

	Outlays in millions of dollars, by fiscal year—									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Agency Costs for FECA .....	1	1	3	3	3	3	3	3	3	3
Total, Discretionary Spending .....	92	97	105	112	120	128	137	146	155	165

<sup>1</sup> The outlays shown are net of receipts from federal agencies.

\* = Less than \$500,000.

Notes: FEHBP = Federal Employees Health Benefits Program. FECA = Federal Employees Compensation Act. Components may not sum to totals because of rounding. This estimate assumes that the bill will be enacted by October 2003. The estimate does not reflect changes to the Internal Revenue Code; those effects would have to be estimated by JCT.

Basis of estimate: For this estimate, CBO assumes that H.R. 2426 will be enacted by the end of fiscal year 2003 and that domestic partners would be eligible to begin receiving benefits in November 2003. CBO estimates that about 2 percent of federal employees would elect to provide health care and retirement benefits for a domestic partner if given the opportunity. Approximately 83 percent of the costs would come from partners in opposite-sex partnerships and approximately 17 percent of costs derive from partners in same-sex partnerships. These figures are based on information from state and local governments as well as corporations that have adopted similar policies. In addition, domestic partners of workers who retire after the bill goes into effect would be eligible to opt for survivor annuity coverage, as well as retiree health care benefits.

#### Direct spending

Federal Employees Health Benefits Program (FEHBP) for Future Retirees. H.R. 2426 would extend eligibility for health benefits to the domestic partners of retiring federal employees. An employee who retires after enactment of the bill would be allowed to maintain family coverage for his or her domestic partner. Unlike premiums for current workers, the government's share of health care premiums for retirees is classified as direct spending. For each year of the 2004–2013 period, CBO projects that approximately 1,000 additional family coverage policies would be added to the FEHBP by retiring non-Postal Service workers choosing to cover domestic partners. As a result, direct spending would increase by \$71 million over the next five years and by \$319 million over the next 10 years. The costs associated with providing benefits to the domestic partners of both active and retiring Postal Service workers are discussed below.

Federal Employees' Compensation Act (FECA) Benefits. FECA provides compensation to federal civilian employees for disability due to personal injury sustained while in the performance of duty. Married workers currently receive slightly higher FECA benefits for wage replacement than do single workers. Additionally, if an employee dies of an employment-related injury or disease, his or her spouse receives monthly compensation equal to 50 percent of the deceased employee's salary. CBO projects that H.R. 2426, if enacted, would provide FECA benefits to approximately 1,200 domestic partners of non-postal federal employees each year. Additional costs would total \$35 million; agencies would have to cover those costs over time from appropriated funds (see below). Because increases in agency contributions would lag behind the increased costs, there would be a net increase in direct spending of \$4 million over the 2004–2013 period.

Postal Service Employees. Postal Service employees would also be eligible for domestic partner coverage under H.R. 2426. CBO estimates that providing health benefits to the domestic partners of active postal workers would result in about 11,000 postal employees moving from individual to family coverage plans. Additionally, CBO anticipates that approximately 500 of the postal workers who would retire each year would maintain

FEHB coverage for their partners. Together, these benefits would cost \$311 million over the 2004–2008 period and \$814 million over the 2004–2013 period. Additionally, extending FECA benefits to Postal Service employees would cost \$15 million over the next five years and \$30 million over the next 10 years.

The operations of the Postal Service are classified as off-budget (like Social Security), although the total federal budget records the agency's net spending (outlays less offsetting collections). The Postal Service's mandate requires it to set postage rates to cover its operating expenses, and thus it would be expected to cover 100 percent of the increased costs associated with H.R. 2426 from postage receipts. However, the Postal Service Retirement System Funding Reform Act of 2003 (Public Law 108–18) effectively froze postage rate increases until 2006. Therefore, for the 2004–2005 period, the increased costs resulting from H.R. 2426 would not be offset by higher postal receipts. Beginning in 2006, the Postal Service would be able to raise postage rates to account for its increased costs. As a result, CBO estimates that extending FEHBP and FECA benefits to the domestic partners of Postal Service workers would increase off-budget direct spending by \$113 million over the 2004–2005 period and would have no net effect after that.

Survivor Annuities. Under current law, a federal employee who is eligible to receive retirement benefits may elect to provide his or her spouse with a survivor annuity by reducing the value of the employee's annuity. Participants in the Civil Service Retirement System (CSRS) face different reductions and survivor annuity benefit levels than participants in the Federal Employees' Retirement System (FERS). Under both plans, those who elect survivor benefits face a reduction in their current annuity of between 5 percent and 10 percent.

Under H.R. 2426, federal employees who retire would be able to choose to reduce the value of their own annuities in order to provide survivor annuities for their domestic partners. CBO estimates that 85 percent of federal employees with domestic partners would elect survivor benefits if given the opportunity. On that basis, CBO projects that approximately 2,000 newly retired federal employees each year would add survivor annuities for their domestic partners and thus collect smaller annuities. However, some of these individuals would die and their partners would begin collecting survivor benefits. Over the next 10 years, the savings from the reduction in retirees' annuities would outweigh the additional costs for survivors' annuities. CBO estimates that direct spending would decrease by \$51 million over the 2004–2008 period and by \$194 million over the 2004–2013 period.

Coverage of Current Retirees. H.R. 2426, as introduced, would extend domestic partner benefits to all current federal retirees, as well as active workers. However, the sponsor indicated to CBO that this was not the intent of H.R. 2426 and requested that CBO estimate the costs of the bill under the assumption that it would be changed to include only active workers and those who retire after the bill's enactment. The above estimate reflects that assumed change. If all

current retirees were to receive the same benefits that new retirees would receive under H.R. 2426, the cost of the bill would increase by an additional \$448 million over the 2004–2008 period and \$1.4 billion over the 2004–2013 period.

#### Discretionary spending

Health Benefits for Active Employees. H.R. 2426 would allow federal employees to add domestic partners to their health insurance policies. CBO estimates that about 80 percent of employees who add a domestic partner would switch from individual coverage to family coverage. Federal agencies pay about 72 percent of health-care premiums for active employees; thus, as premiums rise, so do agency contributions. In 2004 family coverage policies for active employees are projected to cost the federal government approximately \$3,800 more than individual coverage policies. CBO estimates that providing additional family coverage policies to about 24,000 non-postal employees who would elect domestic partner coverage would increase spending subject to appropriation by \$515 million over the 2004–2008 period and by \$1.2 billion over the 2004–2013 period.

Federal Employees' Compensation Act Benefits. As discussed under the direct spending section, this bill would result in increased spending for federal workers' compensation. The reimbursement of FECA expenses paid by the Department of Labor comes from discretionary salary and expense accounts of federal agencies. Because these expenses are ultimately borne by the employing agency, CBO estimates discretionary spending would increase by \$11 million over the 2004–2008 period and by \$26 million over the 2004–2013 period to pay for these benefits.

Federal Employees' Group Life Insurance (FEGLI) Benefits. Under current law, the federal government pays one-third of basic life insurance premiums and employees pay two-thirds. Optional coverage that provides benefits above the basic level is paid for entirely by the employee. H.R. 2426 would allow federal employees to purchase Option C coverage, which would insure a domestic partner for up to \$25,000. The premium for this option is actuarially sound; over time, premiums paid in to the account equal the payouts from the account. While the cash flow in any given year could be positive or negative, the overall impact on the federal budget would be negligible.

#### Tax changes

H.R. 2426 contains provisions that would amend the Internal Revenue Code of 1986. Those changes would likely have tax implications that CBO does not estimate. The Joint Committee on Taxation normally supplies the estimate of the tax effects of legislation.

Estimate prepared by: Van Swearingen and Geoff Gerhardt.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

#### SPECIAL ORDERS

The SPEAKER pro tempore (Mr. KING of Iowa). 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.

#### NONPROLIFERATION AMENDMENT

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

Mr. SCHIFF. Mr. Speaker, in January 2001, a well-respected and bipartisan task force looked at the threats facing the United States and recommended increasing nonproliferation funding under the Department of Energy to \$3 billion per year for the next 10 years. As they stated in their report, the most urgent unmet national security threat to the United States today is the danger that weapons of mass destruction or weapons-usable material in Russia could be stolen and sold to terrorists or hostile nation-states and used against American troops abroad or citizens at home.

This year, now, 3 years after that report, the Department of Energy and Department of Defense nonproliferation budgets only contained \$1.8 billion combined for nuclear nonproliferation. This is simply not enough.

I offered an amendment that would increase the amount of funding for nonproliferation by a combined \$200 million, bringing the total for nonproliferation to \$2 billion this year. Regrettably, this amendment was not made in order.

On the Defense Department side, our amendment would have added \$50 million for the Cooperative Threat Reduction program, or Nunn-Lugar. The goal of Nunn-Lugar is to lessen the threat posed by weapons of mass destruction, to deactivate and destroy these weapons and to help scientists, formerly engaged in the production of such weapons, start working for peace. To date, Nunn-Lugar has reportedly helped destroy over 6,000 warheads.

The Defense Department authorization bill contained a \$41.6 million decrease in funds for Nunn-Lugar from last year's level. In fact, it is a \$34 million decrease below the pre-September 11 level.

Last year, Congress expanded the scope of the Cooperative Threat Reduction program to countries outside of the former Soviet Union. They authorized \$50 million for this purpose. The amendment would have provided this \$50 million. The elimination of Libya and Iraq as states of concern have presented us with new opportunities for progress on nonproliferation, as has our improved relationship with the former Soviet Union states whose need for assistance in securing nuclear materials has never been greater.

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In the Department of Energy, there are countless programs sorely in need of additional funding. Our amendment would have provided \$40 million more for global cleanout, a program to se-

cure and dispose of highly enriched uranium at research reactors around the globe. There are over 345 operating or shut-down research reactors in 58 countries fueled with highly enriched uranium.

The State Department has identified 24 other facilities for highly enriched uranium cleanout operations because they have enough uranium to make a nuclear weapon. Many of these facilities are guarded by little more than a night watchman and a chain link fence.

The Department of Defense authorization bill we just passed only contains \$9.8 million for this program, which is only enough to clean out one site.

A recent report by the Project of Managing the Atom at Harvard University suggests Congress appropriate \$40 million annually to fund global cleanout efforts. Our amendment would have met or exceeded this goal. And I have also introduced stand-alone legislation to establish a structure to prioritize the effort to clean out highly enriched uranium around the world. It would have provided funding to downblend highly enriched uranium to low enriched uranium so that it could not be used directly to make nuclear weapons, but would be suitable for nuclear power plant fuel.

Russia currently has over a thousand tons of highly enriched uranium, enough for 20,000 simple nuclear weapons. Under a 1993 U.S.-Russian agreement, Russia will convert 500 metric tons of highly enriched uranium to low enriched uranium by 2013, but this program was zeroed out in the Department of Energy's budget. We would have changed that.

According to the Stockholm Peace Research Institute, only a quarter of Russia's nuclear sites are properly secured. We would have added funding for global nuclear security. We would have added funding for security upgrades at nine Russian weapons complexes.

The irony of removing this funding, of not sensing this urgency, after going to war in Iraq over weapons of mass destruction stockpiles we have not found, when we know there are massive stockpiles in the former Soviet Union for which we have cooperative arrangements to secure and destroy, could not be more apparent. The urgency could not be greater.

We would have paid for these programs, we would have provided for the national defense, and this must be an urgency.

Osama bin Laden has declared that the acquisition of weapons of mass destruction is a religious duty. After the Taliban was defeated, blueprints of a crude nuclear weapon were found in a deserted al Qaeda headquarters in Afghanistan.

My amendment would not have gotten us all the way to the \$3 billion recommended by the Baker-Cutler Commission, but it was an important first step. We must continue that process now in the conference committee, and I

would urge the conferees to take up the cause of nonproliferation with the urgency it deserves.

To conclude, Mr. Speaker, as Senator Nunn put it so well, the most effective, least expensive way to prevent nuclear terrorism is to lock down and secure weapons and fissile materials in every country, in every facility that has them.

#### THE 63RD ANNIVERSARY OF THE HEROIC BATTLE OF CRETE

The SPEAKER pro tempore (Mr. KING of Iowa). Under a previous order of the House, the gentleman from Florida (Mr. BILIRAKIS) is recognized for 5 minutes.

Mr. BILIRAKIS. Mr. Speaker, I rise proudly today to celebrate the 63rd anniversary of the Battle of Crete, a World War II event of epic proportions that profoundly impacted on the determination of many countries to resist the aggression of Nazi Germany.

It is a story of a battered, but brave, group of individuals thrown together in a combined effort to halt the domination of a smaller and weaker nation by a larger more powerful aggressor. One of those individuals, a true hero of the battle, is with us tonight in the gallery, Mr. George Tzitzikas, who now lives in California.

Today, more than half a century later, the heroic event that took place in the Battle of Crete remains etched in the memory of people around the world. In commemoration of this anniversary, and for the benefit of future generations, I will share a brief account of these events as they unfolded.

Early on the morning of May 20, 1941, Crete became the theater of the first and largest German airborne operation of the war. The skies above Crete were filled with more than 8,000 Nazi paratroopers landing in a massive invasion of the island, which was subjected to heavy bombing and attacks in what became known as Operation Mercury.

Old men, women, and children participated, and used whatever makeshift weapons they could find. They used sticks, sickles, and even their bare hands to fight those soldiers already on the ground. Most of them were illiterate villagers; but their intuition, honed by the mortal risk they were facing, led them to fight with courage and bravery. "Aim for the legs, and you will get them in the heart," was the popular motto that summarized their hastily acquired battle experience.

Although the Germans captured the island in 10 days, they paid a heavy price. Of the 8,100 paratroopers involved in this operation, close to 4,000 were killed and 1,600 were wounded. So injured were the German units that they never again attempted an airborne assault of the magnitude launched at Crete. In fact, it is a lesson taught in almost every major military academy in the world on what not to do.