40 percent of the extra expenses of doing so. Currently, such federal aid only provides 18 percent of the extra costs of educating students with disabilities.

I strongly believe that individuals with disabilities have the right to participate in and contribute to society. Improving the educational opportunities and results for children with disabilities is an important step towards ensuring not only their full participation is society, but equality for all. However H.R. 1350, the Republican proposal to reauthorize IDEA, jeopardizes the quality of education provided to children with disabilities and weakens their civil and due process rights under current law. Furthermore, it does not guarantee any new funds for IDEA, it punishes children for actions they have no control over, and limits parental advocacy at due process hearings regarding their child's education. Because this bill does not offer enough help to the schools in my community of the San Gabriel Valley and East Los Angeles, I strongly oppose it. This bill simply turns back the clock of progress we have made in this area.

TRIBUTE TO MAGGIE LITTLE, CORONA-NORCO UNIFIED SCHOOL DISTRICT

HON. KEN CALVERT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 2003

Mr. CALVERT. Mr. Speaker, I rise today to honor and pay tribute to an individual whose dedication arid contributions to the community of Corona, CA are exceptional. Corona has been fortunate to have dynamic and dedicated community leaders who willingly and unselfishly give their time and talent and make their communities a better place to live and work. Maggie Little is one of these individuals. On June 6, 2003 Maggie will be honored as she retires after 36 years of dedicated service to the students, employees, parents, community and business members of the Corona-Norco Unified School District.

Maggie has served in several capacities throughout her 36 year career with the Corona-Norco Unified School District including teacher, principal and administrator. She has always observed an ''open-door'' policy and provided guidance to those who looked for her help. She had extended her hand and expertise to support any child, teacher or employee and served as a role model and mentor to administrators, teachers and students. Throughout her career she has consistently displayed patience, dependability and integrity.

Maggie's position as Corona-Norco Unified School District media spokesperson, the public relations liaison to community service organizations, has contributed immensely to improved communications to the public. Maggie oversaw the production of numerous educational publications informing the public of student and school achievements and contributed her time, energy, and outstanding organizational skills to numerous professional and community organizations in the cities of Corona and Norco and the County of Riverside in order to better inform residents of the high quality of education and academics in the community.

Maggie's tireless passion for education has contributed immensely to the betterment of the community of Corona, California. Maggie has demonstrated her willingness to work hard for quality education and I am proud to call her a fellow community member, American and friend. I know that many children, parents, fellow teachers and administrators are grateful for her service and salute her as she retires.

IN RECOGNITION OF DON WILLIAMS

HON. RON LEWIS

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 2003

Mr. LEWIS of Kentucky. Mr. Speaker, I rise today to recognize Don Williams for his dedicated service to the Fort Knox CORE Committee.

While Don will continue to serve on the committee, today is his last meeting as Executive Director, a position he has held with the CORE Committee for the past 7 years. Under Don's leadership, the CORE Committee has become a strong advocate for Fort Knox with local, State and Federal Government leaders. Don has been an excellent partner with our Congressional delegation, helping us to better understand Fort Knox's needs and enhancing communication between the delegation and Fort Knox leaders.

Fort Knox is an asset to the Army and to the Second District of Kentucky. Don Williams understands Fort Knox's mission, and he has been an asset to Fort Knox and the Hardin County community's efforts to promote and protect the base.

This is not Don's first retirement. In 1990, he retired from the Army after 28 years of service, including assignments as Secretary to the Joint Chiefs of Staff in the Pentagon and as Chief of Staff at Fort Knox.

While Don is stepping down as Executive Director, he will continue to be involved in the CORE Committee, as well as the Kentucky Commission on Military Affairs, Fort Knox's chapter of the AUSA, the Patton Museum and the Executive Committee of the Armor and Cavalry Affairs. All of these organizations benefit from Don's knowledge and experience with the Army and his commitment to Fort Knox's role in the Army and in the local community.

I have enjoyed working with Don over the past 7 years. He has helped me better represent the Fort Knox community in Congress. Thank you, Don, for your service to the CORE Committee and your dedication to Fort Knox and the Army.

IGNORANCE OF ARABIC IS NOT BLISS

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 2003

Mr. FRANK of Massachusetts. Mr. Speaker. Among the sillier policies that are pursued because some people do not like gay men and lesbians is the one which refuses to allow gay and lesbian Americans to serve their country in the armed forces. This is in great contrast to, to take a particularly striking example, Israel, which has openly gay and lesbian people in the Israeli Defense Force. Those who argue that the presence of openly gay and lesbian soldiers erodes morale have a very hard time explaining the example of the IDF.

In our own country, this self-inflicted mood reached new depths recently when the military began expelling from its ranks people who were becoming expert in Arabic and other languages, which are relevant to our fight against terrorism. From ''don't ask, don't tell'' we have proceeded to ''don't ask, don't tell, don't translate,'' and our national interest is a loser. We already have too few people skilled in translating many of the languages that are used by terrorists, and we detract from our own security by turning away those who would help us overcome this deficiency.

Recently, the Linguistic Society of America founded in 1924 ''for the advancement of the

scientific study of language'' spoke out against this policy. That meeting adopted the following resolution and because of the importance of this issue to our national security, I ask that it be printed here.

Whereas linguists, translators, and interpreters serving at the Defense Language Institute have made important contributions to the nation's defense since the Institute's inception;

Whereas language specialists fluent in Arabic and other critical languages are especially vital to U.S. national security at this time;

Whereas the General Accounting Office reports that there is currently a serious shortage of such linguists in the military;

Whereas the military's recent dismissal of highly trained and highly skilled language specialists who are gay or lesbian presents a significant risk to national security;

Whereas sexual orientation is irrelevant to one's job performance, and discrimination on the basis of sexual orientation is unjust;

Therefore be it resolved that the Linguistic Society of America make known its opposition to the U.S. military's policy of dismissing linguists, translators, interpreters, or other members of the armed forces on the basis of their sexual orientation.

COMPREHENSIVE INSURANCE COVERAGE OF CHILDHOOD IMMUNIZATION ACT OF 2003

HON. GENE GREEN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 2003

Mr. GREEN of Texas. Mr. Speaker, I rise today to introduce the Comprehensive Insurance Coverage of Childhood Immunizations Act of 2003. This important legislation will improve our nation's efforts to immunize all children against vaccine-preventable diseases.

Vaccines have made dramatic improvements in the lives of children and adults in the last century. Scourges such as polio and small pox have been eradicated thanks to advancements in vaccine research.

Childhood vaccinations prevent nine serious infectious diseases. Thanks to immunizations, children no longer have to suffer from the dangers of polio, measles, diptheria, mumps, pertussis (whooping cough), rubella (German measels), tetanus, hepatitis-B, or Hib (the most common cause of meningitis).

Immunizations are not only sound medicine, they're sound public health policy. More than $21 is saved for every dollar spent on the measles/mumps/rubella vaccine. Almost $30 is saved for every dollar spent on diptheria/tetanus/pertussis vaccine.

Unfortunately, many children do not have access to these life-saving vaccines. According to the Centers for Disease Control and Prevention (CDC), nationwide vaccination coverage levels decreased from 73.2 percent in 1999 to 72.8 percent in the year 2000. In fact, one third of two-year-old children are under-immunized, and in some cities and urban areas, more than 50 percent of children are not fully immunized.

Part of the problem is that health insurance coverage of immunization is spotty at best. According to the Institute of Medicine Report ''Calling the Shots,'' private health insurance immunization coverage varies widely by type of plan as well as by vaccine. Enrollment in a private plan does not guarantee that immunizations will be provided.

Although 28 states have enacted legislation that would require private plans to cover immunizations, plans governed by ERISA are not subject to these requirements. The IOM Report recommends that all health insurance plans, including ERISA self-insured plans, should offer first-dollar coverage for childhood vaccines recommended in the harmonized immunization schedule.

The Comprehensive Insurance Coverage of Childhood Immunization Act of 2003 would addresses this problem by requiring ERISA governed health plans and plans covered by the Public Health Services Act to cover vaccines for children under 18 years. Vaccines recommended by the Center for Disease Control and Prevention's (CDC) Recommended Childhood Immunization Schedule must be covered.

The federal government provides this benefit for its own workers, and twenty-eight states have enacted laws to require state-regulated plans to cover vaccines. Unfortunately, ERISA plans do not have to comply with state laws. This legislation will ensure that all children, regardless of the type of insurance they have, will receive life-saving vaccines. I hope my colleagues will join me in supporting immunization coverage for all children.

HONORING MATT RYAN

HON. JOSEPH R. PITTS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 2003

Mr. PITTS. Mr. Speaker, I served with Matt Ryan in the Pennsylvania General Assembly for 24 years.

Having worked with him all those years, never once did I question his dedication to his job or his commitment to making life better for all of Pennsylvania's 12 million citizens.

We worked together on a lot of things, but I'll always remember very fondly the work we did together on the Capitol Preservation Committee.

Time and time again, I've heard tourists who have visited dozens of state capitols say that Pennsylvania's is the most beautiful.

Matt and I shared a vision of restoring that beautiful, century-old building to its original grandeur.

It was a project that took a lot of years, and a project that will never really be complete.

But it was a labor of love for us.

It goes without saying that restoring the capitol was only one of Matt's many accomplishments.

Matt served in the General Assembly for more than four decades, and he seemed like a man who was destined to lead.

He was always fair and always compassionate.

He was good at building consensus, even on difficult issues.

And he was a man of his word.

As the longest-serving Republican Speaker of the House since the Republican Party was founded, he left his mark on this Commonwealth as much as any Pennsylvanian since Ben Franklin.

He was a valuable partner, a respected leader, and a very, very good friend.

I'll miss him.

COMMENDING SILVER BELL CLUB, LODGE 2365 OF POLISH NATIONAL ALLIANCE OF THE UNITED STATES

HON. PETER J. VISCLOSKY

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 2003

Mr. VISCLOSKY. Mr. Speaker, it is my distinct pleasure to announce that the Silver Bell Club, Lodge 2365 of the Polish National Alliance of the United States, will be hosting the 30th Annual Hank Stram–Tony Zale Sports Award Banquet on May 19, 2003, at the Radisson Hotel in Merrillville, Indiana. Twenty outstanding Northwest Indiana High School athletes will be honored at this notable event for their dedication and hard work. These outstanding students were chosen to receive the award by their respective schools on the basis of academic and athletic achievement. All proceeds from this event will go toward a scholarship fund to be awarded to local students.

This year's Hank Stram–Tony Zale Award recipients include Lyndee Lee Arnold of Highland High School, Jennifer Barta of Hammond Morton High School, Jared Byczko of Merrillville High School, Lauren Curosh of Whiting High School, Brittany Drobac of Hobart High School, Lori Granich of Bishop Noll High School, Regina Gregorczyk of Andrean High School, Derrick Holeman of Hammond Gavit High School, Biljana Jasnic of Portage High School, Jovan Jeftich of Valparaiso High School, Brad MacFarlane of Griffith High School, Michael Marszalek of Lowell High School, Sean O'Drobinak of Crown Point High School, Tim Piatek of Munster High School, Chad Pruzin of Crown Point High School, Tiffany Redlarczyk of Lake Central High School, Maggie Reichersamer of Hammond High School, Jason Renn of Valparaiso High School, Todd Schafer of Wheeler High School and Kari Schmidt of Hammond High School.

The featured speaker at this gala event will be Hall of Fame defensive lineman Dan Hampton. Hampton was a menacing, yet versatile, defender who served 12 seasons aggressively protecting the line of scrimmage for the Chicago Bears. An All-American out of the University of Arkansas, he was selected by the Bears in the first round of the 1979 National Football League Draft. Hampton's contribution to the defense as a rookie paved the way for his Hall of Fame career. He recorded 70 tackles, two sacks, two fumble recoveries, and three passes defended in his first campaign, then eclipsed that performance in his sophomore season by recording 73 tackles and leading the Bears with 11.5 sacks. He also earned his first of four Pro Bowl appearances. Dan Hampton will probably be remembered best as a huge part of the Bears' 1985 defense that allowed just 198 points in 16 regular season games, and 10 points in three playoff games, including a dominating performance over the New England Patriots in Super Bowl XX.

Mr. Speaker, I ask you and my distinguished colleagues to join me in commending the Silver Bell Club, Lodge 2365 of the Polish

National Alliance of the United States, for hosting this celebration of success in sports and academics. The effort of all those involved in planning this worthwhile event is indicative of their devotion to the very gifted young people in Indiana's First Congressional District.

REGULATING BROADBAND INFRASTRUCTURE

HON. KAY GRANGER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 2003

Ms. GRANGER. Mr. Speaker, over two months ago, the Federal Communications Commission adopted an order that will change the way it regulates broadband infrastructure. Under the old FCC rules, broadband provided by cable and satellite is essentially unregulated, but broadband provided by telephone companies is regulated like voice telephone service.

The FCC saw that this created regulatory winners and losers and decided in February to change some of its broadband rules and move in the direction of parity for broadband. The FCC's action was the first step in the process of putting telephone company-provided DSL service on the same regulatory footing as cable provided high-speed Internet service. While, in the same proceeding, the FCC failed to remove its burdensome and economically devastating rules on the unbundled network element platform (UNE–P), at least they started to move broadband regulation in the right direction. This will be a much-needed change in broadband regulatory policy, and I applaud the FCC for this aspect of its ruling.

Today, cable has more than two-thirds of the residential broadband market. To the consumer, the two services are fungible, but cable still dominates. Regulatory parity between DSL and cable modem service will result in more head-to-head competition between the two, creating better prices and new, innovative services. It will be a win-win for the consumer. The FCC should end its internal bickering and issue the text of the rules it adopted in February so the FCC can continue on the path to regulatory parity. Only then will our citizens realize the benefits of a fully-competitive broadband Internet market.

COMMENDING THOSE INDIVIDUALS WHO CONTRIBUTED TO THE DEBRIS COLLECTION EFFORT FOLLOWING THE SPACE SHUTTLE ''COLUMBIA'' ACCIDENT

SPEECH OF

HON. SHEILA JACKSON-LEE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 13, 2003

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise in support of H. Res. 222. This resolution commends those individuals who contributed to the debris collection efforts following the Space Shuttle *Columbia* accident.

On the early morning of Saturday, February 1, 2003, just after 9:00 a.m. a tragedy struck our nation. For the second time in 17 years we lost the crew of a Space Shuttle. This time it was the Space Shuttle *Columbia*, the oldest of America's four space planes.

On board was a crew of seven courageous astronauts—six Americans: Colonel Douglas Husband, Commander William C. McCool, Astronaut Kaplana Chawla, Captain David M. Brown, Lieutenant Colonel Michael P. Anderson, Captain Laurel Blair Salton Clark, MD, and one Israeli: Colonel Ilan Ramon.

The seven astronauts accepted this mission knowing the potential danger they faced. Despite the danger, they risked their lives and made the ultimate sacrifice in their dedicated efforts to advance our nation's space program. Each of these astronauts will be remembered as a pioneer and a hero.

More heroes emerged in the days and weeks following the Space Shuttle *Columbia* accident. These heroes collected the debris and wreckage from the Space Shuttle *Columbia.* Among the debris collectors were National Guard Civil Support Teams from Arkansas, Oklahoma, and Texas, trained to handle the aftermath of terrorist attacks. Their training made them ideal experts for protecting the public from the toxic shuttle fuels. Also helping with the collection were Department of Public safety troopers, the National Forest Service, forest fire crews, and other law enforcement agency personnel.

As impressive as the efforts of public agents was the self-sacrifice of the over 1,500 volunteers who helped with the search for debris. The volunteers are residents of Missouri, Oklahoma, Tennessee, Louisiana, and Texas. They hiked over and through thickets, briars, forests, marshes, muddy hillsides, creeks, and barbed-wire fences for over a week looking for debris. The volunteers braved near-freezing temperatures, gusting winds, sleet, and rain. They included teachers, NASA engineers, store-owners, and housewives.

Brian Carpenter, a volunteer from Warren, Texas described his experience, and why he joined the search efforts. ''It's cold out here,'' he said, ''but knowing that the day will come when the astronaut's families will be able to smile and think about their loved ones with pride and without grieving, there's warmth in that.''

Tracy Jones of Orange, Texas said, ''We want to give the families peace of mind. That's the only reason we're out here.''

Mr. Speaker, I support H. Res. 222 to commend Brian Carpenter, Tracy Jones and all of the generous volunteers who helped to collect the Space Shuttle *Columbia* debris. I also support H. Res. 222 to commend the members of the National Guard Civil Support Teams from Arkansas, Oklahoma, and Texas, the Department of Public safety troopers, the National Forest Service, forest fire crews, and the other law enforcement agency personnel who sacrificed their time to collect the debris and bring a sense of needed closure to the grieving families of the astronauts. I commend everyone who helped with the debris collection efforts. They too are heroes.

HONORING THE 13TH ANNUAL DC BLACK PRIDE CELEBRATION AND EARL D. FOWLKES

HON. ELEANOR HOLMES NORTON

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 2003

Ms. NORTON. Mr. Speaker, this Memorial Day weekend, May 23–26, is the 13th Annual DC Black Pride Celebration in Washington, DC.

DC Black Pride is an exciting 4-day event complete with dynamic workshops, receptions, cultural arts activities, small and large nightclub events culminating with the world's largest Black Pride Festival at Washington's new Convention Center. It is considered one of the preeminent Black Pride celebrations in the world, consistently drawing 30,000 people to the nation's capital. Attendees come from every major urban area in the United States as well as from Canada, England, France, Germany, the Netherlands and South Africa. The Black Pride Festival features activities for the entire family including performances from national recording artists, 200 exhibition booths, book signings from noted writers, participation from national and local health organizations, and arts and crafts.

The event is coordinated by Black Lesbian and Gay Pride Day, Inc. (BLGPD), a nonprofit organization with a volunteer Board of Directors: Earline Budd, Cheryl Dunn, Clarence J. Fluker, Eric Richardson, Members-At-Large; Toni Collins, Secretary; Ronnie Foster, Vice-President; Robert Jones, Treasurer; and Earl D. Fowlkes, President. BLGPD's mission is to build awareness of and pride in the diversity of the Black lesbian, gay, bisexual and transgendered community as well as to create a funding source and support for organizations that are addressing HIV/AIDS and other health issues adversely affecting our community.

Mr. Fowlkes has been President of Black Lesbian and Gay Pride Day, Inc. since 1997. In addition to his duties with BLGPD, Mr. Fowlkes is the Executive Director of Damien Ministries, Inc., a faith-based HIV/AIDS service organization in Washington, DC, and he sits on the boards of Siloam Ministries, Prevention Works, the DC Black AIDS Network, Project Ujima, International Federation of Black Prides and DC HIV Prevention Community Planning Committee. Mr. Fowlkes is retiring as President of BLGPD to devote more of his energies to the International Federation of Black Prides of which he is also President.

I ask the House to join me in welcoming all attending the 13th Annual DC Black Pride celebration in Washington, DC, and I take this opportunity to remind the attendees that United States citizens who reside in Washington, DC are taxed without full voting representation in Congress.

TONY SIANO, ''KIWANIAN OF THE YEAR''

HON. CAROLYN B. MALONEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 2003

Mrs. MALONEY. Mr. Speaker, I rise to pay tribute to Tony Siano, whose commitment to

various organizations has helped make the local community a better place to live. In recognition of his many contributions to the community, Mr. Siano will be honored by the Astoria/Long Island City Kiwanis Club as ''Kiwanian of the Year.''

A lifetime New Yorker, Mr. Siano was born and raised in Brooklyn and attended New York University. As a young man, Mr. Siano joined the U.S. Navy and served as medic. After his honorable discharge from the U.S. Navy, Mr. Siano completed his education and received his degree in mortuary science.

An enthusiastic and dedicated community advocate, Mr. Siano is an active member of many organizations. Past president of the Astoria/Long Island City Kiwanis, Mr. Siano is now board chairman. Mr. Siano was also a CCD instructor, board president of Trinity Players, and has received the Walter M. Mitchie Community Service Award from the 114th Civilian Observation Patrol, and is involved with many other church and civic organizations.

Mr. Siano is also distinguished within his profession, having been honored with the Pursuit of Excellence Award since 1995 by the National Funeral Directors Association. Mr. Siano is presently vice president of Thomas Quinn and Son's Funeral Home, Inc. In addition, Mr. Siano is the vice president of the Broadway Merchants and Professionals Association.

Mr. Siano is described by his peers as a man of boundless energy and commitment to the community he has been a part of for the past thirty years. In recognition of these outstanding achievements, I ask my colleagues to join me in honoring Tony Siano as ''Kiwanian of the Year.''

IN HONOR OF THE COMMUNITY PROBLEM SOLVING TEAM OF THE QUEST PROGRAM

HON. DONALD M. PAYNE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 2003

Mr. PAYNE. Mr. Speaker, I rise today to recognize the Community Problem Solving Team of the Quest Program at the Dr. John Howard, Jr. School in East Orange, NJ. Working through various mediums, this group of fourth, fifth, and sixth graders has sought to combat the growing problem of gangs in their community.

Using their peer influence, these students reach out to elementary school children to teach them the dangers of gang involvement. They have made it their mission to educate the community through publishing monthly gang awareness newsletters, organizing a unity celebration night against gangs, organizing a kids against gangs rally, participating in an inmate day with gang members currently serving time in prison, as well as creating a website to inform students of the dangers of gangs. With the goal of educating others to prevent gang involvement and violence, these students have demonstrated that they are truly inspiring members of the community. Volunteering over 400 hours to this project, the dedication of this team has been outstanding.

These exceptional students will represent New Jersey at the International Competition in Storrs, CT, June 4–8, 2003, having placed first in the New Jersey junior division of the Problem Solving Component of the International Future Problem Solving Program. It is with great pride that I recognize the Community Problem Solving Team of the Quest Program in East Orange, New Jersey. These young people have taken great strides to assist the members of their community and to see that they have a part in securing a healthy future for our country. Mr. Speaker, I know that my colleagues here in the U.S. House of Representatives join me in wishing the Quest Program continued success.

RECOGNIZING THE INSTITUTES OF THE AMERICAS

HON. RANDY ''DUKE'' CUNNINGHAM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 2003

Mr. CUNNINGHAM. Mr. Speaker, it gives me great pleasure to congratulate the Institutes of the Americas on their 20th anniversary. Since 1983 the IOA has improved the opportunities for and relationships among companies and individuals who currently conduct or hope to conduct business in America.

In this age of international cooperation the Institute of the Americas has played a vital role in creating greater understanding and interaction between the United States, Canada and the countries of Latin America. With strong Latin American participation, this independent Inter-American organization has become a trusted and respected catalyst for dialog and problem solving. Its relationship with the University of California, San Diego gives the Institute added depth and balance in its quest to develop building blocks for Latin America's progress and stability.

Since its creation the Institute of the Americas has met its goal of becoming a significant catalyst for promoting development and integration as a means to improve the economic, political and social well-being of the people of the Americas. I want to congratulate the Institute, and all those associated with it, on the occasion of its 20th anniversary, extending sincere wishes for continued success.

IN HONOR OF ENGLEWOOD'S JUBILEE II

HON. DIANA DeGETTE

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 2003

Ms. DEGETTE. Mr. Speaker, I rise today to pay tribute to the City of Englewood, Colorado, on the occasion of its Centennial Anniversary. I am truly honored to have the privilege of representing this outstanding community in the United States Congress. The City of Englewood will celebrate 100 years of colorful history and development on May 13, 2003.

The Englewood area has a rich and colorful history. In the mid 1800's, the Ute Indians, buffalo, elk, antelope and other animals inhabited this alpine plateau. In 1858, gold was discovered in this area and the first gold mining camp was set up at the mouth of Little Dry Creek. As in many mining enclaves in the West, this miner's camp quickly became a popular spot for gambling, saloons and roadhouses. By 1903, the inhabitants of this prairie community wanted to burnish a solid community reputation and the Town of Englewood was incorporated on May 13, 1903.

The City of Englewood has grown from its original prairie confines and a small gold mining camp, to become a city with a rich tradition of hospitality, vitality and amenities for residents and visitors alike. Englewood has become an urban mainstay of the southern Metro Denver area with a diverse population of over 31,000 residents.

Englewood offers the congenial and sociable atmosphere of an authentic community with all the benefits of the larger adjacent metropolitan area. The City of Englewood has become a prominent business center, which is home to 1,841 businesses within industrial, manufacturing, and service sectors and enjoys a full-time employment base of approximately 23,500 jobs.

The City Englewood is also fortunate to have outstanding cadre of public safety personnel including 56 firefighters, 73 full and part-time law enforcement personnel, 4 reserve officers, 36 support personnel, and 16 code enforcement personnel to safeguard the health and safety of residents, visitors and employers of the City of Englewood.

The unique appeal of Englewood, coupled with the business and cultural amenities of the Rocky Mountain Region, make it an exceptional place to call home for both residents and businesses. With excellent access, a strong employee base and business-friendly government, Englewood has long been the location of choice for successful businesses—boasting more jobs and businesses per square mile than any other city in the Rocky Mountains.

Under its progressive civic leadership, the City of Englewood has designed and built Englewood City Center. It replaced an aging suburban shopping mall and has become an outstanding multi-use urban civic center. This 55-acre public/private urban design project has coordinated the complex needs of city government, regional transportation system, national retailers and homebuilders, and nonprofit cultural organizations. It has transformed a single-use facility into a multi-purpose transit oriented development that is safely accessible by train, bus, car, bike and pedestrians.

Englewood's access to the region's superior light rail transportation system helps to meet the needs of local business and the city's residents. This unique transportation amenity offers convenient, quick, and inexpensive access to Englewood's cultural, educational, entertainment, recreational, and business activities from throughout the Denver Metropolitan area. Englewood's central location makes the area a natural transportation hub, and offers a mere 15-minute commute to downtown Denver.

The City of Englewood has been on the forefront of housing and community development by promoting and providing a varied mix of housing opportunities including affordable housing, expandable housing for different lifecycle stages, workforce housing opportunities, and housing for special needs.

Englewood is responsible for maintaining sizable high quality civic infrastructure including 310 acres of parks and open space, 118 miles of City streets, and over 2,558 acres of

residential land area. Of particular note is the Englewood Wastewater Treatment Plant, which is the third largest publicly owned treatment facility in the State of Colorado. This advanced treatment plant restores wastewater for 25 districts in the Denver Metro area and treats approximately 27 million gallons of wastewater per day.

Englewood is also on the forefront of preserving and maintaining a quality environment. The Englewood Brownfield sites provide excellent opportunities for businesses and investors to reuse and renovate commercial real estate expansion as well as the reuse of land for expansion and redevelopment.

Mr. Speaker, please join me in commending the City of Englewood, Colorado, on the occasion of its 100th Anniversary. Residents of this community enjoy an exceptional quality of life, as they are part of a vibrant and cosmopolitan city that continues build a better future for its citizens and our children.

JOBS AND GROWTH RECONCILIATION TAX ACT OF 2003

SPEECH OF

HON. MAX SANDLIN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, May 9, 2003

Mr. SANDLIN. Mr. Speaker, I rise today in opposition to H.R. 2, the Jobs and Growth Tax Act of 2003.

Despite the assertions of my Republican colleagues, the Jobs and Growth Tax Act will neither create jobs nor grow the economy. Instead, this legislation increases inequity and unfairness in our tax system and society by drastically redistributing income to the very wealthiest taxpayers.

If the Republican Party was actually interested in stimulating the economy, this legislation would provide tax relief to lower and middle income taxpayers who are likely to spend additional income. By contrast, the richest taxpayers in our society need no extra incentives to consume, and are likely to save, rather than spend, their generous tax cuts.

The Republican tax bill accurately reflects the other party's priorities. While the bill's dividend and capital gains rate reductions will be in effect until 2013, the bill's limited middle class tax relief, including the acceleration of marriage penalty relief and an increase in the child tax credit, expire in three years. The Republicans are effective at paying lip service to the middle class, but completely ineffective in backing up their words with meaningful actions.

While I strongly support tax relief, and was one of only 28 Democrats to support President Bush's tax cut package [EGTRRA] in 2001, I do not believe that the tax bill before us today will provide the economic stimulus that our country needs. Unfortunately, the Republican tax bill's dividend income tax rate reduction will not increase either short or long term economic growth, as it will have only modest effects on demand in 2003 and would expand budget deficits over the next decade.

According to the Library of Congress's nonpartisan Congressional Research Service [CRS], ''using dividend tax reductions to stimulate the economy is unlikely to be very effective.'' CRS further notes that ''the dividend relief proposal is less likely to be successful in stimulating short-run demand than a spending increase or some other tax cuts because it accrues to higher income individuals who may save a larger fraction of the cut.''

The country's economic, fiscal, and national security situations have changed significantly since Congress passed the first Bush tax package in 2001. According to the nonpartisan Congressional Budget Office [CBO], in fiscal year [FY] 2000, the US had a budget surplus of $236 billion. The CBO currently projects a budget deficit in FY2003 of $248 billion. The White House's Office of Management and Budget [OMB] estimates a higher deficit for the current fiscal year [$304 billion] if Congress enacts the president's tax and spending proposals. The very first bill I cosponsored in Congress would have amended the U.S. Constitution to require a balanced Federal budget. The Federal Government needs to operate under the same principles of fiscal responsibility as the states, most of which are constitutionally required to produce balanced budgets. The increases in our budget deficits and national debt are counterproductive and will only serve to damage long-term economic growth prospects.

Further, according to the Bureau of Labor Statistics, the unemployment rate in Texas has risen from 4.3 percent in January 2001 to 6.7 percent in March 2003. 112,000 jobs have been lost across Texas since January 2001, and many working Americans have not been able to find new employment. Texas has the fourth highest unemployment rate in the country, and the Republican tax bill will do more harm than good for my constituents.

In Texas, under the President's so-called stimulus plan, the average tax cut for the top 1 percent of taxpayers would be $32,571. The average tax cut for the middle 20 percent of taxpayers, the definition of the middle class, would have been $283. 4.4 million Texans would have received $100 or less under the Bush plan, and of those, 2.9 million people would have realized no benefits at all. Like the Bush plan, the Republican tax bill under consideration today drastically redistributes wealth toward the very richest taxpayers, and increases the tax burden on the middle class and poor.

A congressional study on the Bush ''growth'' package estimates that the average East Texas taxpayer would receive $30 from the package's dividend proposal. The Republican bill's dividend tax cut will provide equally ineffective relief. The negative impact of higher budget deficits, and consequently higher long-term interest rates, far outweighs any potential short-term gains from an elimination of taxation on dividend income.

I will continue to enthusiastically support reasonable tax relief that does not threaten the fiscal future of our country. I support many of the individual provisions of the Republican tax bill, but believe that Congress and the President have a responsibility to work toward balanced budgets and should avoid passing the costs of large, unproductive tax cuts on to our children and grandchildren.

TRIBUTE TO MR. KYLE ROGACHENKO

HON. ROBERT A. BRADY

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 2003

Mr. BRADY of Pennsylvania. Mr. Speaker, I rise to honor the accomplishments of Kyle Rogachenko, a 14-year-old whose commitment, discipline, and motivation have made him a well-known competitor in the upper echelons of the international sailing community.

Mr. Rogachenko, a 9th grader at Methacton High School in Worcester, Pennsylvania, began his sailing career at age 6 at the Toms River Yacht Club in New Jersey. Included on his sailing resume are his participation on two World Teams, three South American Teams, and three North American Teams. Additionally, he was the top American finisher at the 40th annual IOCA World Championship regatta in 2001. For his age group, Mr. Rogachenko is the top young sailor in the United States.

Throughout the past few years, Mr. Rogachenko has had an extensive travel schedule that has provided him with many rewarding experiences. He has continually displayed all of the attributes of a true leader. I am proud that this young man hopes to attend the United States Naval Academy upon his completion of high school.

It is a privilege to recognize such a fine young man. I ask you and my other distinguished colleagues to join me in commending Pennsylvania's own, Kyle Rogachenko.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Meetings scheduled for Thursday, May 15, 2003 may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

MAY 16

9 a.m.
Foreign Relations
To hold hearings to examine the Department of State's Office of Children's Issues, focusing on international parental abduction.
SD–419

MAY 19

10 a.m.
Foreign Relations
Near Eastern and South Asian Affairs Subcommittee
To hold hearings to examine the nominations of Harry K. Thomas, Jr., of New York, to be Ambassador to the People's Republic of Bangladesh, and Jeffrey Lunstead, of the District of Columbia, to be Ambassador to the Democratic Socialist Republic of Sri Lanka, and to serve concurrently and without additional compensation as Ambassador to the Republic of Maldives.
SD–419

2 p.m.
Aging
To hold hearings to examine ageism in the health care system, focusing on short shifting seniors.
SD–628

2:30 p.m.
Foreign Relations
African Affairs Subcommittee
To hold hearings to examine fighting AIDS in Uganda.
SD–419

MAY 20

9:30 a.m.
Rules and Administration
To hold oversight hearings to examine operations of the John F. Kennedy Center for the Performing Arts and the Smithsonian Institution.
SR–301

10 a.m.
Judiciary
To hold hearings to examine international drug trafficking and terrorism.
SD–226

Appropriations
Transportation, Treasury and General Government Subcommittee
To hold hearings to examine proposed budget estimates for fiscal year 2004 for the Department of the Treasury.
SD–138

Aging
To hold hearings to examine baby boomers, focusing on enhancing independence through innovation and technology.
SD–628

2 p.m.
Environment and Public Works
Transportation and Infrastructure Subcommittee
To hold hearings to examine proposed legislation authorizing funds for programs of the Transportation Equity Act (TEA–21).
SD–406

2:30 p.m.
Foreign Relations
To hold hearings to examine the future of U.S. economic relations in the Western Hemisphere.
SD–419

MAY 21

9 a.m.
Governmental Affairs
Investigations Subcommittee
To hold hearings to examine SARS, focusing on state and local response.
SD–342

9:30 a.m.
Foreign Relations
Business meeting to consider an original bill to authorize foreign assistance for fiscal year 2004, to make technical and administrative changes to the Foreign Assistance and Arms Export Control Acts and to authorize a Millennium Challenge Account.
SD–419

Joint Economic Committee
To hold hearings to examine the economy.
SH–216

10 a.m.
Banking, Housing, and Urban Affairs
To hold oversight hearings to examine the national export strategy.
SD–538

Energy and Natural Resources
Business meeting to consider.
SD–366

Indian Affairs
To hold oversight hearings to examine the proposed reorganization of the Bureau of Indian Affairs.
SR–485

Judiciary
To hold hearings to examine the nomination of R. Hewitt Pate, of Virginia, to be an Assistant Attorney General.
SD–226

MAY 22

10 a.m.
Indian Affairs
To hold oversight hearings to examine the status of telecommunications in Indian Country.
SR–485

2:30 p.m.
Foreign Relations
To hold hearings to examine Iraq stabilization and reconstruction, focusing on U.S. policy and plans.
SD–419

JUNE 3

10 a.m.
Indian Affairs
To hold oversight hearings to examine the status of tribal fish and wildlife management programs.
SR–485

JUNE 4

10 a.m.
Indian Affairs
To hold hearings to examine S. 281, to amend the Transportation Equity Act for the 21st Century to make certain amendments with respect to Indian tribes, to provide for training and technical assistance to Native Americans who are interested in commercial vehicle driving careers, and S. 725, to amend the Transportation Equity Act for the 21st Century to provide from the Highway Trust Fund additional funding for Indian reservation roads.
SR–485

2 p.m.
Indian Affairs
To hold oversight hearings to examine the impacts on tribal fish and wildlife management programs in the Pacific Northwest.
SR–485

JUNE 11

10 a.m.
Indian Affairs
To hold hearings to examine the nomination of Charles W. Grim, of Oklahoma, to be Director of the Indian Health Service, Department of Health and Human Services.
SR–485

JUNE 18

10 a.m.
Indian Affairs
To hold oversight hearings to examine Native American sacred places.
SR–485

Daily Digest

HIGHLIGHTS

The House passed H.R. 1000, Pension Security Act.

House committee ordered reported the National Defense Authorization for Fiscal Year 2004.

Chamber Action

Routine Proceedings, pages S6147–S6231

Measures Introduced: Twelve bills and two resolutions were introduced, as follows: S. 1056–1067, S. Res. 143, and S. Con. Res. 44. **(See next issue.)**

Measures Reported:

S. 275, to amend the Professional Boxing Safety Act of 1996, and to establish the United States Boxing Administration, with an amendment in the nature of a substitute. (S. Rept. No. 108–47). **(See next issue.)**

Measures Passed:

Congressional Gold Medal For Tony Blair: Senate passed S. 709, to award a congressional gold medal to Prime Minister Tony Blair. **(See next issue.)**

Reconciliation Bill: Senate began consideration of S. 1054, to provide for reconciliation pursuant to section 201 of the concurrent resolution on the budget for fiscal year 2004, taking action on the following amendments proposed thereto: **Pages S6148–S6226 (continued next issue)**

Pending:

Grassley Amendment No. 555, to increase the criminal monetary penalty limitation for the underpayment or overpayment of tax due to fraud. **Pages S6152–54**

Dorgan/Baucus Amendment No. 556, to repeal the 1993 income tax increase on Social Security benefits and to offset the revenue loss. **Pages S6154–57**

Specter Amendment No. 569, to urge the Senate Finance Committee and the Joint Economic Committee to hold hearings and consider legislation providing for a flat tax. **Pages S6176–78**

Baucus Amendment No. 570, to ensure that the limit on refundability shall not apply to the additional $400 child credit for 2003, to make the dividend exclusion effective for taxable years beginning in 2003, and to eliminate the increase in the dividend exclusion from 10 percent to 20 percent of dividends over $500. **Pages S6178–80**

Kennedy Amendment No. 544, to provide for additional weeks of temporary extended unemployment compensation and to provide for a program of temporary enhanced regular unemployment compensation. **Pages S6180–88**

Lincoln Amendment No. 578, to expand the refundability of the child tax credit. **Pages S6188–91, S6198**

Cantwell Amendment No. 577, to permanently extend and modify the research and experimentation tax credit and strike the partial exclusion of dividends provision. **Pages S6191–95**

Jeffords Amendment No. 587, to accelerate the elimination of the marriage penalty in the earned income credit. **Pages S6195–96**

Bunning/McConnell Amendment No. 589, to amend the Internal Revenue Code of 1986 to repeal the 1993 income tax increase on Social Security benefits. **Pages S6197–98**

Burns Amendment No. 593, to amend the Internal Revenue Code of 1986 to allow the expensing of broadband Internet access expenditures. **Pages S6198–S6200**

Grassley Amendment No. 594, to amend title XVIII of the Social Security Act to enhance beneficiary access to quality health care services in rural areas under the Medicare program. **Pages S6200–01**

Harkin Amendment No. 595, to help rural health care providers and hospitals receive a fair reimbursement for services under Medicare by reducing tax cuts regarding dividends. **Pages S6201–04**

Collins Amendment No. 596, to provide temporary State and local fiscal relief. **Pages S6204–10**

Murray Amendment No. 564, to provide temporary State fiscal relief. **Pages S6210–14**

Stabenow Amendment No. 614, to ensure the enactment of a Medicare prescription drug benefit. **Pages S6214–16**

Warner Modified Amendment No. 550, to amend the Internal Revenue Code of 1986 to increase the

above-the-line deduction for teacher classroom supplies and to expand such deduction to include qualified professional development expenses.

Pages S6216–17

Voinovich Amendment No. 592, to establish a blue ribbon commission on comprehensive tax reform. **Pages S6217–20**

Graham (FL) Amendment No. 617, in the nature of a substitute. **Pages S6220–22**

Kyl Amendment No. 575, to further enhance the denial of deduction for certain fines, penalties, and other amounts. **Pages S6222–26 (continued next issue)**

Landrieu Amendment No. 619, in the nature of a substitute. **(See next issue.)**

Landrieu Amendment No. 620, to provide pay protection for members of the Reserve and the National Guard. **(See next issue.)**

Landrieu Amendment No. 621, to amend the Internal Revenue Code of 1986 to allow employers in renewal communities to qualify for the renewal community employment credit by employing residents of certain other renewal communities.

(See next issue.)

Ensign Amendment No. 622, to encourage the investment of foreign earnings within the United States for productive business investments and job creation. **(See next issue.)**

Schumer Amendment No. 557, to amend the Internal Revenue Code of 1986 to make higher education more affordable. **(See next issue.)**

Conrad Amendment No. 611, to make the child tax credit acceleration applicable to 2002.

(See next issue.)

Baucus (for McCain) Amendment No. 612, to add the provisions of the Armed Forces Tax Fairness Act of 2003. **(See next issue.)**

During consideration of this measure today, Senate also took the following action:

By 44 yeas to 53 nays (Vote No. 147), three-fifths of those Senators duly chosen and sworn, not having voted in the affirmative, Senate rejected the motion to waive section 305(b)2 of the Congressional Budget Act of 1974, with respect to Reid Amendment No. 560, to ensure that Social Security surpluses are not raided in order to fund tax cuts on corporate dividends.

Subsequently, the point of order that the amendment was in violation of section 305(b)2 of the Congressional Budget Act of 1974 relative to germaneness was sustained, and the amendment thus falls.

Pages S6164–74

A unanimous-consent agreement was reached providing for further consideration of the bill at 9:15 a.m., on Thursday, May 15, 2003; that all time under the statutory limit be expired; that the Senate proceed to vote on or in relation to the pending amendments in the order offered beginning with Bunning/McConnell Amendment No. 589 (listed above); that following the disposition of amendments, the bill be read a third time, the Senate then proceed to consideration of H.R. 2 (House companion measure), all after the enacting clause be stricken and the text of S. 1054, as amended, if amended, be inserted in lieu thereof, the bill be read a third time, and the Senate proceed to a vote on passage of the bill; that the Senate then insist on its amendment, request a conference with the House thereon, the Chair be authorized to appoint conferees on the part of the Senate with a ratio of 3 to 2; and that no points of order be waived by this agreement.

Pages S6196–97

A unanimous-consent agreement was reached providing for the vote sequence relative to the pending amendments (listed above). **Page S6226**

A unanimous-consent agreement was reached providing that no second degree amendments be in order to the pending amendments (listed above).

Page S6226

Global HIV/AIDS Bill—Agreement: A unanimous-consent agreement was reached providing that immediately following passage of H.R. 2, to provide for reconciliation pursuant to section 201 of the concurrent resolution on the budget for fiscal year 2004, Senate proceed to H.R. 1298, to provide assistance to foreign countries to combat HIV/AIDS, tuberculosis, and malaria, and that only relevant first degree amendments be in order; that only second degree amendments which are relevant to the first degree amendment to which they are offered, when offered, be in order; and that upon disposition of all amendments, the bill, as amended, if amended, be read a third time, and the Senate proceed to a vote on passage of the bill. **(See next issue.)**

Messages From the President: Senate received the following message from the President of the United States:

Transmitting, pursuant to law, a periodic report relative to the national emergency with respect to Iran which was declared in Executive Order No. 12170; to the Committee on Banking, Housing, and Urban Affairs. (PM–32) **(See next issue.)**

Nominations Received: Senate received the following nominations:

April H. Foley, of New York, to be a Member of the Board of Directors of the Export-Import Bank of the United States for a term expiring January 20, 2007.

Nicole R. Nason, of Virginia, to be an Assistant Secretary of Transportation.

Greta N. Morris, of California, to be Ambassador to the Republic of the Marshall Islands.

James C. Miller III, of Virginia, to be a Governor of the United States Postal Service for the term expiring December 8, 2010.

Neil McPhie, of Virginia, to be a Member of the Merit Systems Protection Board for the term of seven years expiring March 1, 2009.

Peter Eide, of Maryland, to be General Counsel of the Federal Labor Relations Authority for a term of five years.

Stanley C. Suboleski, of Virginia, to be a Member of the Federal Mine Safety and Health Review Commission for a term of six years expiring August 30, 2006.

Naomi Churchill Earp, of Virginia, to be a Member of the Equal Employment Opportunity Commission for a term expiring July 1, 2005.

William A. Schambra, of Virginia, to be a Member of the Board of Directors of the Corporation for National and Community Service for a term expiring September 14, 2006.

Donna N. Williams, of Texas, to be a Member of the Board of Directors of the Corporation for National and Community Service for a term expiring October 6, 2006.

Thomas A. Fuentes, of California, to be a Member of the Board of Directors of the Legal Services Corporation for a term expiring July 13, 2005.

Lillian R. BeVier, of Virginia, to be a Member of the Board of Directors of the Legal Services Corporation for a term expiring July 13, 2004.

R. Bruce Matthews, of New Mexico, to be a Member of the Defense Nuclear Facilities Safety Board for a term expiring October 18, 2005.

29 Army nominations in the rank of general.

Marine Corps nomination in the rank of general.

29 Navy nominations in the rank of admiral.

Routine lists in the Marine Corps, Navy.

Pages S6227–31

Messages From the House: **(See next issue.)**

Measures Referred: **(See next issue.)**

Executive Communications: **(See next issue.)**

Petitions and Memorials: **(See next issue.)**

Executive Reports of Committees: **(See next issue.)**

Additional Cosponsors: **(See next issue.)**

Statements on Introduced Bills/Resolutions: **(See next issue.)**

Additional Statements: **(See next issue.)**

Amendments Submitted: **(See next issue.)**

Authority for Committees to Meet: **(See next issue.)**

Privilege of the Floor: **(See next issue.)**

Record Votes: One record vote was taken today. (Total—147) **Page S6174**

Adjournment: Senate met at 9:15 a.m., and adjourned at 12:16 a.m., on Thursday, May 15, 2003 and will reconvene at 9:15 a.m. on the same day. (For Senate's program, see the remarks of the Acting Majority Leader in today's Record on page S6226.)

Committee Meetings

(Committees not listed did not meet)

FARM BILL

Committee on Agriculture, Nutrition, and Forestry: Committee concluded oversight hearings to examine the implementation of the Farm Securities and Rural Investment Act of 2002 (P.L. 107–171), including the status of implementation of the Agricultural Assistance Act of 2003 (P.L. 108–7), after receiving testimony from Anne M. Veneman, Secretary of Agriculture, who was accompanied by several of her associates.

APPROPRIATIONS: DISTRICT OF COLUMBIA FOSTER CARE SYSTEM

Committee on Appropriations: Subcommittee on the District of Columbia concluded hearings to examine proposed budget estimates for fiscal year 2004 for the government of the District of Columbia, focusing on the foster care system, after receiving testimony from Judith Sandalow, Children's Law Center, Marilyn R. Egerton, Foster and Adoptive Parent Advocacy Center, Sr. Ann Patrick Conrad, Catholic University of America National Catholic School of Social Service, and Jacqueline Bowen and Joseph Wright, both of Children's National Medical Center, and Damian Miller, all of Washington, D.C.

HEALTH CARE ACCESS

Committee on Appropriations: Subcommittee on Labor, Health and Human Services, and Education, and Related Agencies concluded hearings to examine health care access and affordability and its impact on the economy, focusing on the costs of medical benefits and the implications for business, and the economic consequences of being uninsured, after receiving testimony from John F. Diedrich, Exelon Corporation, Chicago, Illinois, on behalf of the National Coalition on Health Care; Leo W. Gerard, United Steelworkers of America, Pittsburgh, Pennsylvania; Jack Hadley, Urban Institute, Washington, D.C.; Paul Burrow, Oskaloosa, Iowa; and Ken Weinstein, Philadelphia, Pennsylvania.

APPROPRIATIONS: DEFENSE

Committee on Appropriations: Subcommittee on Defense concluded hearings to examine proposed budget estimates for fiscal year 2004 for the Department of Defense, after receiving testimony from Donald H. Rumsfeld, Secretary of Defense.

SPACE SHUTTLE "COLUMBIA" INVESTIGATION

Committee on Commerce, Science, and Transportation: Committee concluded hearings to examine the status of the Space Shuttle *Columbia* investigation, after receiving testimony from Sean O'Keefe, Administrator, National Aeronautics and Space Administration; and Admiral Harold W. Gehman, Jr., USN (Ret.), Chairman, Columbia Accident Investigation Board.

RECLAMATION PROJECTS

Committee on Energy and Natural Resources: On Tuesday, May 13, 2003, Subcommittee on Water and Power concluded hearings to examine S. 520, to authorize the Secretary of the Interior to convey certain facilities to the Fremont-Madison Irrigation District in the State of Idaho, S. 625, to authorize the Bureau of Reclamation to conduct certain feasibility studies in the Tualatin River Basin in Oregon, S. 649, to amend the Reclamation Wastewater and Groundwater Study and Facilities Act to authorize the Secretary of the Interior to participate in projects within the San Diego Creek Watershed, California, S. 960, to amend the Reclamation Wastewater and Groundwater Study and Facilities Act to authorize certain projects in the State of Hawaii and to amend the Hawaii Water Resources Act of 2000 to modify the water resources study, and S. 993, to amend the Small Reclamation Projects Act of 1956, after receiving testimony from Senator Crapo, John W. Keys III, Commissioner, Bureau of Reclamation, Department of the Interior; Joe Findaro, Fremont-Madison Irrigation District, Idaho; Brian Brady, Irvine Ranch Water District, Irvine, California; Chauncey Ching, University of Hawaii, Manoa; and Peter Carlson, Will and Carlson, Inc., Washington, D.C., on behalf of the Small Reclamation Program Act Coalition.

TISSUE BANK REGULATION

Committee on Governmental Affairs: Committee concluded hearings to examine the dangers of tainted human tissue and the need for federal regulation of the tissue bank industry, focusing on registering all tissue establishments with the FDA, screening of potential donors for viruses, and establishing rules for the methods and controls used during the processing of human tissue, after receiving testimony from Steven L. Solomon, Acting Director, Division of Healthcare Quality Promotion, National Center for Infectious Diseases, Centers for Disease Control and Prevention, and Jesse L. Goodman, Director, Center for Biologics Evaluation and Research, Food and Drug Administration, both to the Department of Health and Human Services; Jeanne V. Linden, Wadsworth Center, New York State Department of Health, Albany; and Steve and Leslie Lykins, Willmar, Minnesota.

BUSINESS MEETING

Committee on Health, Education, Labor, and Pensions: Committee ordered favorably reported the following business items:

S. 504, to establish academies for teachers and students of American history and civics and a national alliance of teachers of American history and civics;

S. 686, to provide assistance for poison prevention and to stabilize the funding of regional poison control centers;

S. 888, to reauthorize the Museum and Library Services Act;

S. 1015, to authorize grants through the Centers for Disease Control and Prevention for mosquito control programs to prevent mosquito-borne disease; and

The nominations of John E. Buchanan, Jr., of Oregon, to be a Member of the National Museum Services Board, Michael Schwartz, of Illinois, to be a Member of the Railroad Retirement Board, and Mary Lucille Jordan, of Maryland, and Stanley C. Suboleski, of Virginia, both to be Members of the Federal Mine Safety and Health Review Commission.

BUSINESS MEETING

Committee on Indian Affairs: Committee ordered favorably reported the following business items:

S. 285, to authorize the integration and consolidation of alcohol and substance abuse programs and services provided by Indian tribal governments, with an amendment in the nature of a substitute;

S. 344, expressing the policy of the United States regarding the United States' relationship with Native Hawaiians and to provide a process for the recognition by the United States of the Native Hawaiian governing entity, with an amendment in the nature of a substitute;

S. 555, to establish the Native American Health and Wellness Foundation, with an amendment;

S. 558, to elevate the position of Director of the Indian Health Service within the Department of Health and Human Services to Assistant Secretary for Indian Health; and

S. 702, to amend the Native Hawaiian Health Care Improvement Act to revise and extend that Act.

INDIAN GAMING REGULATORY ACT

Committee on Indian Affairs: Committee concluded oversight hearings to examine the implementation of the Indian Gaming Regulatory Act, focusing on the funding and regulatory activities of the National Indian Gaming Commission, after receiving testimony from Philip N. Hogen, Oglala Sioux Tribe, Pine Ridge, South Dakota, on behalf of the National Indian Gaming Commission, who was accompanied by several of his associates; and Ernest L. Stevens, Jr., Oneida Tribe of Wisconsin, Appleton, on behalf of the National Indian Gaming Association.

House of Representatives

Chamber Action

Measures Introduced: 28 public bills, H.R. 2084–2111; and 6 resolutions, H. Con. Res. 179–182 and H. Res. 234–235, were introduced. **Pages H4129–31**

Additional Cosponsors: **Pages H4131–32**

Reports Filed: Reports were filed today as follows:

H.R. 1835, to amend the Endangered Species Act of 1973 to limit designation as critical habitat of areas owned or controlled by the Department of Defense, and for other purposes, amended (H. Rept. 108–99, Part I);

H.R. 1497, to reauthorize title I of the Sikes Act, amended (H. Rept. 108–100, Part I) **Page H4129**

Speaker Pro Tempore: Read a letter from the Speaker wherein he appointed Representative Collins to act as Speaker Pro Tempore for today. **Page H4017**

Guest Chaplain: The prayer was offered by the guest Chaplain, Rev. Dr. George S. Dillard III, Pastor, Peachtree City Christian Church of Peachtree City, Georgia. **Page H4017**

Suspensions: The House agreed to suspend the rules and pass the following measures:

Fruit and Vegetable Pilot Program under the National School Lunch Program: S. 870, to amend the Richard B. Russell National School Lunch Act to extend the availability of funds to carry out the fruit and vegetable pilot program—clearing the measure for the President; **Pages H4023–24**

Kris Eggle Visitor Center in Organ Pipe National Monument, Arizona: H.R. 1577, amended, to designate the visitors' center in Organ Pipe National Monument in Arizona as the "Kris Eggle Memorial Visitors' Center". Agreed to amend the title so as to read: "A bill to designate the visitor center in Organ Pipe National Monument in Arizona as the "Kris Eggle Visitor Center", and for other purposes."; **Pages H4024–27**

Lewis and Clark Interpretative Center in Nebraska City, Nebraska Access Easement: H.R. 255, amended, to authorize the Secretary of the Interior to grant an easement to facilitate access to the Lewis and Clark Interpretative Center in Nebraska City, Nebraska; **Pages H4027–28**

Carter G. Woodson Home National Historic Site Establishment Act: H.R. 1012, to establish the Carter G. Woodson Home National Historic Site in the District of Columbia; **Pages H4028–31**

Contract Revision with the Tom Green County Water Control and Improvement District No. 1, San Angelo Project, Texas: H.R. 856, to authorize the Secretary of the Interior to revise a repayment contract with the Tom Green County Water Control and Improvement District No. 1, San Angelo project, Texas; and **Pages H4031–32**

Microenterprise to Increase Assistance to the Poorest People in Developing Countries: H.R. 192, to amend the Microenterprise for Self-Reliance Act of 2000 and the Foreign Assistance Act of 1961 to increase assistance for the poorest people in developing countries under microenterprise assistance programs under those Acts. **Pages H4032–35**

Pension Security Act: The House passed H.R. 1000, to amend title I of the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1986 to provide additional protections to participants and beneficiaries in individual account plans from excessive investment in employer securities and to promote the provision of retirement investment advice to workers managing their retirement income assets by yea-and-nay vote of 271 yeas to 157 nays, Roll No. 189. **Pages H4040–92**

Rejected the George Miller of California motion that sought to recommit the bill to the Committee on Education and the Workforce with instructions to report the same back to the House forthwith with an amendment that provides for protection of participants from conversions to hybrid defined benefit plans by yea-and-nay vote of 202 yeas to 226 nays, Roll No. 188. **Pages H4089–92**

Pursuant to the rule the amendment in the nature of a substitute recommended by the Committee on Education and the Workforce now printed in the bill (H. Rept. 108–43 Part I) was considered as adopted. **Page H4050**

Rejected the Andrews amendment in the nature of a substitute that sought to establish the Pension Fairness Act that, among other provisions, requires executive pensions to be subject to the same pension rules that apply to other employees, provides for investment advice from qualified, independent advisors, allows older employees to choose between a conversion to a cash balance plan or to maintain their current defined benefit pension plan, and requires disclosure to collective bargaining units on proposed changes to executive pensions, health or life insurance, or other substantial benefits by yea-and-nay vote of 193 yeas to 236 nays, Roll No. 187. **Pages H4073–89**

Agreed to H. Res. 230, the rule that provided for consideration of the bill by voice vote. Earlier agreed to order the previous question by yea-and-nay vote of 218 yeas to 201 nays, Roll No. 186. **Pages H4035–40**

Participation of Taiwan in the World Health Organization: The House passed S. 243, concerning participation of Taiwan in the World Health Organization—clearing the measure for the President. **Pages H4092–93**

Presidential Message—National Emergency re Iran: Read a message from the President wherein he transmitted a six month periodic report on the national emergency with respect to Iran that was declared in Executive Order 12170 of November 14, 1979—referred to the Committee on International Relations and ordered printed (H. Doc. 108–71). **Page H4093**

Senate Message: Message received from the Senate today appears on page H4093.

Quorum Calls—Votes: Four yea-and-nay votes developed during the proceedings of the House today and appear on pages H4039–40, H4088–89, H4091–92, and H4092. There were no quorum calls.

Adjournment: The House met at 10 a.m. and adjourned at 9:54 p.m.

Committee Meetings

DISTRICT OF COLUMBIA APPROPRIATIONS

Committee on Appropriations: Subcommittee on District of Columbia held a hearing on District of Columbia Public Schools. Testimony was heard from the following officials of the District of Columbia: Peggy Cooper Cafritz, President, Board of Education; Paul Vance, Superintendent, Public Schools; and Thomas P. Loughlin, Chair, Public Charter School Board.

FOREIGN OPERATIONS, EXPORT FINANCING AND RELATED AGENCIES APPROPRIATIONS

Committee on Appropriations: Subcommittee on Foreign Operations, Export Financing and Related Agencies held a hearing on International Education. Testimony was heard from public witnesses.

LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS

Committee on Appropriations: Subcommittee on Labor, Health and Human Services, Education, and Related Agencies continued appropriation hearings. Testimony was heard from public witnesses.

NATIONAL DEFENSE AUTHORIZATION ACT

Committee on Armed Services: Ordered reported, as amended, H.R. 1588, National Defense Authorization Act for Fiscal Year 2004.

UN'S OIL FOR FOOD PROGRAM

Committee on Energy and Commerce: Subcommittee on energy and Air Quality held a hearing entitled ''United Nations Oil For Food Program.'' Testimony was heard from Guy F. Caruso, Administrator, Energy Information Administration, Department of Energy; and public witnesses.

CHECK CLEARING THE 21ST CENTURY ACT

Committee on Financial Services: Subcommittee on Financial Institutions and Consumer Credit approved for full Committee action, as amended, H.R. 1474, Check Clearing for the 21st Century Act.

DIVESTING SADDAM

Committee on Financial Services: Subcommittee on Oversight and Investigations held a hearing entitled ''Divesting Saddam: Freezing, Seizing, and Repatriating Saddam's Money to the Iraqis.'' Testimony was heard from David Afhauser, General Counsel, Department of the Treasury; E. Anthony Wayne, Assistant Secretary, Economic and Business Affairs, Department of State; and Lawrence Lanzilotta, Principal Deputy and Deputy Under Secretary, Management Reform, Department of Defense.

U.S. COOPERATIVE THREAT REDUCTION AND NONPROLIFERATION PROGRAMS

Committee on International Relations: Subcommittee on Europe and the Subcommittee on International Terrorism, Nonproliferation and Human Rights concluded joint hearings on U.S. Cooperative Threat

Reduction and Nonproliferation Programs: How Far Have We Come—Where Are We Heading? Part 11. Testimony was heard from public witnesses.

UNLAWFUL INTERNET GAMBLING FUNDING PROHIBITION ACT; HEALTHY FORESTS RESTORATION ACT

Committee on the Judiciary: Ordered reported the following bills: H.R. 21, amended, Unlawful Internet Gambling Funding Prohibition Act; and H.R. 1904, Healthy Forests Restoration Act of 2003.

OVERSIGHT—DEPARTMENT OF JUSTICE REAUTHORIZATION

Committee on the Judiciary: Subcommittee on Crime, Terrorism, and Homeland Security held an oversight hearing on ''Reauthorization of the U.S. Department of Justice: Bureau of Prisons; Office of Justice Programs; U.S. Marshals Service; and Criminal Division.'' Testimony was heard from the following officials of the Department of Justice: Deborah Daniels, Assistant Attorney General, Office of Justice Programs; Harley G. Lappin, Director, Federal Bureau of Prisons; Benigno G. Reyna, Director, United States Marshals Service; and Julie L. Myers, Chief of Staff, Criminal Division.

CYBERSECURITY RESEARCH AND DEVELOPMENT

Committee on Science: Held a hearing on Cybersecurity Research and Development. Testimony was heard from Charles E. McQueary, Under Secretary, Science and Technology, Department of Homeland Security; Rita R. Colwell, Director, NSF; Arden L. Bement, Jr., Director, National Institute of Standards and Technology, Department of Commerce; and Anthony Tether, Director, Defense Advanced Research Projects Agency, Department of Defense.

WTO'S CHALLENGE TO FSC/ETI RULES—EFFECT ON U.S. SMALL BUSINESS

Committee on Small Business: Held a hearing on the Effect on U.S. Small Business of the World Trade Organization's Challenge to the FSC/ETI Rules of the IRC. Testimony was heard from Representatives Crane and Rangel; and public witnesses.

MISCELLANEOUS MEASURES

Committee on Transportation and Infrastructure: Subcommittee on Aviation approved for full Committee action, as amended, the following: a measure to reauthorize programs for the Federal Aviation Administration; and the Aviation Security Technical Corrections and Improvement Act.

GENERAL DEFENSE INTELLIGENCE PROGRAM BUDGET

Permanent Select Committee on Intelligence: Met in executive session to hold a hearing on General Defense Intelligence Program (GDIP) Budget. Testimony was heard from departmental witnesses.

COMMITTEE MEETINGS FOR THURSDAY, MAY 15, 2003

(Committee meetings are open unless otherwise indicated)

Senate

Committee on Agriculture, Nutrition, and Forestry: to hold hearings to examine pending Calendar business, 11:30 a.m., SR–328A.

Committee on Appropriations: Subcommittee on Agriculture, Rural Development, and Related Agencies, to hold hearings to examine proposed budget estimates for fiscal year 2004 for programs of the Department of Agriculture, 9:30 a.m., SD–124.

Subcommittee on Defense, to hold hearings to examine proposed budget estimates for fiscal year 2004 for the Department of Defense, 9:30 a.m., SD–192.

Subcommittee on Foreign Operations, to hold hearings to examine proposed budget estimate for fiscal year 2004 for foreign operations, 2 p.m., SD–138.

Committee on Armed Services: to hold a closed briefing to discuss the results of the inquiry into reports of sexual assaults at the U.S. Air Force Academy, 5 p.m., SR–222.

Committee on Commerce, Science, and Transportation: to hold oversight hearings to examine recommendations to tighten oversight of the Title XI Shipbuilding Loan Guarantee Program, 9:30 a.m., SR–253.

Subcommittee on Oceans, Fisheries and Coast Guard, to hold hearings to examine the Marine Mammal Protection Act, 2:30 p.m., SR–253.

Committee on Governmental Affairs: to hold hearings to examine the Department of Homeland Security, focusing on state and local governments, 9:30 a.m., SD–342.

Full Committee, to hold hearings to examine the nominations of Susanne T. Marshall, of Virginia, to be Chairman of the Merit Systems Protection Board, Neil McPhie, of Virginia, to be a Member of the Merit Systems Protection Board, Terrence A. Duffy, of Illinois, to be a Member of the Federal Retirement Thrift Investment Board, and Thomas Waters Grant, of New York, to be a Director of the Securities Investor Protection Corporation, 2 p.m., SD–342.

Committee on Indian Affairs: to hold hearings to examine S. 575, to amend the Native American Languages Act to provide for the support of Native American language survival schools, 10 a.m., SR–485.

Committee on the Judiciary: business meeting to consider S. 878, to authorize an additional permanent judgeship in the District of Idaho, S. 1023, to increase the annual salaries of justices and judges of the United States, S. Res. 136, recognizing the 140th anniversary of the founding of the Brotherhood of Locomotive Engineers, and congratulating members and officers of the Brotherhood of

Locomotive Engineers for the union's many achievements, and the nominations of David G. Campbell, to be United States District Judge for the District of Arizona, L. Scott Coogler, to be United States District Judge for the Northern District of Alabama, Mark Moki Hanohano, to be United States Marshal for the District of Hawaii, and Michael Chertoff, of New Jersey, to be United States Circuit Judge for the Third Circuit, 9:30 a.m., SD–226.

Select Committee on Intelligence: to hold closed hearings to examine pending intelligence matters, 2:30 p.m., SH–219.

House

Committee on Education and the Workforce, to mark up the following bills: H.R. 1925, Runaway, Homeless and Missing Children Protection Act; and H.R. 1179, Child Medication Safety Act of 2003, 10 a.m., 2175 Rayburn.

Committee on Energy and Commerce, to mark up the Project Bioshield Act of 2003, 10 a.m., 2123 Rayburn.

Committee on Financial Services, Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises, hearing entitled ''Retirement Security: What Seniors Need to Know about Protecting Their Futures,'' 10 a.m., 2128 Rayburn.

Committee on Government Reform, hearing entitled ''Overexposed: The Threats to Privacy and Security on File Sharing Networks,'' 10 a.m., 2154 Rayburn.

Subcommittee on Criminal Justice, Drug Policy and Human Resources, to consider the Office of National Drug Control Policy Reauthorization Act of 2003, 2 p.m., 2154 Rayburn.

Committee on International Relations, hearing on U.S. Policy Toward Iraq, 10:30 a.m., 2172 Rayburn.

Committee on the Judiciary, hearing on H.R. 1115, Class Action Fairness Act of 2003, 10 a.m., 2141 Rayburn.

Subcommittee on Commercial and Administrative Law, hearing and markup of H.R. 361, Sports Agent Responsibility and Trust Act, 1 p.m., 2141 Rayburn.

Subcommittee on the Constitution, oversight hearing on the ''Reauthorization of the U.S. Department of Justice Civil Rights Division,'' 3 p.m., 2141 Rayburn.

Committee on Resources, Subcommittee Water and Power, oversight hearing on CALFED's Cross-Cut Budget, 10 a.m., 1324 Longworth.

Committee on Rules, to consider H.R. 1904, Healthy Forests Restoration Act of 2003, 10:30 a.m., H–313 Capitol.

Committee on Small Business, Subcommittee on Regulatory Reform and Oversight, hearing on Federal Agency Treatment of Small Business, 10 a.m., 2360 Rayburn.

Subcommittee on Rural Enterprise, Agriculture and Technology, hearing on the Impact of the Highway Beautification Act on small businesses across America, 1 p.m., 2360 Rayburn.

Committee on Transportation and Infrastructure, Subcommittee on Highways, Transit and Pipelines, oversight hearing on overview of Administration's Proposed Reauthorization bill (SAFETEA), 2 p.m., 2167 Rayburn.

Committee on Veterans' Affairs, to mark up the following bills: H.R. 1460, Veterans Entrepreneurship Act of 2003; H.R. 1562, Veterans Health Care Cost Recovery Act of 2003; H.R. 1683, Veterans' Compensation Cost-of-Living Adjustment Act of 2003; H.R. 1257, Selected Reserve Home Loan Equity Act; and H.R. 1911, to amend title 38, United States Code, to enhance cooperation and the sharing of resources between the Department of Veterans Affairs and the Department of Defense, 10 a.m., 334 Cannon.

Permanent Select Committee on Intelligence, Subcommittee on Intelligence Policy and National Security, executive, hearing on Sensitive Programs Budget, 1 p.m., H–405 Capitol.

Select Committee on Homeland Security, hearing entitled ''Bioshield: Countering the Bioterrorist Threat,'' 1 p.m., 2118 Rayburn.

Next Meeting of the SENATE

9:15 a.m., Thursday, May 15

Senate Chamber

Program for Thursday: Senate will continue consideration of S. 1054,Reconciliation Bill, with votes to immediately occur on certain amendments, followed by final passage of H.R. 2, House companion measure; following which, Senate will consider H.R. 1298, Global HIV/AIDS Bill.

Next Meeting of the HOUSE OF REPRESENTATIVES

9 a.m., Thursday, May 15

House Chamber

Program for Thursday: Consideration of H.R. 1527, National Transportation Safety Board Reauthorization (open rule, one hour of debate).

Extensions of Remarks, as inserted in this issue

HOUSE

Brady, Robert A., Pa., E951
Calvert, Ken, Calif., E947
Cunningham, Randy ''Duke'', Calif., E950
DeGette, Diana, Colo., E950
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