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House of Representatives

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

DESIGNATION OF THE SPEAKER PRO TEMPORE

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

WASHINGTON, DC,
July 8, 2002.

I hereby appoint the Honorable JIM KOLBE to act as Speaker pro tempore on this day.

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

PRAYER

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

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

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

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

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

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

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

Mr. WU led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregran, one of its clerks, announced that the Senate has passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 4546. An act to authorize appropriations for fiscal year 2003 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 4546) ''An Act to authorize appropriations for fiscal year 2003 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes,'' requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. LEVIN, Mr. KENNEDY, Mr. BYRD, Mr. LIEBERMAN, Mr. CLELAND, Ms. LANDRIEU, Mr. REED, Mr. AKAKA, Mr. NELSON of Florida, Mr. NELSON of Nebraska, Mrs. CARNAHAN, Mr. DAYTON, Mr. BINGAMAN, Mr. WARNER, Mr. THURMOND, Mr. MCCAIN, Mr. SMITH of New Hampshire, Mr. INHOFE, Mr. SANTORUM, Mr. ROBERTS, Mr. ALLARD, Mr. HUTCHINSON, Mr. SESSIONS, Ms. COLLINS, and Mr. BUNNING, to be the conferees on the part of the Senate.

The message also announced that the Senate has passed bills of the following titles in which the concurrences of the House is requested:

S. 803. An act to enhance the management and promotion of electronic Government services and processes by establishing an Office of Electronic Government within the Office of Management and Budget, and by establishing a broad framework of measures that require using Internet-based information technology to enhance citizen access to Government information and services, and for other purposes.

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

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

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

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

The message also announced that pursuant to Public Law 94–201, as amended by Public Law 105–275, the Chair, on behalf of the President pro tempore, appoints the following individuals as members of the Board of Trustees of the American Folklife Center of the Library of Congress—

Susan Barksdale Howorth of Mississippi, for a term of six years; and

Marlene Meyerson of Texas, for a term of six years.

Printed on recycled paper.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

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

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

COMMUNICATION FROM THE PRESIDENT OF THE UNITED STATES

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

THE WHITE HOUSE,
Washington, June 29, 2002.

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

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

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

Sincerely,

GEORGE W. BUSH.

COMMUNICATION FROM THE PRESIDENT OF THE UNITED STATES

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

THE WHITE HOUSE,
Washington, June 29, 2002.

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

DEAR MR. SPEAKER: In accordance with the provisions of Section 3 of the Twenty-Fifth Amendment to the United States Constitution, this letter shall constitute my written declaration that I am presently able to resume the discharge of the Constitutional powers and duties of the office of President of the United States. With the transmittal of this letter, I am resuming those powers and duties effective immediately.

Sincerely,

GEORGE W. BUSH.

PRESCRIPTION DRUG INDUSTRY'S NEW LOBBYING TECHNIQUE

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

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

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

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

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

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess until approximately 5 p.m. today.

Accordingly (at 2 o'clock and 8 minutes p.m.), the House stood in recess until approximately 5 p.m.

□ 1702

AFTER RECESS

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

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

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

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

COMPREHENSIVE STUDY OF THE RATHDRUM PRAIRIE/SPOKANE VALLEY AQUIFER

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

The Clerk read as follows:

H.R. 4609

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

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

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

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

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

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

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

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

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

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

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

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

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

This bill was introduced by me and by the gentleman from northern Idaho

(Mr. OTTER) because we are affected by this bill, and the aquifer which traverses both States affects our respective districts. So we are proud to introduce this bill which calls for a study, as the gentleman from Nebraska (Mr. OSBORNE) mentioned, to analyze this aquifer, to understand what is there so we can make sure we protect it and wisely manage it. One of the great challenges for us in the Pacific Northwest is to make sure that our abundant resources, our natural resources, our mountains, our streams, our rivers, our lakes, our entire environment is well managed by Federal agencies and by private resources.

So in the case of the aquifer we have a situation where there are some economic interests that want to use it. They want to use it as a resource to provide industrial benefit to eastern Washington and northern Idaho.

But before they do so, we have to be sure that it is protected. What this bill does is to take a hard look at doing a model and a study to make sure we know what is there so that it can be protected.

There is also a disparity in consideration of aquifer use, of economic development, on either side of the border. Spokane, Washington, is my hometown, the major city in my district, the largest population center. It is about 32 miles from the Idaho border. Coeur d'Alene, Idaho, rests on the other side of the border in Idaho that is represented by the gentleman from Idaho (Mr. OTTER), and the States of Idaho and Washington have very different consideration times for permitting, for permitting for economic benefit and use.

In Idaho, if we want to get a permit, it can take months; in Washington, it can take years. So we think that in doing this study and having the Committee on Resources in Congress adopt this position in a study, we can make sure that there is some continuity of interest in analysis and development that would rest on each side of the border, so that the legislatures of each side, each State, each respective State, would have a chance to look at this issue and understand what is there, and then make policy decisions that are coordinated rather than disparate.

So I can say to the House that there is unanimity on the part of our chambers of commerce that this is a wise approach. There are five chambers of commerce that are in Idaho and Washington State that are affected by this issue, and they are of the opinion and their memberships are of the opinion that this is a wise thing to do; that is, make sure we know what is in the aquifer, what its considerations and characteristics are, so that we can make sure we manage it wisely.

I especially want to thank the Committee on Resources. The gentleman from California (Mr. CALVERT) and his subcommittee presented this bill in very fast consideration, very fair consideration. The entire Committee on Resources passed it out. I especially am grateful to that Committee on Resources that took into account this very important measure that affects a large area in eastern Washington and northern Idaho.

I will restate again that the environmental protections that we seek from this bill are sensible, they are reasonable, and they are timely. It is estimated that there are millions of gallons that go through this aquifer and would be presented by it, but we have to be sure that we know what is there, and we have to be sure that what is there is wisely managed so that we protect this wonderful resource that we have in the Pacific Northwest, a clean environment, a great place to live and work, a great place to have economic development, at the same time we protect our environmental resources.

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

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

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

Mr. WU. Mr. Speaker, H.R. 4609 directs the Secretary of the Interior to conduct a study of groundwater resources in certain areas of Washington and Idaho. In the Pacific Northwest, our water resources are precious resources, and we expect the results of the study to provide the States with reliable information they can use to better manage the groundwater resource which is shared between the States.

I commend my colleagues, the gentlemen from Idaho and Washington, for bringing this legislation to the floor, and urge my colleagues to support H.R. 4609.

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

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

The SPEAKER pro tempore (Mr. KOLBE). The question is on the motion offered by the gentleman from Nebraska (Mr. OSBORNE) that the House suspend the rules and pass the bill, H.R. 4609.

The question was taken.

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

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

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

ISSUING PERMITS FOR NATURAL GAS PIPELINES IN GREAT SMOKY MOUNTAINS NATIONAL PARK

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

The Clerk read as follows:

H.R. 3380

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

SECTION 1. PERMITS FOR EXISTING NATURAL GAS PIPELINES.

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

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

(1) issued consistent with laws and regulations generally applicable to utility rights-of-way within units of the National Park System; and

(2) subject to any terms and conditions that the Secretary deems necessary.

SEC. 2. PERMITS FOR PROPOSED NATURAL GAS PIPELINES.

(a) IN GENERAL.—The Secretary of the Interior may issue right-of-way permits for natural gas pipelines within the boundary of Great Smoky Mountains National Park that are proposed to be constructed across the following:

(1) The Foothills Parkway.

(2) The Foothills Parkway Spur between Pigeon Forge and Gatlinburg.

(3) The Gatlinburg Bypass.

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

(1) issued consistent with laws and regulations generally applicable to utility rights-of-way within units of the National Park System; and

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

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

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

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

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

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

Mr. Speaker, H.R. 3380 was introduced by the gentleman from Tennessee (Mr. JENKINS) to authorize the Secretary of the Interior to issue right-of-way permits for a natural gas pipeline to tie in an existing pipeline within the boundary of the Great Smoky Mountains National Park.

In 2000, the Sevier County Utility District in rural east Tennessee made the request of the National Park Service to grant authority to tie in a natural gas pipeline to an already existing underground natural gas pipeline along U.S. Highway 441 in the Gatlinburg-Pigeon Forge spur. The existing pipeline

was installed prior to the Park Service's acquisition of the right-of-way along the highway.

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

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

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

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

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

Mr. JENKINS. Mr. Speaker, I thank the gentleman from Nebraska (Mr. OSBORNE) for yielding time to me.

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

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

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

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

□ 1715

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

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

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

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

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

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

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

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

The question 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.

FORT CLATSOP NATIONAL MEMORIAL EXPANSION ACT OF 2002

Mr. OSBORNE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2643) to authorize the acquisition of additional lands for inclusion in the Fort Clatsop National Memorial in the State of Oregon, and for other purposes, as amended.

The Clerk read as follows:

H.R. 2643

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

SECTION 1. SHORT TITLE.

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

SEC. 2. FINDINGS.

The Congress finds the following:

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

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

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

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

(5) Expansion of Fort Clatsop National Memorial requires Federal legislation because the size of the memorial is currently limited by statute to 130 acres.

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

SEC. 3. EXPANSION OF FORT CLATSOP NATIONAL MEMORIAL, OREGON.

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

(1) by inserting ''(a) INITIAL DESIGNATION OF LANDS.—'' before ''The Secretary'';

(2) by striking ''coast:'' and all that follows through the end of the sentence and inserting ''coast.''; and

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

''(b) AUTHORIZED EXPANSION.—The Fort Clatsop National Memorial shall also include the lands depicted on the map entitled 'Fort Clatsop Boundary Map', numbered '405–80026C–CCO', and dated June 1996.

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

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

(1) by inserting ''(a) ACQUISITION METHODS.—'' before ''Within''; and

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

''(b) LIMITATION.—The lands (other than corporately owned timberlands) depicted on the map referred to in section 2(b) may be acquired by the Secretary of the Interior only by donation or purchase from willing sellers.''.

(c) MEMORANDUM OF UNDERSTANDING.—Section 4 of Public Law 85–435 (16 U.S.C. 450mm–3) is amended—

(1) by striking ''Establishment'' and all that follows through ''its establishment,'' and inserting ''(a) ADMINISTRATION.—''; and

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

''(b) MEMORANDUM OF UNDERSTANDING.—If the owner of corporately owned timberlands depicted on the map referred to in section 2(b) agrees to enter into a sale of such lands as a result of actual condemnation proceedings or in lieu of condemnation proceedings, the Secretary of the Interior shall enter into a memorandum of understanding with the owner regarding the manner in which such lands will be managed after acquisition by the United States.''.

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

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

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

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

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

Mr. Speaker, H.R. 2643, as amended, would allow for the expansion of Fort Clatsop National Memorial, the only unit of the National Park System solely dedicated to the Lewis and Clark expedition. It commemorates the camp where the Corps of Discovery spent the winter of 1805 to 1806. As we approach the bicentennial of this monumental expedition, our Nation continues to draw inspiration from this great journey across the American West.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

And, finally, the expedition was to search for a waterway to the great West, the great hope of the 17th, 18th, and 19th centuries, a hope which floundered on ignorance of geography and geology, in this case the intervening Rocky Mountains. But Lewis and Clark was an epochal achievement and a success, despite the zigs and the zags and the partial planning successes.

Meriwether Lewis grew up near here in Ivy, Virginia, about as near to this spot in the city of Washington as Fort Clatsop is to my home in Oregon. Lewis and Clark and the expedition walked, paddled boats, rode horses and crossed more than 6,000 miles over a longer than 28-month period, and when they were through, they asserted America's claim as a transcontinental Nation and made another bold stroke in removing the words ''I can't'' from the American lexicon.

As important amongst the achievement of Lewis and Clark is in history, so are the vision and the values; the vision of America as a vibrant, growing Nation; the values of courage and perseverance. These endure with us today in our time of trial, trial from abroad by those who hate and who hate especially our diversity and our liberty; trial from within by those who abuse the freedom and trust that America has bestowed.

This is a bill to expand Fort Clatsop, and at its bicentennial it is appropriate to commemorate and celebrate, but we also do well to remember, not for history's sake alone, but to remember that we have continued to walk in the footsteps of Lewis and Clark on a journey of discovery, and to remember that beyond any horizon the future cannot be known with certainty. But with vision and values, courage and persistence, we will continue in the tradition of Lewis and Clark at Fort Clatsop, and we shall meet our destiny well.

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

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

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

the promises they back with their journey.

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

It was also at this historic site that they took a critical vote, 100 years before suffrage, 60 years before the Emancipation Proclamation. The Corps of Discovery voted where they would spend the winter. In that vote they included Sacagawea, and York, who was Clark's black slave, 100 years before suffrage and 60 years before emancipation, the entire Corps voted on the critical matter of where they would winter at my good friend's district at Fort Clatsop.

Today I welcome the opportunity to express my strong support for this legislation which seeks to expand Fort Clatsop National Monument, the only unit in the National Park system that is solely dedicated to the amazing journey of Lewis and Clark. And of great importance to my district is the legislation's inclusion of study language to authorize study for the inclusion of Station Camp and Fort Canby within the Fort Clatsop National Memorial. Although Station Camp is considered the end of the voyage, it is also true that the Northwestern part of the journey included what is now Fort Canby where Lewis and Clark led a small team to the actual coast. And you can only imagine what it must have been like to stand there on what is now called Cape Disappointment, look out over the ocean, and hoping that a ship would be there to take you home, but seeing none, you realize that you would spend the winter in that wonderful but also cold and wet environment, and then trudge by foot, boat and horseback all the way down the journey you had just traced.

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

Companion legislation has already passed the Senate. I want to thank our Senate colleagues in both Oregon and Washington for their leadership. I want to thank the gentleman from Oregon (Mr. WU) for his leadership, and the gentleman from Indiana (Mr. SOUDER) and the committee chair and the ranking member.

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

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

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

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

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

□ 1730

Mr. HILL. Mr. Speaker, I am pleased to be a cosponsor of H.R. 2643, the Fort Clatsop National Memorial Expansion Act of 2002. I urge its adoption.

I became interested in this bill because the people I represent in Clarksville, Indiana, and the other communities surrounding the Falls of the Ohio have a unique connection to Fort Clatsop and nearby Station Camp in the State of Washington.

In October 1803, Lewis and Clark first met at the Falls of the Ohio, recruited the first members of the Corps of Discovery and departed for the West from Clarksville, Indiana, later that same month. It then took more than the 2 years for the Corps of Discovery to reach the Pacific Ocean nearby present-day McGowan, Washington.

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

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

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

In closing, let me join President Bush in urging all Americans to observe the Lewis and Clark bicentennial and participate in activities to honor the achievement of this important expedition.

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

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

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

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

Mr. BAIRD. Mr. Speaker, I just wanted to add also that another individual who has worked tremendously hard on this is Dave Micandri, head of the Washington State Historical Society. It was his vision and persistence and tireless effort to make sure Station Camp was included in this legislation. He has done a marvelous job, and I also want to commend the good people of Long Beach and Ilwaco, Washington, who have worked tirelessly to ensure that their part of the story gets told, along with the gentleman from Oregon (Mr. WU).

This is a tremendous opportunity. In addition to recognizing, hopefully, these expanded national park areas, we should note that Mia Lin is developing a series of sculptures, part of a confluence project at a series of installations that will take place at four different locations along the confluence of rivers reflecting the cultural integration, symbolized by the rivers merging. It should be a profound and exciting piece of work and something that will be a treasure for many years to come.

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

I thank the gentleman from Washington (Mr. BAIRD) for working diligently with me, and I thank the gentleman from Nebraska (Mr. OSBORNE) for his courtesies.

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

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

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

The question was taken.

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

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

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

GENERAL LEAVE

Mr. OSBORNE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 4609, H.R. 3380, and H.R. 2643.

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

There was no objection.

RECESS

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

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

□ 1831

AFTER RECESS

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

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

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

Votes will be taken in the following order:

H.R. 4609, by the yeas and nays;

H.R. 2643, by the yeas and nays.

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

COMPREHENSIVE STUDY OF THE RATHDRUM PRAIRIE/SPOKANE VALLEY AQUIFER

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

The Clerk read the title of the bill.

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

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

[Roll No. 283]

YEAS—340

Abercrombie
Ackerman
Akin
Allen
Andrews
Armey
Baca
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barr
Bartlett
Barton
Bass
Bentsen
Bereuter
Berkley
Berry
Biggert
Bilirakis
Blumenauer
Boehlert
Boehner
Bonilla
Bono
Boozman
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (OH)
Brown (SC)
Burr
Burton
Buyer
Calvert
Cannon
Cantor
Capito
Capps
Capuano
Castle
Chabot
Chambliss
Clay
Clayton
Clyburn
Collins
Combest
Condit
Costello
Cox
Cramer
Crane
Crenshaw
Crowley
Cubin
Cummings
Cunningham
Davis (CA)
Davis (FL)
Davis, Tom
Deal
DeFazio
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart
Dicks
Doggett
Dooley
Doolittle
Doyle
Dreier
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Farr
Fattah
Ferguson
Fletcher
Foley
Forbes
Ford
Fossella
Frank
Frelinghuysen
Frost
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Gordon
Goss
Graham
Granger
Graves
Green (TX)
Green (WI)
Greenwood
Grucci
Gutknecht
Hall (TX)
Harman
Hart
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill
Hilliard
Hinchey
Hinojosa
Hobson
Hoekstra
Holden
Holt
Honda
Hooley
Horn
Hostettler
Houghton
Hunter
Hyde
Inslee
Isakson
Israel
Issa
Jackson (IL)
Jefferson
Jenkins
John
Johnson (CT)
Johnson (IL)
Johnson, E. B.
Johnson, Sam
Jones (OH)
Kanjorski
Keller
Kelly
Kennedy (MN)
Kennedy (RI)
Kildee
Kind (WI)
King (NY)
Kirk
Kleczka
Knollenberg
Kolbe
Kucinich
LaFalce
Lampson
Langevin
Larsen (WA)
Larson (CT)
Latham
LaTourette
Leach
Lee
Levin
Lewis (KY)
Linder
LoBiondo
Lofgren
Lucas (KY)
Lucas (OK)
Lynch
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Mascara
Matheson
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McDermott
McGovern
McHugh
McInnis
McIntyre
McKeon
McKinney
McNulty
Meehan
Meeks (NY)
Menendez
Mica
Millender-McDonald
Miller, Gary
Miller, Jeff
Mink
Mollohan
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Napolitano
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar
Ortiz
Osborne
Ose
Otter
Oxley
Pallone
Pascrell
Pastor
Pelosi
Pence
Peterson (MN)
Peterson (PA)
Petri
Phelps
Pickering
Platts
Pombo
Portman
Price (NC)
Putnam
Quinn
Rahall
Ramstad
Regula
Rehberg
Reyes
Reynolds
Rodriguez
Roemer
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Ross
Rothman
Roybal-Allard
Rush
Ryan (WI)
Ryun (KS)
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Saxton
Schiff
Schrock
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simmons
Simpson
Skeen
Skelton
Smith (WA)
Snyder
Solis
Stark
Stearns
Stenholm
Strickland
Stupak
Sullivan
Sununu
Tanner
Tauscher
Tauzin
Taylor (MS)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Thune
Thurman
Tiahrt
Tiberi
Tierney
Towns
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Visclosky
Vitter
Walden
Wamp
Waters
Watkins (OK)
Watson (CA)
Watt (NC)
Waxman
Weldon (FL)
Weldon (PA)
Weller
Wexler
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Wu
Wynn
Young (FL)

NAYS—9

Coble
Duncan
Flake
Jones (NC)
Kerns
Paul
Royce
Sensenbrenner
Toomey

NOT VOTING—85

Aderholt
Barcia
Barrett
Becerra
Berman
Bishop
Blagojevich
Blunt
Bonior
Borski
Brown (FL)
Bryant
Callahan
Camp
Cardin
Carson (IN)
Carson (OK)
Clement
Conyers
Cooksey
Coyne
Culberson
Davis (IL)
Davis, Jo Ann
Dingell
Filner
Gallegly
Gephardt
Gutierrez
Hall (OH)
Hansen
Hastings (FL)
Hilleary
Hoeffel
Hoyer
Hulshof
Istook
Jackson-Lee (TX)
Kaptur
Kilpatrick
Kingston
LaHood
Lantos
Lewis (CA)
Lewis (GA)
Lipinski
Lowey
Luther
Matsui
Meek (FL)
Miller, Dan
Miller, George
Nadler
Obey
Olver
Owens
Payne
Pitts
Pomeroy
Pryce (OH)
Radanovich
Rangel
Riley
Rivers
Roukema
Schaffer
Schakowsky
Scott
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Spratt
Stump
Sweeney
Tancredo
Taylor (NC)
Traficant
Walsh
Watts (OK)
Weiner
Whitfield
Woolsey
Young (AK)

□ 1856

Mr. JONES of North Carolina changed his vote from ''yea'' to ''nay.''

Mr. ROTHMAN and Mr. STUPAK changed their vote from ''nay'' to ''yea.''

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

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. FILNER. Mr. Speaker, on rollcall No. 283, I was traveling on official business. Had I been present, I would have voted ''yea.''

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

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

FORT CLATSOP NATIONAL MEMORIAL EXPANSION ACT OF 2002

The SPEAKER pro tempore. The pending business is the question of suspending the rules and passing the bill, H.R. 2643, as amended.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Nebraska (Mr. OSBORNE) that the House suspend the rules and pass the bill, H.R. 2643, as amended, on which the yeas and nays are ordered.

This is a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 331, nays 18, not voting 85, as follows:

[Roll No. 284]

YEAS—331

Abercrombie
Ackerman
Akin
Allen
Andrews
Armey
Baca
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barr
Bartlett
Barton
Bass
Bentsen
Bereuter
Berkley
Berry
Biggert
Bilirakis
Blumenauer
Boehlert
Boehner
Bonilla
Bono
Boozman
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (OH)
Brown (SC)
Burr
Burton
Buyer
Calvert
Cannon
Capito
Capps
Capuano
Castle
Chabot
Chambliss
Clay
Clayton
Clyburn
Combest
Costello
Cox
Cramer
Crane
Crenshaw
Crowley
Cubin
Cummings
Cunningham
Davis (CA)
Davis (FL)
Davis, Tom
Deal
DeFazio
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart
Dicks
Doggett
Dooley
Doolittle
Doyle
Dreier
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Eshoo
Etheridge
Evans
Farr
Fattah
Ferguson
Fletcher
Foley
Forbes
Ford
Fossella
Frank
Frelinghuysen
Frost
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Gordon
Goss
Graham
Granger
Graves
Green (TX)
Green (WI)
Greenwood
Grucci
Gutknecht
Harman
Hart
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill
Hilliard
Hinchey
Hinojosa
Hobson
Hoekstra
Holden
Holt
Honda
Hooley
Horn
Houghton
Hunter
Hyde
Inslee
Isakson
Israel
Issa
Jackson (IL)
Jefferson
Jenkins
John
Johnson (CT)
Johnson (IL)
Johnson, E. B.
Johnson, Sam
Jones (OH)
Kanjorski
Keller
Kelly
Kennedy (MN)
Kennedy (RI)
Kildee
Kind (WI)
King (NY)
Kirk
Kleczka
Knollenberg
Kolbe
Kucinich
LaFalce
Lampson
Langevin
Larsen (WA)
Larson (CT)
Latham
LaTourette
Leach
Lee
Levin
Lewis (KY)
Linder
LoBiondo
Lofgren
Lucas (KY)
Lucas (OK)
Lynch
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Mascara
Matheson
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McDermott
McGovern
McHugh
McInnis
McIntyre
McKeon
McKinney
McNulty
Meehan
Meeks (NY)
Menendez
Mica
Millender-McDonald
Miller, Gary
Miller, Jeff
Mink
Mollohan
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Napolitano
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar
Obey
Ortiz
Osborne
Otter
Pallone
Pascrell
Pastor
Pelosi
Pence
Peterson (MN)
Peterson (PA)
Petri
Phelps
Pickering
Platts
Pombo
Portman
Price (NC)
Putnam
Quinn
Rahall
Ramstad
Regula
Rehberg
Reyes
Reynolds
Rodriguez
Roemer
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Ross
Rothman
Roybal-Allard
Rush
Ryan (WI)
Ryun (KS)
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Saxton
Schiff
Schrock
Serrano
Sessions
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simmons
Simpson
Skeen
Skelton
Smith (WA)
Snyder
Solis
Stark
Stenholm
Strickland
Stupak
Sullivan
Sununu
Tanner
Tauscher
Tauzin
Taylor (MS)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Thune
Thurman
Tiahrt
Tiberi
Tierney
Towns
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Visclosky
Vitter
Walden
Wamp
Waters
Watkins (OK)
Watson (CA)
Watt (NC)
Waxman
Weldon (FL)
Weldon (PA)
Weller
Wexler
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Wu
Wynn
Young (FL)

NAYS—18

Cantor
Coble
Collins
Condit
Duncan
Everett
Flake
Hall (TX)
Hostettler
Jones (NC)
Kerns
Ose
Paul
Royce
Sensenbrenner
Shadegg
Stearns
Toomey

NOT VOTING—85

Aderholt
Barcia
Barrett
Becerra
Berman
Bishop
Blagojevich
Blunt
Bonior
Borski
Brown (FL)
Bryant
Callahan
Camp
Cardin
Carson (IN)
Carson (OK)
Clement
Conyers
Cooksey
Coyne
Culberson
Davis (IL)
Davis, Jo Ann
Dingell
Filner
Gallegly
Gephardt
Gutierrez
Hall (OH)
Hansen
Hastings (FL)
Hilleary
Hoeffel
Hoyer
Hulshof
Istook
Jackson-Lee (TX)
Kaptur
Kilpatrick
Kingston
LaHood
Lantos
Lewis (CA)
Lewis (GA)
Lipinski
Lowey
Luther
Matsui
Meek (FL)
Miller, Dan
Miller, George
Nadler
Olver
Owens
Oxley
Payne
Pitts
Pomeroy
Pryce (OH)
Radanovich
Rangel
Riley
Rivers
Roukema
Schaffer
Schakowsky
Scott
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Spratt
Stump
Sweeney
Tancredo
Taylor (NC)
Traficant
Walsh
Watts (OK)
Weiner
Whitfield
Woolsey
Young (AK)

□ 1908

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

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. FILNER. Mr. Speaker, on rollcall No. 284, I was traveling on official business. Had I been present, I would have voted "yea."

PERSONAL EXPLANATION

Ms. SLAUGHTER. Mr. Speaker, I was unable to be present for rollcall votes 283 and 284. Had I been present, I would have voted "yea" on each on them.

PERSONAL EXPLANATION

Ms. KILPATRICK. Mr. Speaker, district business prevents me from being present for legislative business scheduled for today, Monday, July 8, 2002. Had I been present, I would have voted "yea" on the following rollcall votes: H.R. 4609, the Rathdrum Prarie/Spokane Valley Aquifer Study Act (rollcall No. 283); and H.R. 2643, the Fort Clatsop National Memorial Expansion Act (rollcall No. 284).

RESIGNATION AS MEMBER OF COMMITTEE ON THE BUDGET

The SPEAKER pro tempore (Mrs. BIGGERT) laid before the House the following resignation as a member of the Committee on the Budget:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, July 8, 2002.

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

DEAR MR. SPEAKER: I write to inform you of my resignation from the Budget Committee as I undertake my new role to serve on the Transportation and Infrastructure Committee, pursuant to the rules of the Democratic Caucus. I look forward to serving on the Transportation Committee to advance the issues important to my constituents.

Sincerely,

MICHAEL E. CAPUANO,
Member of Congress.

The SPEAKER pro tempore. Without objection, the resignation is accepted.

There was no objection.

ELECTION OF MEMBERS TO CERTAIN STANDING COMMITTEES OF THE HOUSE

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

The Clerk read the resolution, as follows:

H. RES. 470

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

Committee on Resources: Mr. Holden of Pennsylvania;

Committee on Transportation and Infrastructure: Mr. Capuano of Massachusetts:

The resolution was agreed to.

A motion to reconsider was laid on the table.

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

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

Mr. REYNOLDS. Mr. Speaker, a "Dear Colleague" letter has been sent to Members informing them that the Committee on Rules plans to meet on Tuesday, July 9, 2002, to grant a rule for the consideration of H.R. 4635, the Arming Pilots Against Terrorism Act.

The Committee on Rules may grant a rule which would require that amendments be printed in the CONGRESSIONAL

RECORD prior to the consideration on the floor.

The Committee on Transportation and Infrastructure has filed its report on the bill today. Members should draft their amendments to the bill as reported by the Committee on Transportation and Infrastructure. The text of the reported bill is available on the Committee on Transportation and Infrastructure's web site.

Members should use the Office of Legislative Counsel to ensure that their amendments are properly drafted, and should check with the Office of the Parliamentarian to be certain their amendments comply with the rules of the House.

ANNOUNCEMENT OF INTENTION TO OFFER ON TOMORROW MOTION TO INSTRUCT ON H.R. 3295, HELP AMERICA VOTE ACT OF 2001

Mr. LANGEVIN. Madam Speaker, pursuant to clause 7(c) of rule XXII, I hereby announce my intention to offer a motion to instruct conferees on H.R. 3295 tomorrow.

The form of the motion is as follows:

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

SPECIAL ORDERS

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

REFORMING THE SECURITIES EXCHANGE COMMISSION

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

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

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

□ 1915

He is saying as the head of the Securities and Exchange Commission, basically if he recused himself for conflict of interest from his former clients, and obviously future clients when he leaves his measly government salary and goes back to earning millions of dollars a year, representing these crooks and swindlers, he would not be able to do his job. In fact, he is not able to do his job.

Just the other day, an administrative law judge dismissed a finding by the SEC because Harvey Pitt could not vote, because he can meet with these people, he can consult with them and talk with them and tell them what the SEC is looking at and doing about them, he can do that; but the line is drawn by Federal law at voting. If he has recently represented these people, which he has, he could not vote.

So in the case of Ernst and Young, Chairman Pitt had to recuse himself. Commissioner Cynthia Glassman had to recuse herself. So there was only one person left to vote who was a Clinton appointee, who did not have a conflict of interest, who had not represented these miscreants previously; and an administrative law judge said that is not adequate, you cannot have just one person vote to prosecute these folks.

Now we are confronted with the fact that we have a Securities and Exchange Commission, which has been dramatically underfunded by the Bush administration, 40 percent less than the House budget which was not adequate. In fact, the President, as recently as March, and his staff were representing a zero funding increase for the Securities and Exchange Commission, the one that is so outgunned, and now the one they are bragging on for doing all of this investigating and putting these people in jail and all this stuff they are going to be doing. Of course, they cannot do any of that if the head of the Securities and Exchange Commission is so extraordinarily conflicted that he cannot vote in any of the prosecutions and other members of the board are also conflicted. In fact, the President has nominated yet another person from another accounting firm to be on the board of the Securities and Exchange Commission.

Hopefully, what we will hear tomorrow from the President will be something that is a radical change from the first year and a half of his administration, where they have been coddling these crooks and criminals, the Ken Lays of the world, that basically wrote the energy policy of the United States of America. The Bush administration has yet to release the documents regarding the meetings that Mr. Lay and Enron had with the administration in formulating that policy. We do know that Enron met more than once a day, more than once a day, this giant corporation met with the energy commission, more than once a day. That is a real good distance. Those are the kind of watchdogs we want.

Mr. Pitt and the SEC are kind of reminding me of my old chessie bear. He is a wonderful old dog, a great watchdog, but he is now 13½ years old, much past his expected longevity for a chessie. His teeth are kind of worn down and he is still a big dog, and even when he barks, we know it is not very serious. That is kind of what we got at the SEC today, and I am afraid that is what we are going to get from the President tomorrow.

There will be some barking, but there are not going to be any real teeth; and we are going to know it is not very serious because the people that they would have to go after are the same people who contributed to the record fundraiser the Republicans had 3 weeks ago, the record amount of money that President Bush raised in his Presidential campaign. Their largess might be constrained. I mean, sure, they have hidden some of it in places where we cannot go after it, like mansions in Florida and that; but we want to make sure, I am certain, that they have some left to contribute to political causes after all.

So I expect we are going to get the toothless, barkless watchdog tomorrow. We are going to have to watch very carefully what the President proposes.

Will he support the Senate bill, the Sarbanes bill? Thus far they have opposed it and supported the phony bill that passed the House to reform some of these practices.

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

IN HONOR OF BILL RUGER, SR.

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

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

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

Building on the first sale of the Sturm Ruger standard pistol in 1949,

Bill ultimately created the largest and most widely respected firearms manufacturing concern in the world. For almost 50 years, he built a business, patented numerous innovative ideas and designs, and produced products with legendary appeal and durability. His rare genius was in transforming his innovations into products that won intense customer satisfaction and, in turn, customer loyalty. Bill believed that a well-designed, well-made and reasonably priced product would always attract buyers; and the legions of sportsmen that would never hike a field with anything but a Ruger certainly proved him right.

In some ways, he was the Henry Ford or Thomas Edison of the second half of the 20th century, taking manufacturing processes such as investment casting to new levels, and beating the competition fair and square through timeless quality and efficiency. He had a love for all things mechanical and taught himself most of what he would later use as the basis of his designs. In the process, he became one of the foremost authorities on automotive design and was one of the few people in the world that actually designed and built his own automobile.

Bill Ruger did not build his company in order to sell out and retire, but rather to profit steadily from the success of its products. He believed in taking the long view and built lasting relationships with employees and customers. At a time when manufacturers are heading overseas and across our borders, Sturm Ruger proudly engineers and builds all of its products in the United States.

His success has created great opportunity for many others, including many of my constituents; and his company continues to be a vital part of New Hampshire's economy and community. The ''old man,'' as he was called, leaves a proud legacy to many, not only in New Hampshire but in Arizona and Connecticut as well.

For people who call themselves sportsmen, Bill Ruger was a name that was as celebrated and admired as Ernest Hemingway or Jack O'Connor. Although Bill will be missed by many who take regularly to the field, somehow we will know that he will be along for many more hunts.

Bill viewed a well-crafted gun as a bond that connected families as it was passed from generation to generation. What he may have missed is how one of his creations bonds us to him as his genius and commitment to quality, durability, and affordability live on in perfectly cast steel and finely carved walnut.

That was the gift left to us by the old man. He will be missed by many friends, admirers and employees but especially by his family. I would like to extend my condolences to the Ruger and Vogel families, especially Molly and Bill Ruger, on the passing of their father, a truly great man.

NO VOUCHERS FOR THE DISTRICT OF COLUMBIA

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from the District of Columbia (Ms. NORTON) is recognized for 5 minutes.

Ms. NORTON. Mr. Speaker, I come to the floor because a bill has just been introduced to impose vouchers on the District of Columbia. The Congress had the opportunity to impose vouchers on itself when H.R. 1 was here, the President's Leave No Child Behind bill. Instead, it defeated a voucher proposal 273 to 155; 68 Republicans joined 204 Democrats. It was not even close.

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

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

What are our alternatives? First, we have more charter schools in the District of Columbia per capita than any other district. Fourteen percent of our children go to public charter schools. No other Member's district even approaches this percentage of its children in charter schools.

Second, a D.C. child can go out of her own ward to any public school in the District of Columbia. We had children every day going from the poorest wards in 7th and 8th across to more wealthy wards, Ward 3, for example.

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

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

It is ironic that this bill would come up at this time. Today's Washington Times has an editorial: ''D.C. Schools Make Headway.'' It is an editorial from a newspaper that has been fiercely critical of the D.C. public schools. It opens by saying: ''Preliminary test data show that D.C. teachers appear to be teaching and students appear to be learning,'' and it cites statistics. Fifty percent of the children improved in math and reading. Did they do as well in my colleagues' districts? Children in the most economically deprived neighborhoods improved 20 percent. Did my colleagues' economically deprived children do as well?

All of our charter schools are accountable. We can close charter schools, and have closed three this year, when they are not doing as well with our children. We can close public schools, and we closed nine this year, reopened them and they have done much better under new leadership. We can impose the same requirements on charter public schools as we do on other schools, and those requirements are very stiff. We cannot do that particularly to religious schools because they must not be accountable to the government in the practice of their religion.

I want to be clear about where I stand on the D.C. public schools. I am a proud graduate of the D.C. public schools, but I am not an apologist for them. I am proud of how they are improving. They are not nearly good enough; but by voting against the bill that has been introduced, my colleagues will be voting against choices others have made for their districts, not voting against choice.

We already have multiple choices in the District of Columbia, sufficient choices, so that I invite other Members to look at how to provide choices when their own people have voted against vouchers. There are other ways to acquire and to get choices. We would very much appreciate being allowed to make our own choices the way my colleagues' districts have insisted upon making their own choices.

Read today's Washington Times: ''D.C. Schools Make Headway.'' Add to what my colleagues read. Respect the democratic choices of the citizens of the District of Columbia who are American citizens, entitled to their free choices, in the same way that my colleagues' own constituents are.

DEMOCRATIC PROPOSAL FOR PRESCRIPTION DRUG COVERAGE

The SPEAKER pro tempore. Under the Speaker's announced policy of January 3, 2001, the gentleman from New Jersey (Mr. PALLONE) is recognized for 60 minutes as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, it is not my intention this evening to use the full 60 minutes. I am more likely to use about 20 minutes, but I did want to take the opportunity this evening to talk about an issue which I think was sort of left dangling when we left here a week ago before the July 4th recess.

My colleagues know that in the middle of the night, I guess it was about 2 a.m., we finally voted on the Republican prescription drug plan; and I was extremely disappointed, to say the

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

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

□ 1930

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

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

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

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

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

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

More than 99 percent of the seniors and those who are eligible for Medicare take advantage of the part B benefit and pay the premium and get the benefit. As Democrats, we are simply saying do the same thing, establish a prescription drug benefit under Medicare. Everyone who is in Medicare is eligible for it. They would pay $25 a month for a premium, have a $100 deductible, and 80 percent of the cost of their drug bills would be paid by the Federal Government. After they paid $2,000 out of pocket for the 20 percent copay, all their bills, 100 percent, would be paid for by the Federal Government. Very simple. Very easy to understand.

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

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

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

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

Now, I do not want to just talk myself, because I think some might say, well, okay, here is another Democrat that is saying this will not work, the Republican plan will not work, but every one of the major newspapers, every major media outlet in the country has come out and said this Republican proposal, these drug insurance policies, will not work. I just want to go over a few of them tonight and highlight some of the things that have been said in the last few weeks, just to point out again that there are third-party validators, major newspapers, major insurance companies, executives, or insurance company trade officials who are saying these drug-only policies will never be offered.

This was in The New York Times. It was an editorial on Saturday, June 22, and I will read part of it. It says: ''House Republicans, who regard traditional Medicare as antiquated, would provide money to private insurance companies, a big source of GOP campaign donations, to offer prescription drug policies. The idea of relying on private companies seems more ideological than practical. The pool of elderly Americans who will want the insurance is likely to consist of those who have the most need for expensive medicine. Even with Federal subsidies, it's unclear that enough insurance companies would be willing to participate and provide the economies that come from competition.''

So The New York Times is saying this will not work; nobody is going to offer these policies, essentially. But we have another article in The New York Times a week earlier, this was from Sunday, June 16, which was giving comments from other insurance people, or people familiar with the insurance business, and the title of this article from June 16 says ''Experts Wary of

G.O.P. Drug Plan: Some Say 'Drug Only' Coverage Isn't Affordable for Insurers.''

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

''Under the proposal, Medicare would pay subsidies to private entities to offer insurance covering the cost of prescription drugs. Such 'drug only' insurance does not exist, and many private insurers doubt whether they could offer it at an affordable price. 'I am very skeptical that 'drug only' private plans would develop,' said Bill Gradison, a former Congressman,'' and I will add Republican Congressman, ''who was President of the Health Insurance Association of America from 1993 to 1998. Representative BILL THOMAS, the California Republican who is chairman of the Ways and Means Committee, insisted: 'We should rely on private sector innovation in delivering the drug benefit. The private sector approach offers the most savings per prescription.' However, John C. Rother, Public Policy Director of AARP, which represents millions of the elderly, said, 'There is a risk of repeating the H.M.O. experience' with any proposal that relies heavily on private entities to provide Medicare drug benefits.''

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

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

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

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

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

What Mr. Krugman says in The New York Times on June 18 is, ''In fact, the almost certain result would be an embarrassing fiasco because the subsidy would have few, if any, takers. The trouble with drug insurance from a private insurance point of view is that some people have much higher drug expenses than the average, while others have expenses that are much lower, and both sets of people know who they are. This means that any company that tries to offer a plan whose premiums reflect average drug costs will find the only takers will be those who have above-average drug costs.''

What Krugman is basically saying is that drug insurance is not like traditional insurance. If we think of auto insurance, where maybe there is 100 people insured and one person has an accident, all the others are paying into a pot of money and that one accident is paid for with the pot. But the insurance company is making money because they are only paying out maybe for one accident out of the hundred people. But in the case of a drug insurance or medicine, every senior needs medicine. Every senior has an opportunity to have the need for some kind of prescription during the course of the year.

So it is really a benefit. It is not something you are insuring for a risk of because everybody is going to take advantage of it. So seniors that have very high drug costs, $2,000 or $3,000, they may be willing to buy a drug policy that they have to pay $75 or $85 a month premium, but someone who does not have a huge drug cost is not going to do that and pay that huge cost. So we will have a situation where the insurance companies will say why would I want to provide this kind of coverage; I cannot make any money.

Again, I do not want to just rely on what I am saying. There are a whole bunch of quotes here, and I can just give some about where insurance industry executives are commenting on the Republican plan and saying it will not work. We have Mr. Don Young, President of Health Insurance Association of America, April 24 this year in Congress Daily. He says, ''We caution Congress against relying on drug-only insurance as the mechanism to deliver a benefit.'' We have Charles Kahn, President of the Health Insurance Association of America in The New York Times in February of last year. He says, ''I don't know of an insurance company that would offer a drug-only policy like that or even consider it.'' We have him again saying, ''We will withhold judgment on the House Republican proposal until we see it in details. Nevertheless, we continue to believe that the concept of so-called drug-only private insurance simply would not work in practice. Private drug-only coverage would have to clear insurmountable financial, regulatory, and administrative hurdles simply to get to market.''

□ 1945

Mary Lehnhard, senior vice president, Blue Cross and Blue Shield says, ''It is exceedingly unlikely that any of our plans would offer a stand-alone prescription drug policy in their service areas. The reason is affordability. The absolute cost of an annual rate of increase in the cost of prescription drugs would make a drug-only benefit package so expensive that only those who expect to have very high use of the benefit would initially buy a policy. The package would not appeal to the majority of seniors that have relatively low drug costs. Plans would experience tremendous adverse selection, which would escalate premiums.''

I could go on, but I am not going to. It is clear that every major insurance executive and trade association is saying the same thing, that these drug policies will never be offered.

Mr. Speaker, we might ask, the Republican leadership is not badly motivated. They are not bad people. Why are they going in this direction? What is the reason why they would try to pass something in the House on a strictly partisan vote, pretty much, that has no chance of passing the other body; or even if it did become law, have any real impact on seniors in terms of something that they would actually be able to buy or would want to buy.

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

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

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

I want to talk a little bit about why I think the Republican bill is a bad bill even if it was available. In other words, I do not think anybody is going to sell

these policies. I do not think that they are going to be offered anywhere where the premium is going to be affordable; but let us assume for 1 minute that I am Mr. SMITH, a senior in New Jersey, and somehow this bill passes and there is an insurance company in my area that offers a drug-only insurance policy.

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

Well, first of all, there is a huge hole or gap in coverage. Let us say you pay the premium, whatever it is. For the first $1,000, they estimate that the insurance company would probably offer to pay 80 percent of the cost, and for the second $1,000, they estimate the insurance company would pay 50 percent. They estimate that, they do not guarantee it.

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

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

I have already talked about the Democratic proposal and what it would do, so I am not going to go into that anymore this evening. But I did want to spend a little time on the issue of price because I think it is so important. We know, and we do not need statistics, because constituents have come up to Members over the past year and said the price of prescription drugs just keeps soaring, I cannot afford it.

The week before last when we were meeting and we finally voted on the bill, Families U.S.A., which is a health care consumer group, came out with a report on prices for prescription drugs. They basically pointed out very dramatically that for the most popular prescription drug medicines, prices rose three times the rate of inflation last year. I am going to go over some of the highlights from their press release of June 24.

It says, ''The prices of the 50 most prescribed drugs for senior citizens rose on average by nearly three times the rate of inflation last year according to a new report released today by Families U.S.A. The study analyzed price increases for the 50 most commonly prescribed drugs for seniors for the last year, January 2001 through January 2002, and then for the past 5 years and the past 10 years.''

The report found that last year nearly 36 out of 50 of these drugs rose at least one-and-a-half times the rate of inflation while over one-third, 18 out of 50, rose three or more times the rate of inflation.

Then they go into the specific drugs. It shows dramatically in the report how bad the price situation is and why these prescription drugs are increasingly not affordable.

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

I have discussed the problem of the basic bill, and the gaping hole where almost 50 percent of the seniors would not get any benefit above a certain amount of money that they would have to put out of pocket. But just to ensure in the Republican bill that the price issue could not be addressed in any way by the Federal Government, by the Secretary of Health and Human Services, by the administrator of the program which the Republicans put forward, the Republicans put in the bill a clause that they call the noninterference clause, based on published reports in Congress Daily; and this was put in by the CATS, the Conservative Action Team, a group of conservative Republican Members in the House.

And this noninterference clause, and this is in the bill that passed a week ago, it says that the administrator of the Republican program may not require or institute a price structure for the reimbursement of covered outpatient drugs, and the administrator may not interfere in any way with negotiations between PDP sponsors and Medicare+Choice organizations and drug manufacturers, wholesalers or other suppliers of covered outpatient drugs. What this noninterference clause essentially says is that we do not want the administrator of this prescription drug program, the Federal program, to in any way try to negotiate or interfere with any pricing. Now, how outrageous can this be?

I mentioned before the whole goal of the Democratic alternative was not only to put prescription drugs under Medicare and guarantee that every senior and every disabled person under Medicare had a prescription drug benefit, and the same benefit throughout the country, but that because of the fact that now 30 or 40 million Americans were now under the auspices of Medicare for their prescription drugs, that the Secretary of Health and Human Services would have the power to negotiate price reductions because he represented all those seniors and disabled people.

The Democrats actually put in the bill, in their alternative, a clause that mandates that the Secretary negotiate price reductions on behalf of those 30–40 million Americans. And we know it can be done. It is done by the Veterans Administration, by the military. It is done by other branches of the Federal Government in order to achieve major price reductions, 30–40 percent.

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

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

I do not think that they would lose any profits because the bottom line is, all of a sudden now the prescription drug industry, the brand name pharmaceutical industry, is going to have all these seniors who they would be selling prescription medicine to that are not getting it now. The volume of their sales would skyrocket, but they are so afraid that there is going to be some negotiation over price that would reduce prices and somehow they would be negatively impacted, that they insist that there be a noninterference clause on price.

Mr. Speaker, Members do not have to believe me. I have backup information. The Washington Post, the day that the Republican bill was being considered in the Committee on Energy and the Commerce, of which I am a member, we had to break early at 5 p.m. and not finish the bill until the next day because the Republican National Committee was having a major fund-raiser; and a big part of it was being financed by the pharmaceutical industry. This was an article that appeared the next day in the Washington Post. It says, ''Drug Firms Among Big Donors at GOP Event. Pharmaceutical companies are among 21 donors paying $250,000 each for red-carpet treatment at tonight's GOP fund-raising gala starring President Bush, 2 days after Republicans unveiled a prescription drug plan the industry is backing, according to GOP officials.''

Skipping down in the article, ''Drug companies, in particular, have made a rich investment into tonight's gala. Robert Ingram, GlaxoSmithKline PLC's chief operating officer, is the chief corporate fund-raiser for the gala. His company gave at least $250,000. Pharmaceutical Research and Manufacturers of America, a trade group funded by the drug companies, kicked in $250,000, too. PhRMA, as it is best

known inside the Beltway, is also helping underwrite a television ad campaign touting the GOP's prescription drug plan.

Pfizer, Inc., contributed at least $100,000 to the event, enough to earn the company the status of a vice chairman for the dinner. Eli Lilly, Bayer AG and Merck & Company each paid up to $50,000 to sponsor a table. Republican officials said other drug companies donated money as part of the fund-raising extravaganza.

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

''A senior House GOP leadership aide said yesterday that Republicans are working hard behind the scenes on behalf of PhRMA to make sure that the party's prescription drug plan for the elderly suits drug companies.''

I am not going to continue to read. But in conjunction with all of this, what is the Republican leadership hoping for? They passed the bill. They are going to go over now to the other body and the other body is going to start the debate, and I hope that the other body comes up with a Medicare plan. But what we are going to see over the next few months, and it has already started, is a huge ad campaign financed primarily by the pharmaceutical industry, to try to convince the American public through TV and other media outlets that the Republican plan is the best bill.

It has already started. The United Seniors Association which is basically a senior group that is put together by PhRMA, the pharmaceutical trade group, they launched a $3 million ad campaign before the debate touting the House GOP prescription drug plan which is based on, as I said, private insurers offering prescription drug coverage.

□ 2000

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

Again, this is all in black and white. This is all easily documented. And I just think it is very sad. I think it is very sad that we ended up passing a Republican bill that is nothing more than a sham, something put out by the prescription drug industry so that the Republican leadership can say they have done something. We are talking about a Republican bill that will not work. Even if it did, the benefit is clearly inadequate, and I just think it is very sad that we are here now; and after 2 years of myself and other Democrats talking about the need for a prescription drug plan that all we ended up with was something that is basically a bone for the prescription drug industry and which is probably going nowhere because it will not be taken seriously by the other House and never become law.

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

So, Mr. Speaker, I will conclude tonight, but I do intend to continue to bring this up over the next few weeks or the next few months because I think it is important that my colleagues understand that those of us on the Democratic side have not given up in trying to provide a real prescription drug benefit for seniors under Medicare and that as much as there may be ads and paid advertisements telling the American public that the Republican plan will accomplish something, that there needs to be voices here in the House of Representatives that say it will not and that it is just paid-for ads for a meaningless proposal and that at some point we will get together on a bipartisan basis and pass a meaningful prescription drug benefit that will actually provide a difference for America's seniors.

ENCOURAGING TOURISM IN COLORADO

The SPEAKER pro tempore (Mr. KIRK). Under the Speaker's announced policy of January 3, 2001, the gentleman from Colorado (Mr. MCINNIS) is recognized for 60 minutes as the designee of the majority leader.

Mr. MCINNIS. Mr. Speaker, I hold deep respect for the gentleman from New Jersey (Mr. PALLONE), and I find his comments on some occasions to have substantial merit. But let me tell you, having just heard his comments this evening, that was probably one of the most partisan speeches I have heard on this House floor. The gentleman from New Jersey stands up here and acts as if the Democratic Party takes no contributions and as if taking contributions is some kind of evil. I would be happy to yield time to the gentleman if he would like to come up and explain the trial lawyers in this country, where their proceeds go.

It is very easy when you are not charged with getting the mule train up the mountain, it is very easy to sit on sidelines, as the gentleman from New Jersey (Mr. PALLONE) has done, and criticize the people who have to get that wagon up the mountain. It is always easy when you are not the one having to push or pull the wagon. It is always easy to sit on the wagon and demand more from the mules that are pulling that wagon.

I found those remarks almost outrageous, almost outrageous. Outside of the person who spoke them, who has, in my opinion, a great amount of integrity, that is the only thing that saved these remarks that we have just heard from being outrageous. Where was the gentleman from New Jersey when it was time for a bipartisan, not a partisan, effort, but a bipartisan effort to put a prescription care bill together? All we see is after we finally get something done, after finally this House begins to move on prescription care services, we always have the Monday morning quarterbacks that show up, and today happens to be Monday evening, so the Monday evening quarterbacks that show up and say, oh, my gosh, this was not right, you should have done this, you should have done that. But you never saw a shovel in their hands. You never saw them helping to dig the ditch. All they do is sit back there under the shade tree criticizing the people that have to dig the ditch. So I hope that we hold those comments in their proper context, and frankly in the future I would expect more from a gentleman of that capability and that integrity.

I want to move on to a couple different subjects this evening that I think are very important. First of all, as many of my colleagues know, I come from the State of Colorado. My district is the Third Congressional District of the State of Colorado, and all the substantial fires in Colorado are in the Third Congressional District and some of the damage by the fire of course has gone beyond the borders of the third district. It certainly has impacted the people of the State of Colorado, and I do not mean to underestimate the damage that these fires caused in their particular areas.

But what I want to stress to my colleagues is a very, very small fraction of Colorado actually went into flames and burned down. What is happening, what we are seeing out in Colorado is we are seeing a lot of negative publicity about the damage that these fires did. And again if you owned a home out there that was destroyed by a fire, you could not get much more negative press coverage. Of course it is devastating to you and of course the loss is terrible, but as a State I think we need to put it in its proper proportion because the impact of the negative stories we are seeing about those fires in Colorado, and by the way, all of those fires are pretty well controlled right now. I think all of them but one are contained, but the publicity in the press that we are seeing as a result of those

fires is really impacting severely Colorado's tourism economy. So I want to tonight in front of my colleagues bring up this poster here and show the Colorado fire damage.

Now, according to what my colleagues have read in the media and so on and the pictures shown across the country, the belief would be that a huge amount of the State of Colorado is in flames. Take a very close look at this. It is the blackened areas of the State of Colorado which have been burned and this is a current poster. We have got some down in Durango. This is the big fire outside of Denver right there, and these other little spots, these little black spots including this spot here in Glenwood Springs, Colorado. Look at that in proportion to the rest of the State.

What I am saying is that Colorado is open for business. One can go to Colorado and have a terrific vacation. The mountains of Colorado are still as pristine as they were with the small exceptions of some of these black areas where we have suffered consequences of terrible fire. A couple forests, the Pike National Forest, have shut down temporarily pending more moisture; and we are worried about the fire hazard out there. You will be limited in that you cannot open a can of beans and cook them over an open fire out there in those Colorado mountains. You can use a Coleman stove or something else, but you cannot have open fires. But aside from that, Colorado is open for business.

Colorado has four national parks. They are open for business. The Air Force Academy is open for business. My good friend Bob Zimmerman and his crew down there in the valley with the sand dunes, soon to be a national park, the Sand Dunes National Park, soon to be funded this week we hope in an appropriations bill, which will be good news to Bob Zimmerman, they are open for business down there. Go see the sand dunes.

There is the Black Canyon National Park, open for business. The Colorado National Monument in Grand Junction, open for business. The Aspen Music Festival, open for business. The Steamboat community, and they have a great summer up there, open for business. Denver, the Denver Rockies, open for business.

By far, less than a fraction, less than a fraction of the land in the State of Colorado, was burned, well less than 1 percent. But if you want to help the people of Colorado who have suffered as a result of these fires, go ahead with your planned vacation.

Nothing is worse than having a negative impact upon you as a result of fire, and then turning around and losing your job because tourists have quit coming to Colorado. Colorado is open for business. It is a great place to visit. I would urge my colleagues to head for Colorado, if you get an opportunity, or talk to some of your constituents. Encourage them to go ahead and visit our great State.

Colorado is the highest place on the continent; the highest place on the continent. The low point in Colorado is higher than almost all of the high points in most of the other States. I think we probably have, I am not sure, but it is close, 65 mountains over 14,000 feet. Colorado has 56 of them. Colorado is the only State in the Union that has no water coming in. It is the Mother of Rivers. It is called the Mother State of Rivers. It is a natural beauty.

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

CORPORATE GREED

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

What has happened out there in the world of business in this fine country of ours? What has happened to the Adam Smith philosophy in ''A Wealth of Great Nations,'' the book that he wrote, that really has been a guiding foundation for capitalism in America?

Well, one of the things that has happened is we have had a few, not a huge amount, but a few greedy individuals who have not only taken advantage, in my opinion, have taken criminal advantage of the public's trust, and I wanted to go through a few of those examples this evening. Because in order for capitalism to work as well as it has worked, in order for it to continue to operate, you have to have as an element of it, as a basic element of capitalism, as a basic element of our business system in this country, a business system that is admired throughout the world, you have to have as an element of it public integrity, integrity when you are dealing with the public's money; and that comes not only from the chief financial officer, not only from the chief executive officer, but it also is a fiduciary requirement of your board of directors.

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

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

You would be surprised if you just look out amongst your neighbors in the business world. Whether it is a Subway shop, whether it is some other kind of a trucking operation, a farming operation, you would be surprised how many of them are incorporated. So you must be careful before you criticize all of these corporate entities.

Now, in America we have what we call in the corporate structure as it is envisioned, as it has been practiced since corporations first came around, you have the president or the chief executive officer. Let us call it the chief executive officer of the corporation.

Now, a lot of people think that the chief executive officer is the top dog, that is the person, he or she is in charge of that company. Well, the reality of it is the CEO, your chief executive officer, answers to the board of directors.

The board of directors is the top element of management, so to speak. They kind of oversee. They set the policy for management. They set the long-term vision for the company. So, really, the most important entity in a corporation as far as management and as far as overall philosophy are not the executive officers like the president of the company or the chief executive officer of the company or the chief financial officer of the company. The most important aspect, in my opinion, is your board of directors.

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

□ 2015

They meet on a regular basis, and within the average or the typical board of directors out there, they have subcommittees. They have an audit subcommittee, and that audit subcommittee's job is to oversee the management of the company, to be sure that the management of the company is following the general philosophy of the company as far as the audits, is following the law as far as the audits, and that the audits are making sense, that they are being performed. You have the executive committee of the board of directors which deals with executive compensation, and there are a lot of cases that we are going to question further in my remarks.

For example, how could the executive committee of Worldcom, which all of my colleagues know is right now on the verge of bankruptcy, how could the executive committee grant the CEO, the chief executive officer, a gentleman named Bernie Ebbers, a $400 million loan. Worldcom is not a bank.

I saw an interesting article the other day, and the name of the author slipped my mind, but I want to give

credit to whoever that individual is. But they made a comparison to Donald Trump years ago and the troubles he got into as compared to the troubles people like Worldcom or Tyco or Xerox Corporation or K-Mart Corporation, the troubles they are into today, and it said, back then, Don Trump borrowed his money from the banks, and he was able to recover. Donald Trump actually made a pretty respectable recovery from the downfall that he took, but he dealt with banks.

What has happened in the meantime is these corporations have acted as banks. These board of directors have acted as banks. Frankly, they have put a bad name on all board of directors. They have put a bad name on all chief executive officers, and that is undeserved. We have a lot of companies in this country which operate in a very ethical fashion. We have a lot of them that operate a very efficient operation, and they have good products. But the only way for that to continue into the future is we have to have peer enforcement. We have to make it much more significant in this country to steal or take or borrow $400 million from a company that you do not pay back, that you have more consequences as a result of that than you do when you go into Wal-Mart and you steal a candy bar and you get arrested for shoplifting. My concern right now is that some of these individuals will walk away with less of a punishment than would any one of us if we were to walk into a convenience store and steal a candy bar and get arrested for shoplifting.

This is an opportunity for our system to show that the system has self enforcement, to show that the system knows how to stay on the tracks; that when we have individuals that try and derail the train, individuals that try and derail the train, that the system has a way of pulling those people back into place, that the system has a method of punishment towards these people. There are a lot of people, there are a lot of employees that have suffered as a result of K-Mart's bankruptcy. Now, unfortunately, those employees that have suffered as a result of K-Mart's bankruptcy finally are not the chief executive officers, one who gave himself a loan the day before they filed bankruptcy. I am going to go through some of these different examples.

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

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

Now, how interesting that some of these people, including Worldcom, today testifies up here on Capitol Hill about look, it was just an accounting problem. It was the accountants. This is during the same time, while they were here today testifying, a gentleman named Scott Sullivan, I think it is Scott Sullivan who was the treasurer for Worldcom, or their chief financial officer for Worldcom, and let me get the name exactly correct here. Yes, Scott Sullivan. He was the chief financial officer. While he was on Capitol Hill today, while he was on Capitol Hill today, refusing to talk to the United States Congress about what went wrong at Worldcom, why thousands, tens of thousands of people will lose their jobs, while he was refusing to talk today, here is what he was having built in Florida. Take a look at this. This home here is about a $15 million to $20 million home, 24,000 square feet. You could park many, many semis in these different structures. That is this 40-year-old's home in Florida on a lake, on a private lake that is being built out there. This is an individual who paid himself out of Worldcom, out of public, out of the public's investment money, paid himself the kind of salaries and bonuses to allow him to build a $15 million to $20 million home. And he anticipated, continuing to go ahead and, in my opinion, rob the people of this corporation on a continuing basis. Just think of the heating bill on this place every month. Think of the taxes on this place. The taxes are probably $10,000 or $20,000 every month. Where does he get the money? Go to the shareholders. Fudging the books, cooking the books. That is what we have going here.

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

Now, I could care less about the $15 million home; what I care about is the 15,000 jobs. Do we think anybody else besides Scott Sullivan and his fellow executives get to walk away from a job to a home like that? How many Worldcom employees today are without a job and without any future potential for a job because of the greed practiced within the corporate board room, and within the executive offices of Worldcom, Incorporated? Look, I do not just want to pick on Worldcom. Let me talk about a couple of others here.

ImClone Systems. These are the people that find out on Wednesday that their magical cure for cancer will not be certified because it does not cure cancer, and so immediately they start selling stock before they are forced to make the announcement on Friday. There is the case where we heard about Martha Stewart. Whether or not Martha Stewart had inside information, who knows? But it is highly suspicious, that just out of the blue sky, Martha Stewart gets the message, or decides the day before the announcement is made that the stock is going to collapse, the day before, hours before, she sells that stock to some unsuspecting buyer out there. It was not just Martha Stewart that sold her stock on that day. Interestingly, the President of the company made sure his daughter sold her $2.5 million or $3 million worth of stock that day, and made sure the father sold his stock that day, and the stock broker himself, what a coincidence that all of his friends who had heavy investments in this company sold their stock on December 27 and the announcement was made on December 28.

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

We are presented with an opportunity here. We are presented with an opportunity in the business world of this Nation, in the political world of this Nation that when somebody misbehaves like this, when somebody takes advantage of the public's trust and, in essence, steals from the public, we have the wherewithal and we have the courage to go get them. That is exactly what was expressed by our President today. This President is very focused and very intent on getting these people in a ringer, and that is exactly what we have to do.

Let me talk about a couple of other corporations. Xerox Corporation. When I grew up, everybody trusted Xerox Corporation. And they have restated twice in the last 2 weeks. We notice that they never state positive news. Everything these people are coming out with is negative. And it costs who? Not the chief executive officer; it costs the shareholders and employees of these companies.

Enron; of course, we know about Enron. But it is kind of amusing to hear Andrew Fastow, he set up these quiet, secret corporations, secret partnerships, although he actually got the approval of the board of directors, and it was very interesting that the U.S. Senate report was very critical of these board of directors, and justifiably so. It is the board's responsibility to make sure that you do not have an Enron Corporation, somebody like an Andrew Fastow, who is a crook. That is exactly what he did. A crook. Paid himself $30 million for 4 months of work. Of course, he runs this little partnership. Just to make it a little sarcastic to the shareholders, they name it after different characters or different scenes in the Star Wars movie. They think it is all one big joke. Show up at work every day, Andrew at Enron, and packed the money in his bag. Of course, we can imagine, Andrew also lives in a multimillion dollar home. So we gave Scott Sullivan's home, poor guy, has not finished his $20 million home yet, so he is probably only living in a $5 million home. But he has to live up to his standards, he has to move up in society. The same thing with Andrew down there in Texas.

These people need to have their assets that were improperly and unethically gained by them, taken away from them, under an appropriate judicial process. I am not saying that we become some kind of a dictatorship and that we throw our justice system out the window. Everybody is entitled a fair day in court, but everybody is also entitled to a square deal. And when you do not get a square deal, and you are not on fair negotiating grounds, when you do not get a square deal, we ought to have the process to make sure that those who cheated you, those who stole from you, those who acted in a criminal manner, pay the consequences of their actions.

Now, it does not just stop at Enron, as all of us know; it does not just stop with Worldcom. Look at Tyco International. What does Tyco do? The President of Tyco International, who makes hundreds of millions of dollars, hundreds of millions of dollars in pay, decides to cheat the government, cheat the people, that is who it is, the government is the people; cheat the people of the State he lives in on paying sales tax for the paintings that he bought.

Let me tell my colleagues something: I used to be a police officer. The first clue, when the door is cracked open, it ought to be a hint; if it is not locked, that is a hint. If the door of the House or the building one goes up to to investigate on, if the door is actually cracked open, you better guess something bigger is inside, something is inside. When you have a chief executive officer of a corporation, Tyco International, cheating on really what are small numbers as compared to his net worth, you better open the door, you better go investigate inside the building and see what else this individual has done. My guess is you have just scratched the surface. In my opinion, the Internal Revenue Service ought to be down there doing audits of this individual. Tyco International ought to be filing lawsuits against this individual. The prosecutors in that State ought to be looking into this individual for criminal fraud.

□ 2030

It does not just stop with the chief executive officer. A lot of times when one starts padding the books, cooking the books, one has to bring in partners. In this particular case, he brought in his lawyer.

Let us talk about his lawyer for a minute, or, first of all, his chief financial officer. His chief financial officer and the CEO cashed over $500 million in stocks since July of 1999. Now, that is on top of their salaries. Their salaries are not enough, and they are huge salaries, so they cash in $500 million more, to kind of pad their wallets.

Then they got their attorney, Mark Belnick. He decides that as an attorney he ought to be receiving bonuses, but he does not want these to be disclosed to the public at large, so he devises a way to have the corporation pay him tens of millions of dollars as the lawyer for the company in such a manner that he does not have to release it on the public disclosure statements.

Why does he not want it released on the public disclosure statements? Because he knows the shareholders would have nothing to do with it; that the shareholders would demand, would demand accountability, and would demand that he not receive that kind of pay.

Of course, he is aware of this. He knows that he might get caught in the action. He knows he might get caught with his hand in the cookie jar. So what does he do? He goes to the chief executive officer of Tyco, International, Dennis Kowalski, and says, Dennis, I might get caught at this. This is what I think happened. I might get caught, so why do you not give me a contract as your attorney, and if I get convicted with a felony, you still have to pay me millions of dollars. If I am convicted of a felony, if you decide to fire me because I am, in essence, stealing from the company, you have to pay me tens of millions of dollars.

That is the kind of corruption that goes on in the corporate world that we need to immediately isolate, and we need to cut it out. We need to stop it in such a way that any future chief executive officer and every board of directors is going to understand there are consequences to pay.

That is what we do with shoplifting in this country in every store we go into. I went into Toys ''R'' Us this weekend. As I walked in, they had a big poster at the front: Shoplifting. Help us keep prices low. Help us stop shoplifting. Shoplifting is a crime.

Yet, nowhere do we go where we find a board of directors where, at the entry into their boardroom, it says, you have a responsibility, board of directors, to the shareholders of this corporation, to the employees of this corporation, and to the public as a whole to make sure that this kind of thievery is not going on, or that these kinds of misleading statements are not going on, and that your management team is, in fact, the best possible management team that could be out there.

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

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

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

I want to show Members something. I have mentioned a couple of these corporations. Let me go through some others. We talked about Tyco. Remember what Tyco did? That is what I have just been talking about. WorldCom, that is where the chief executive officer, a guy named Bernie Evers, had the board of directors loan him almost $400 million, on top of all the other millions and tens of millions of dollars he has been paid. This is where Scott Sullivan worked, that big mansion. That is WorldCom.

K-Mart, K-Mart has its chief executive officers and some of its other executive officers, they go and first of all they go into bankruptcy. They lay off

22,000 people. K-Mart lays off 22,000 jobs as a result of their bankruptcy. But right before they filed bankruptcy, K-Mart acts and gives their chief executive officer a $5 million loan, and they forgive the repayment of it. Have Members ever heard of a bank saying, here is $5 million, but you don't have to worry about paying it back?

That is exactly what these companies have done, and K-Mart leads the charge. That is exactly what WorldCom did, and they helped lead the charge: Here you are, Mr. Chief Executive Officer, here is $400 million. Do not worry about paying it back. What is going on here?

And then Enron. We talked about Enron. We talked about Xerox. We talked about ImClone: Hey, we have bad news on the cancer drug. Sell, sell, sell. Find some sucker out there that does not have the information we have.

In America we love to compete, but in America we like to compete on a level playing field. Every executive that I mentioned this evening with these corporations did not want to compete on a level playing field. They did not want to come face-to-face where the odds were all the same, they wanted to compete where the odds were overwhelmingly in favor of them and not you, where the odds almost assured that you lost and they won.

The only way to even that playing field out is to clear out the dirt and put grass in there. Frankly, we have got a lot of dirt in some of these companies in these executive officers.

Let me tell the Members what my solution is. This is a little game. When we play the game of Monopoly, if you mess up, you go to jail, move directly to jail, do not collect. Do not collect. These chief executive officers of WorldCom or ImClone or Tyco or Xerox or Enron should not be able to collect on their way to jail. That is where they ought to be. They ought to be on their way to jail.

The justice system, I hope, will prevail here. I hope the Internal Revenue Service takes note of these individuals.

Have Members seen lately that the Internal Revenue Service announced they are going to begin random audits? So, watch out, some out there who are making $15,000 or $20,000 or $30,000 a year, they might be audited by the IRS. My question to the Internal Revenue Service, and I have not put it to them, but I intend to put it to the commissioner of Internal Revenue Service, okay, okay, how many of these people are you auditing? How many of these executive officers, these boards of directors are you auditing? If you are not auditing them, you ought to be, right now.

Now, unfortunately, it does not just stop here. We can continue. We can go with others. This is a cable TV company. They built their own golf course off shareholders' money. They loaned to their family. They started family companies with all their daughters and sons and their families off shareholders' money. Now that company, they are in bankruptcy or on the verge of bankruptcy. How many health care people lost their jobs as a result of this?

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

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

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

Look at this. I mentioned earlier, Sunbeam Corporation. That seems to be about where it started. Global Crossing. Gary Winnick, that guy was paid $700 million or $800 million. They have also destroyed their documents, or admitted to destruction of documents, since they have been under Federal investigation.

My point here is that we have to come up with some solutions. We have to go after some of these companies. We have to go after the Arthur Andersens, the individuals that have fallen on their jobs and are not completing the responsibilities that they have.

I have some recommendations. I think there are some things that we can do.

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

But where we have a corporation that is widely traded, for example, where we have a Tyco Corporation, or where we have a Xerox or a K-Mart Corporation, that board of directors should consist not only of outside directors. And let me explain what I mean by outside directors. In a corporation, if one is employed, for example, let us take a look at WorldCom, if one is employed by WorldCom and is put on the WorldCom board of directors, then one is what is called an inside director. You are employed by the company and serve on the board.

In many cases, a board is healthy if we have some inside people. They are the people involved in day-to-day operations. So in rare circumstances, it is appropriate to have inside people on that board of directors, because they run the operations. So some of the executive officers probably should be on the board of directors.

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

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

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

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

The first thing we should not allow to happen is allow them to office in the same offices. At Enron Corporation, Arthur Andersen shared offices with the people they are auditing. I mean, if one sits next to somebody, offices with somebody, they cannot over time help becoming buddies with them. It happens. So, one, they should not office together.

Two, they have to separate consulting services and auditing services. The auditors should not be able to accept any gifts, should not office, should not offer any other services other than the fact they are in there to audit, just like in a bank.

I had an opportunity some time ago to visit with the president of some banks in Colorado, a very capable individual, a very capable individual. He explained to me exactly how the government, the FEC, or not the FEC, the

banking regulators, exactly how they audit and when they come in. They cannot even offer a pencil to them. You cannot give them a pencil or buy them meals. You cannot buy meals or take the auditor out for lunch.

We cannot let them come in and share offices on a permanent basis. When they are in there auditing our banking system, they are not giving them consulting advice as well. They are an independent arm. Those auditors have a very isolated role. They are to go in there and make sure the books are not being cooked. That is what happens in our banks.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

I applaud the President today. The President came out and I think in very strong terms has set the direction for the House and the Senate to follow, that if we do not have the laws in place, and, by the way, we have a lot of laws in place today, there is a lot we can do today by simply enforcing the

laws that are already in existence. I am not convinced we need a whole lot more new laws as far as the criminal behavior is concerned. What we need are more resources out there to these agencies to enforce the laws that exist.

So the President today made it very clear, and I think it would be to our benefit in both the House and the other side, in the Senate, to follow this lead. And this week I hope we can accomplish with some strong firm legislation an enforcement of a policy in this country that makes your punishment from stealing from the shareholders, from stealing from the public, for misappropriating, from lying on your accounting, from cooking the books, makes those offenses much more serious consequences than you would face if you went out and shoplifted a candy bar from the local retail store.

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

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

Do not let us forget that what is being highlighted here, and appropriately. I think we need to focus a lot of attention on it, but sometimes when we focus all our attention on the misdeeds by a few, it tars everybody else. I mean, look at the Catholic priesthood. You get a few bad priests and all priests out there are being tarnished unfairly. Let me say we have people out there who do run ethical business. We have people that deliver good products. We have people that care about their shareholders. We have people that are responsible to their board of directors and we have boards of directors that are responsible to the people that they represent and we have a lot of good workers out there. That is what has made the American system great and the American system will stay great as long as we jump on top of people who have committed misdeeds.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

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

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

Mr. DAVIS of Illinois (at the request of Mr. GEPHARDT) for today on account of a speaking engagement.

Mr. HASTINGS of Florida (at the request of Mr. GEPHARDT) for today on account of official business.

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

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

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

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

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

The following Members (at the request of Mr. PALLONE) to revise and extend their remarks and include extraneous material:

Mr. DEFAZIO, for 5 minutes, today.

Ms. NORTON, for 5 minutes, today.

The following Member (at the request of Mr. BASS) to revise and extend his remarks and include extraneous material:

Mr. BASS, for 5 minutes, today.

SENATE BILL REFERRED

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

S. 803. An act to enhance the management and promotion of electronic Government services and processes by establishing an Office of Electronic Government within the Office of Management and Budget. and by establishing a broad framework of measures that require using Internet-based information technology to enhance citizen access to Government information and services, and for other purposes; to the Committee on Government Reform.

SENATE ENROLLED BILL SIGNED

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

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

ADJOURNMENT

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

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

EXECUTIVE COMMUNICATIONS, ETC.

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

7731. A letter from the Secretary, Department of Agriculture, transmitting the Department's draft bill entitled, ''To amend sections 3, 7D, 16(i)(2), and 19 of the United States Grain Standards Act to authorize the Secretary of Agriculture to recover through user fees the costs of standardization activities''; to the Committee on Agriculture.

7732. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule — Nicotine; Tolerance Revocations [OPP-2002-0035; FRL-6836-7] received May 16, 2002, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

7733. A communication from the President of the United States, transmitting notification of the intention to reallocate funds previously transferred to the Federal Emergency Management Agency (FEMA) from the Emergency Response Fund; (H. Doc. No. 107—237); to the Committee on Appropriations and ordered to be printed.

7734. A communication from the President of the United States, transmitting his request for an FY 2003 budget amendment for the Department of Defense; (H. Doc. No. 107—241); to the Committee on Appropriations and ordered to be printed.

7735. A letter from the Deputy Secretary, Department of Defense, transmitting a letter on the approved retirement of Lieutenant General Daniel G. Brown, United States Army, and his advancement to the grade of lieutenant general on the retired list; to the Committee on Armed Services.

7736. A letter from the Deputy Secretary, Department of Defense, transmitting the Department's report entitled, ''Study on Impact of Foreign Sourcing of Systems'' required by Section 831 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001; to the Committee on Armed Services.

7737. A letter from the Senior Paralegal, Department of the Treasury, transmitting the Department's final rule — Risk-Based Capital Standards: Claims on Securities Firms [No. 2002-5] (RIN: 1550-AB11) received June 20, 2002, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Financial Services.

7738. A letter from the Under Secretary, Department of Defense, transmitting the Department of Defense Education Activity (DoDEA) 2000-01 Overview of Student Progress, pursuant to 20 U.S.C. 924; to the Committee on Education and the Workforce.

7739. A letter from the Legal Advisor, Federal Communications Commission, transmitting the Commission's ''Major'' final rule — Amendment of Parts 2 and 25of the Commission's Rules to Permit Operation of NGSO FSS Systems Co-Frequency with GSO and Terrestrial Systems in the Ku-Band Frequency Range; Amendment of the Commission's Rules to Authorize Subsidiary Terrestrial Use of the 12.2-12.7 GHz Band by Direct Broadcast Satellite Licensees and Their Affiliates; and Applications of Broadwave USA, PDC Broadband Corporation, and Satellite Receivers, Ltd. to Provide A Fixed Service in the 12.2-12.7 GHz Band [ET Docket No. 98-206, RM-9147, RM-9245] Received June 27, 2002, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

7740. A letter from the Director, Office of Congressional Affairs, Nuclear Regulatory Commission, transmitting the Commission's final rule — Revision of Fee Schedules; Fee Recovery for FY 2002 (RIN: 3150-AG95) received June 27, 2002, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

7741. A communication from the President of the United States, transmitting a six month periodic report on the national emergency with respect to the Taliban that was declared in Executive Order 13129 of July 4, 1999, pursuant to 50 U.S.C. 1641(c) and 50 U.S.C. 1703(c); (H. Doc. No. 107—238); to the Committee on International Relations and ordered to be printed.

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

7743. A letter from the Director, Defense Security Cooperation Agency, transmitting notification concerning the Department of the Army's Proposed Letter(s) of Offer and Acceptance (LOA) to Israel for defense articles and services (Transmittal No. 02-39), pursuant to 22 U.S.C. 2776(b); to the Committee on International Relations.

7744. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed license for the export of defense articles or defense services sold commercially under a contract to Russia [Transmittal No. DTC 182-02], pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

7745. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed license for the export of defense articles or defense services sold commercially under a contract to Russia, Ukraine, Norway and Cayman Islands [Transmittal No. DTC 183-02], pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

7746. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on International Relations.

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

7748. A letter from the Attorney/Advisor, Department of Transportation, transmitting a report pursuant to the Federal Vacancies Reform Act of 1998; to the Committee on Government Reform.

7749. A letter from the Attorney/Advisor, Department of Transportation, transmitting a report pursuant to the Federal Vacancies Reform Act of 1998; to the Committee on Government Reform.

7750. A letter from the Special Counsel, Office of Special Counsel, transmitting a proposed bill to extend the authorization of appropriations for fiscal years 2003 through 2007; to the Committee on Government Reform.

7751. A letter from the Chairman, Federal Election Commission, transmitting the 2001 Annual Report describing the activities performed by the Commission, pursuant to 2 U.S.C. 438(a)(9); to the Committee on House Administration.

7752. A letter from the Director, Fish and Wildlife Service, Department of the Interior, transmitting the Department's final rule — Endangered and Threatened Wildlife and Plants; Designation of Critical Habitat for the Carolina Heelsplitter (RIN: 1018-AH31) received July 1, 2002, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

7753. A letter from the Director, Fish and Wildlife Service, Department of the Interior, transmitting the Department's final rule — Endangered and Threatened Wildlife and Plants; Determination of Endangered Status for the Southern California Distinct Vertebrate Population Segment of the Mountain Yellowlegged Frog (Rana muscosa) (RIN: 1018-AF83) received July 1, 2002, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

7754. A letter from the Director, Fish and Wildlife Service, Department of the Interior, transmitting the Department's final rule — Endangered and Threatened Wildlife and Plants; Determination of Endangered Status for Ambrosia pumila (San Diego Ambrosia) from Southern California (RIN: 1018-AF86) received July 10, 2002, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

7755. A letter from the Secretary, Department of Health and Human Services, transmitting the thirty-fourth in a series of reports on refugee resettlement in the United States covering the period October 1, 1999 through September 30, 2000, pursuant to 8 U.S.C. 1523(a); to the Committee on the Judiciary.

7756. A letter from the Attorney, Department of Transportation, transmitting the Department's final rule — Revised and Clarified Hazardous Materials Safety Rulemaking and Program Procedures [Docket No. RSPA-98-3974] (RIN: 2137-AD20) received July 17, 2002, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7757. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule — Safety Zone: Dry dock shift from Bath Iron Works, Portland to Portland State Pier, Portland, Maine and back to Bath Iron Works Portland and onto the heavy lift ship Blue Marlin [CGD1-01-033] (RIN: 2115-AA97) received July 1, 2002, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7758. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule — Safety Zones, Security Zones, and Special Local Regulations [USCG-2001-10936] received July 1, 2002, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7759. A letter from the Attorney, RSPA, Department of Transportation, transmitting the Department's final rule — Hazardous Materials: Requirements for Maintenance, Requalification, Repair and Use of DOT Specification Cylinders [Docket No. RSPA-01-10373 (HM-220D)] (RIN: 2137-AD58) received July 2, 2002, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7760. A communication from the President of the United States, transmitting an updated report concerning the emigration laws and policies of Armenia, Azerbaijan, Kazakhstan, Moldova, the Russian Federation, Tajikistan, Turkmenistan, Ukraine and Uzbekistan, pursuant to 19 U.S.C. 2432(b); (H. Doc. No. 107—240); to the Committee on Ways and Means and ordered to be printed.

7761. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule — Closing Agreements (Rev. Proc. 2002-47) received June 26, 2002, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

7762. A letter from the Director, Office of Management and Budget, transmitting the 2002 Report to Congress on Combating Terrorism, pursuant to the Fiscal Year (FY) 1998 National Defense Authorization Act (P.L. 105-85); jointly to the Committees on Armed Services, Transportation and Infrastructure, and the Judiciary.

7763. A letter from the General Counsel, Department of Commerce, transmitting a draft bill to provide voluntary separation payment authority to the Secretary of Commerce in connection with reorganization of the Economic Development Administration; jointly to the Committees on Government Reform, Transportation and Infrastructure, and Financial Services.

7764. A letter from the Secretary, Department of Transportation, transmitting a proposed bill entitled, ''To authorize appropriations for Fiscal Year 2003 for certain maritime programs of the Department of Transportation, and for other purposes''; jointly to the Committees on Armed Services, Ways and Means, Resources, and Transportation and Infrastructure.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

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

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

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

DISCHARGE OF COMMITTEE

[The following actions occurred on June 28, 2002]

Pursuant to clause 2 of rule XII the Committee on Ways and Means discharged from further consideration. H.R. 4984 referred to the Committee of the Whole House on the State of the Union.

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

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

REPORTED BILL SEQUENTIALLY REFERRED

Under clause 2 of rule XII, bills and reports were delivered to the Clerk for printing, and bills referred as follows:

Mr. YOUNG of Alaska: Committee on Transportation and Infrastructure. H.R. 4635. A bill to amend title 49, United States Code, to establish a program for Federal flight deck officers, and for other purposes, with an amendment; referred to the Committee on Judiciary for a period ending not later than July 9, 2002, for consideration of such provisions of the bill and amendment as fall within the jurisdiction of that committee pursuant to clause 1(k) of rule X (Rept. 107–555 Pt. 1).

TIME LIMITATION OF REFERRED BILL

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

[The following action occurred on July 1, 2002]

H.R. 3929. Referral to the Committees on Transportation and Infrastructure and Energy and Commerce extended for a period ending not later than September 6, 2002.

PUBLIC BILLS AND RESOLUTIONS

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

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

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

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

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

By Mr. AKIN:

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

By Mr. HAYWORTH:

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

By Mrs. MINK of Hawaii:

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

By Mrs. MINK of Hawaii:

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

By Mrs. MINK of Hawaii:

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

By Ms. NORTON:

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

By Mrs. MYRICK:

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

By Mr. FROST:

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

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

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

ADDITIONAL SPONSORS

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

H.R. 168: Mr. BARR of Georgia.
H.R. 285: Ms. ROYBAL-ALLARD and Mr. CROWLEY.
H.R. 303: Mr. LAFALCE, Mr. MCKEON, and Mr. KNOLLENBERG.
H.R. 360: Mr. BONIOR.
H.R. 389: Mr. EVANS.
H.R. 488: Mr. LAMPSON.
H.R. 599: Mr. MCDERMOTT.
H.R. 632: Mr. WHITFIELD.
H.R. 664: Mr. DOGGETT.
H.R. 744: Mr. NETHERCUTT.
H.R. 822: Ms. HARMAN.
H.R. 951: Mr. OSE, Mr. JOHN, and Ms. EDDIE BERNICE JOHNSON of Texas.
H.R. 952: Mr. CULBERSON.
H.R. 978: Mr. RAMSTAD.
H.R. 1089: Mrs. JO ANN DAVIS of Virginia.
H.R. 1127: Mr. ANDREWS.
H.R. 1184: Mr. FALEOMAVAEGA, Mr. FORD, and Mr. UNDERWOOD.
H.R. 1187: Ms. SANCHEZ.
H.R. 1296: Mr. FORD, Mr. INSLEE, Mr. SKEEN, and Mr. COSTELLO.
H.R. 1433: Mr. FATTAH.
H.R. 1452: Mr. DOOLEY of California.
H.R. 1460: Mr. LINDER.
H.R. 1774: Mr. SOUDER and Mr. PAYNE.
H.R. 1811: Mr. SOUDER and Mr. DOOLEY of California.
H.R. 1919: Ms. DEGETTE, Mr. UNDERWOOD, and Mr. DOYLE.
H.R. 1990: Mrs. LOWEY.
H.R. 2035: Mr. CRAMER, Mr. HASTINGS of Florida, Ms. KILPATRICK, and Mr. CUMMINGS.
H.R. 2117: Mr. CHAMBLISS.
H.R. 2232: Mr. HONDA, Mr. CAPUANO, Mr. PASTOR, Mr. FILNER, Mr. DEUTSCH, Mr. LIPINSKI, and Ms. ROYBAL-ALLARD.
H.R. 2290: Mr. LATOURETTE.
H.R. 2459: Mr. BONIOR.
H.R. 2484: Mr. BLAGOJEVICH and Mr. MENENDEZ.
H.R. 2570: Mrs. MEEK of Florida and Mr. REYES.
H.R. 2702: Mr. LEVIN and Ms. DELAURO.
H.R. 2874: Mr. BARRETT and Mr. DEUTSCH.
H.R. 3131: Mr. BACA.
H.R. 3218: Mrs. CAPITO.
H.R. 3315: Ms. HOOLEY of Oregon.
H.R. 3324: Mr. ISAKSON.
H.R. 3337: Ms. SOLIS, Mr. GEKAS, and Mr. PAUL.
H.R. 3413: Mrs. MINK of Hawaii.
H.R. 3414: Mr. DELAHUNT and Mr. GORDON.
H.R. 3430: Mr. CARSON of Oklahoma.
H.R. 3443: Mr. BEREUTER.
H.R. 3450: Mr. HASTINGS of Washington, Mr. HONDA, Mrs. THURMAN, and Mr. CONYERS.
H.R. 3475: Ms. SANCHEZ.
H.R. 3595: Ms. KILPATRICK, Mr. DAVIS of Illinois, Ms. MCCOLLUM, Ms. BROWN of Florida, Mr. PAYNE, Ms. LOFGREN, Mr. DOGGETT, and Ms. DELAURO.
H.R. 3741: Mr. PRICE of North Carolina.
H.R. 3831: Mrs. CAPPS, Mr. WILSON of South Carolina, and Mr. TURNER.
H.R. 3838: Mr. HASTINGS of Florida.
H.R. 3884: Mrs. CHRISTENSEN, Mr. LANGEVIN, and Mrs. CAPPS.
H.R. 3912: Mr. FATTAH.
H.R. 3916: Mr. OWENS and Mr. UDALL of Colorado.
H.R. 3930: Mr. SHAYS, Mr. OWENS, Mr. SHIMKUS, and Mr. ABERCROMBIE.
H.R. 3974: Mr. CUMMINGS, Ms. RIVERS, and Mr. JACKSON of Illinois.
H.R. 4011: Mr. GILMAN, Ms. LEE, Mr. JACKSON of Illinois, Mr. DEUTSCH, and Mrs. THURMAN.
H.R. 4034: Mr. PAYNE.
H.R. 4037: Mr. BECERRA.
H.R. 4058: Mrs. CHRISTENSEN.
H.R. 4060: Mr. HINCHEY, Mr. BONIOR, and Mr. LEVIN.
H.R. 4066: Mr. DEFAZIO.
H.R. 4084: Mr. PAYNE.
H.R. 4141: Mr. CANNON and Ms. BERKLEY.
H.R. 4152: Ms. CARSON of Indiana.
H.R. 4210: Ms. MCKINNEY.
H.R. 4582: Mr. HANSEN, Mr. DICKS, and Mrs. MINK of Hawaii.
H.R. 4614: Ms. WATERS, Mr. SHOWS, and Mr. STARK.
H.R. 4630: Mr. STUPAK and Mr. WAXMAN.
H.R. 4635: Mr. DOOLITTLE.
H.R. 4643: Mr. DINGELL and Mr. WAXMAN.
H.R. 4646: Mr. GONZALEZ, Mr. ISRAEL, Mr. MCINTYRE, and Mr. GEKAS.
H.R. 4655: Mr. BLUMENAUER.
H.R. 4704: Mr. BROWN of Ohio and Mr. DEFAZIO.
H.R. 4720: Mr. MOORE.
H.R. 4728: Mrs. MORELLA, Mrs. DAVIS of California, Mr. SCHIFF, and Mr. THOMPSON of Mississippi.
H.R. 4738: Mr. RADANOVICH.
H.R. 4743: Mr. CROWLEY, Ms. BALDWIN, and Mr. ABERCROMBIE.
H.R. 4768: Mr. LIPINSKI.
H.R. 4777: Mr. BONIOR.
H.R. 4839: Mr. MCHUGH, Ms. BROWN of Florida, Mr. ISRAEL, Mr. GEKAS, and Mr. TOWNS.
H.R. 4864: Mrs. JOHNSON of Connecticut.
H.R. 4877: Mr. SMITH of New Jersey and Mr. GREEN of Wisconsin.
H.R. 4878: Mrs. MALONEY of New York.
H.R. 4914: Ms. MILLENDER-MCDONALD.
H.R. 4926: Mr. HONDA.
H.R. 4939: Ms. LEE and Mr. GUTIERREZ.
H.R. 4964: Mrs. MEEK of Florida and Ms. BROWN of Florida.
H.R. 4965: Mr. HOLDEN, Mr. SIMPSON, Mr. PUTNAM, Mr. BAKER, Mr. TAYLOR of North Carolina, Mr. FORBES, Mr. TANCREDO, Mr. DEMINT, Mr. WILSON of South Carolina, Mr. SESSIONS, Mr. KINGSTON, and Mr. UPTON.
H.R. 4967: Ms. KILPATRICK.
H.R. 4973: Mr. PALLONE.

H.R. 5037: Ms. SLAUGHTER and Mr. WYNN.

H.R. 5044: Mrs. KELLY, Mr. BERMAN, Mr. HOYER, and Mr. LAFALCE.

H.R. 5047: Mr. LANGEVIN.

H.R. 5055: Ms. BROWN of Florida, Mr. REYES and Mrs. DAVIS of California.

H.R. 5059: Ms. BROWN of Florida.

H.J. Res. 102: Mr. GRAHAM, Mrs. BONO, Mr. JONES of North Carolina, Mr. PITTS, Mr. BLUNT, Mr. TIAHRT, Mr. BRADY of Texas, Mr. BROWN of South Carolina, Mr. JEFF MILLER of Florida, Mr. SOUDER, Mr. STEARNS, Mr. SAM JOHNSON of Texas, and Mr. NORWOOD.

H. Con. Res. 107: Mr. BEREUTER.

H. Con. Res. 365: Mr. MANZULLO.

H. Con. Res. 367: Ms. ROS-LEHTINEN, Mr. WILSON of South Carolina, and Ms. BROWN of Florida.

H. Con. Res. 385: Mr. FROST.

H. Con. Res. 406: Mr. WOLF.

H. Con. Res. 413: Mr. REYNOLDS and Mr. GRUCCI.

H. Res. 87: Ms. NORTON, Mr. CARSON of Oklahoma, Mr. MCINTYRE, Mrs. NAPOLITANO, Mr. MATSUI, Mr. WAXMAN, Mr. HALL of Texas, and Mr. LYNCH.

H. Res. 253: Mr. LIPINSKI and Mrs. MORELLA.

H. Res. 393: Mr. VISCLOSKY, Mr. KIRK, Ms. LEE, Ms. HARMAN, Mr. MATSUI, and Mr. BENTSEN.

H. Res. 437: Mr. GONZALEZ, Mr. OWENS, Mr. PHELPS, and Mr. FERGUSON.

AMENDMENTS

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

H.R. 2733

OFFERED BY: MS. JACKSON-LEE OF TEXAS

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

H.R. 2733

OFFERED BY: MS. JACKSON-LEE OF TEXAS

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

(f) WOMEN AND MINORITY AWARENESS STUDIES.—

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

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

H.R. 4635

OFFERED BY: MR. PAUL

AMENDMENT NO. 1: Page 2, line 10, strike ''pilot''.

Page 8, strike lines 18 through 24.

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

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

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

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PROCEEDINGS AND DEBATES OF THE 107th CONGRESS, SECOND SESSION

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Senate

The Senate met at 2 p.m. and was called to order by the President pro tempore [Mr. BYRD].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

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

PLEDGE OF ALLEGIANCE

The PRESIDENT pro tempore led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

RESERVATION OF LEADER TIME

The PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The Senator from Nevada is recognized.

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

MEASURE PLACED ON THE CALENDAR—H.R. 4231

Mr. REID. It is my understanding H.R. 4231 is at the desk and due for its second reading.

The PRESIDENT pro tempore. The Senator is correct.

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

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

The assistant legislative clerk read as follows:

A bill (H.R. 4231) to improve small business advocacy, and for other purposes.

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

PUBLIC COMPANY ACCOUNTING REFORM AND INVESTOR PROTECTION ACT OF 2002

The PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of S. 2673, which the clerk will report.

The assistant legislative clerk read as follows:

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

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

Mr. SARBANES. I thank the Chair.

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

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

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

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

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

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

I believe this bill is urgently needed. I hope my colleagues will agree with that and will support its swift passage.

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

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The House, earlier this year, passed legislation on this subject, but I think it is fair to say that the legislation we are bringing to the floor of the Senate is more comprehensive, more thorough, and, I believe, more effective. But, of course, once we complete our work here, we will have the challenge of going to conference with our colleagues on the other side of the Capitol to work out the differences between the two versions of the legislation.

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

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

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

Last month's revelation by WorldCom is only one example of a problem that is becoming increasingly disturbing. In a recent article titled ''Tweaking Numbers To Meet Goals Comes Back To Haunt Executives,'' the New York Times described a series of recent corporate failures or near-failures that were characterized by accounting improprieties: Adelphia Communications, ''$3 billion in loans to its founding family'' had been concealed; Computer Associates was investigated ''on suspicion of inflating sales and profits by booking revenue on contracts many years before it was paid''—you raise your revenues, there is no offsetting cost, you boost your profits. Global Crossing is being investigated ''on suspicion of inflating sales and profits by making sham transactions with other telecom companies''; Enron, ''hiding losses and loans with partnerships that were supposedly independent but were actually guaranteed by the company''—Enron filed for bankruptcy last December—Rite Aid had ''four former top executives indicted . . . in what regulators called a securities and accounting fraud that led to a $1.6 billion restatement of earnings''; Tyco International is under investigation ''on suspicion of hiding payments and loans to its top executives . . . and its ''shares have plunged 75 percent this year as investigators question whether it inflated its earnings and cashflow''; WorldCom, under investigation for ''hiding $4 billion in expenses by wrongly classifying short-term costs as long-term investments.''

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

Can you imagine—the company went from showing a substantial profit to actually having a loss. People are out in the marketplace making decisions about whether to purchase this stock. Pension plans are making decisions on behalf of their members. And they are making the decision in the belief that this company is making a good profit. Instead, it is losing money.

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

The secret they had discovered was to hide their expenses by wrongly classifying short-term costs as long-term investments.

The Xerox Corporation, one of the pillars of our economic system, paid a $10 million fine to the SEC in April, the largest in an enforcement case. They reclassified $6.4 billion in revenue and restated financial results for the last 5 years. I could go on and on with other companies: Cendant, MicroStrategy, Waste Management.

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

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

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

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

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

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

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

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

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

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

It is reported that 21 States have combined losses of just under $2 billion from their WorldCom investments. The California public retirement system reported a loss of $565 million. And the numbers go on from there. I won't cite them all, but all across the country there are tremendous losses being incurred. It is said that the loss of value of both WorldCom and Enron has cost public State pension funds $2.7 billion.

Of course, in addition to their impact on workers and pension funds, these revelations have had a negative effect on shareholders generally. Average investors are watching their portfolios plummet and their retirement prospects decline. Worldcom's market capitalization has gone from $180 billion at its peak 3 years ago—this is just WorldCom—to $177 million last week. Tyco lost $90 billion in market capitalization between January 2001 and June 2002, and on and on.

The bond markets have also been affected. WorldCom, for example, has $28 billion in outstanding bonds that are due between now and 2025. Investors, including banks and insurance companies, stand to lose much of this sum.

So you are being hit not only if you have a direct connection with WorldCom, but also if you have an equity interest in a bank or insurance company that owns WorldCom bonds. The current market value of these bonds is 15 cents on the dollar.

The same week that WorldCom's auditing irregularities became public, Morgan Stanley observed that the spread between corporate bonds and comparable Treasury bonds had widened by 15 basis points. As the Wall Street Journal wrote on June 27:

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

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

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

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

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

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

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

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

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

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

But it is clear, from the number of departures we have witnessed from that standard, that what is involved is more than just a few bad apples. Those bad apples ought to be punished, and punished very severely. I certainly agree with the President when he makes that statement. But it seems to me we have to move beyond that in order to address the incredible loss of investor confidence that is now taking place.

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

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

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

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

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

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

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

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

The Washington Post, on June 26, reported:

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

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

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

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

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

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

The Wall Street Journal said:

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

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

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

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

Traditionally, the U.S. has been preeminent in the accounting field. We have by far the largest economy. We have a reputation for high standards for transparency. So generally the American argument on behalf of its standards carried great influence. Now we have the European Union, comparable in economic size to the United States, moving to adopt a uniform set

of accounting standards, to be promulgated by the International Accounting Standards Board, for all of the European Union countries. So there is a potential for real challenge to American preeminence in this area, given what is happening over here.

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

> There is a groundswell among executives in Europe against the American system of corporate accounting—the so-called generally accepted accounting principles—that was supposed to be the gold standard in disclosure.
>
> Before Enron, Global Crossing and WorldCom, America had been winning the argument on accounting standards. But now, a growing number of Europeans are convinced that the American system is both too complex and too easy to manipulate.

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

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

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

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

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

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

It was a very thorough effort to gather the best thinking on these issues and to give all interested parties a chance to be heard. My colleagues on the committee, and the ranking member, Senator GRAMM, participated in this effort seriously and with commitment. Senators DODD and CORZINE early on introduced a bill dealing with oversight of accounting and auditor independence. Many of that bill's provisions are reflected in this legislation. Senator ENZI, of course, took a particular interest. He is the only certified public accountant in the Senate. Many other Members made important contributions as we moved along the way.

I will now turn to each title. Title I of the bill creates a strong independent board to oversee the auditors of public companies. Title II strengthens auditor independence from corporate management by limiting the scope of consulting services that auditors can offer their public company audit clients. This bill applies only to public companies that are required to report to the SEC. It says plainly that State regulatory authorities should make independent determinations of the proper standards and should not presume that the bill's standards apply to small- and medium-sized accounting firms that do not audit public companies.

Titles III and IV of the bill enhance the responsibility of public company directors and senior managers for the quality of the financial reporting and disclosure made by their companies. Title V seeks to limit and expose to public view possible conflicts of interest affecting securities analysts. Title VI increases the SEC's annual authorization from $481 million to $776 million and extends the SEC's enforcement authority. Title VII of the bill mandates studies of accounting firm concentration and the role of credit rating agencies.

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

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

Mr. SARBANES. Why don't I move ahead, and I will try to compress it a bit.

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

Heretofore we have relied on self-policing of the audit process, private auditing and accounting standards setting, and, for the most part, private disciplinary measures. But questionable accounting practices and corporate failures have raised serious questions, obviously, about this private oversight system. Paul Volcker stated:

> Over the years there have also been repeated efforts to provide oversight by industry or industry/public member boards. By and large, I think we have to conclude that those efforts at self-regulation have been unsatisfactory.

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

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

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

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

The board would possess plenary authority to establish or adopt auditing, quality control, ethics, and independence standards for the auditing of public companies. But this grant of authority is not intended to exclude accountants or other interested parties from participating in the standard-setting process. So the board may adopt

rules that are proposed by professional groups of accountants or by one or more advisory groups created by the board.

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

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

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

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

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

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

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

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

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

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

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

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

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

So in effect we have directed to them a significant amount of business. But the franchise, in a way, is conditional. It comes in return for the certified public accountant's assumption of a public duty and obligation.

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

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

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

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

What has happened in recent years is that a rapid growth in management consulting services offered by the major accounting firms has created a conflict in the independence that an auditor must bring to the audit function. According to the SEC, in 1988, 55 percent of the average revenue of the big five accounting firms came from accounting and auditing services; 22 percent came from management consulting services.

By 1999, 10 years later, these figures had fallen to 31 percent for accounting and auditing services, and 50 percent for management consulting services.

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

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

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

> Because auditors owe their primary duty to the shareholders, questions about the primacy of that duty are raised if the audit firm provides other, potentially more lucrative, consulting services to the company. The board and the public auditor should both see to it that, in fact as well as in appearance, the auditor reports to the independent board audit committee and acts on behalf of shareholders. The key reason why awarding consulting contracts and other non-audit work to the audit firm is troubling is because it results in conflicting loyalties. While the board's audit committee is formally responsible for hiring and firing the outside auditor, management controls virtually all the other types of non-audit work the audit firm may do for the company. Those contracts with management blur the reporting relationship it is difficult to believe that auditors do not feel pressure for

the overall success of their firm with the client. Even their own compensation packages may be tied to consulting and non-audit services being provided by their firm to the company. . . .

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

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

The thinking behind drawing this line around a limited list of non-audit services, is that provision of those services to a public company audit client creates a fundamental conflict of interest for the accounting firm in carrying out its audit responsibility. If the accounting firm is not the auditor for the company, it can do any of these consulting services—it can do any consulting service it wants. But if it is the auditor—so there is a conflict of interest problem—then we take certain services and say: those services you can't do. And the reason is, first of all, in order to be independent, the auditor should not audit its own work, as it would do if it did financial information system design or appraisal evaluation services or actuarial services. It should not function as part of the management or as an employee of the audit company, as it would if it were doing human resources services, and it should not act as an advocate of the audit client, as it would do if it were providing legal and expert services. Nor should it be the promoter of the audit client's stock or other financial interest, as it would be if it were the broker-dealer or the investment adviser.

They are the public company's auditors. They have a very defined responsibility as the auditors. The bill doesn't bar accounting firms from offering consulting services. It simply says that if a firm wants to audit the company, there are certain services it cannot perform. And even in that case, the bill provides the board authority to grant case-by-case exceptions, so if a case could be made why an auditor's performing a consulting service ought to be permitted, there is some flexibility to permit it.

David Walker, the Comptroller General of the United States, in a statement on June 18 said:

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

There are a lot of other auditing services, other than the nine I mentioned, that an auditor may want to provide and whose provision we did not preclude. In other words, the statutory system that we are establishing lists certain consulting services that, if you are the auditor, you cannot perform for the public company that is your audit client, unless you can get one of these case-by-case exemptions from the board. And those consulting services were the ones which, upon examination, seemed clearly to raise the most difficult conflict of interest questions that could result in undermining the auditor's fulfillment of his auditing responsibility.

The public company auditor can provide other non-audit services; that is, any but those on the proscribed list, if it clears them with the audit committee of the public company's board of directors. We seek to strengthen the audit committee in very substantial ways, including, as I will mention later, that they should be the ones to hire and fire the auditors—that the auditors really work through the audit committee for the board of directors and that the auditors do not work for the management. I think it is very clear, to some extent, and in some instances, it is management working with the auditors that have done these clever schemes for which we are now paying the price.

We had the issue of auditor rotation before us. Many witnesses thought the audit firm itself should have to rotate every 5 years, periodically. We did not go that far. We recommend here that the lead partner and the review partner on audits must rotate every 5 years—not the audit firm itself. But we do provide that audit firm rotation should be further studied and direct the General Accounting Office to undertake such a study with respect to the mandatory rotation of the audit firm.

I will move more quickly and skip over some sections, but I can always, of course, come back to them if there are any questions.

We were concerned about the movement of personnel from audit firms to the public company audit clients. There we put a 1-year cooling off period with respect to the top positions in the company, so that you can't hold out to the audit team the immediate prospect of an important position in the company. Again, we are trying to protect the independence of the audit.

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

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

Where does an employee go when he sees a problem and is fearful of taking it up with management because his perception is that management is involved with the problem? We specifically provide that they should be protected in going to the audit committee.

We have a provision prohibiting the coercion of auditors. Some have asserted that officers and directors have sought to coerce their auditors or to fraudulently influence them to provide misleading information. Obviously, the auditors ought to be protected from that as well.

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

We also address the question of remedies against officers and directors who violate securities laws, something in which the SEC is very interested.

We have a provision on insider trades during pension fund blackout periods. We prohibit the insider trades. So you can't have officers and directors free to sell their shares while the majority of the employees of the company are required to hold theirs—as, of course, has happened in some instances.

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

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

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

officers. But, at a minimum, they ought to be disclosed.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. BINGAMAN). The Senator from Texas is recognized.

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

We had a series of hearings that I wish every Member of the Senate could have attended. I am not surprised that at the end of those hearings good people with the same facts, as Jefferson said so long ago, were prone to disagree.

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

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

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

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

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

I would submit to my colleagues—and I guess I would have to say at this point, I do not know that we will follow this adage—but I suggest this is a very important bill. I urge my colleagues, as you look at this bill, to realize we are not just talking about accounting. If this bill were just about accounting, it could do some good, it could do some harm, but it could not do too much of either.

But this bill is far more than just a bill about accounting. This is a bill that has profound effects on the American economy; therefore, I think it is very important that we try to look at the problem and that we try to come up with a solution that will be good not just for today, not just that will bring forth a positive editorial in a newspaper tomorrow, but I submit we want to try to find one that meets the front porch of the nursing home test. That is the test where, when we are all sitting around in rocking chairs in a nursing home, and we look back at what has happened under this bill, that we will be proud of what we did and how we did it.

I want to touch on several things. I want to go through and make several points, some related to what the distinguished chairman said, some just because I want to say them. I want to talk about what I believe the problem is. And I want to make it clear that I do not know how to fix it. I do not know that this bill fixes it. I do not believe it does. I do not believe my substitute I offered fixes it either. But I think somebody needs to talk a little bit about it. Then I want to talk about the bill that we have before us, and where I agree with it and where I differ, and what those differences are.

I think the good news is—from the point of view of if consensus is a good thing—there is a consensus, and has been from the very beginning, that we need to pass a law. What this President cannot do is provide an independent funding source and a legal foundation for this independent board.

I personally believe the President's 10-point program was a good program. What the Chairman of the SEC cannot do is provide an independent funding source and provide a legislative foundation for the board. The Chairman and I agree on that.

There have been people who have reached a conclusion that if you differed from Senator SARBANES, you did not really want a bill. I believe those of us who have differed do want a bill. And the one thing that we agree on, which I think is at the heart of this whole debate, is a strong, independent board to make determinations about conflict of interest and about ethics.

Now, let me touch on the things that I wanted to touch on.

I personally thank Senator SARBANES for the approach he took in focusing on the problem and on the future. Everybody knows this has now become a political issue. We know that people are either trying to go back and pin this problem on past Presidents or SEC Directors or they are trying to pin the problem on the current President and the current SEC Chairman. I think it is a testament to Senator SARBANES' leadership that he has had nothing to do with that.

The plain truth is we have had a succession of great SEC Chairmen. Arthur Levitt and I disagreed on many things, but I do not think anybody could argue that he was not an effective SEC Chairman. It is true that he had the ability, under existing law, to go back and change GAAP accounting to set up a board, to do anything he wanted to do, and he did not do it. But it is always so easy to see these things when you are looking with that wonderful hindsight.

Anybody has to give Arthur Levitt credit that he was the first to raise an issue about auditor independence. Whether you agreed when he raised it or not that it was a problem, that it was proven, it is clear that he saw a problem which may or may not be the source of our problem today, but many people believe it is. You have to give him credit. And I don't believe anybody else in his position would have done a much better job than he did.

Let me also say that I think Harvey Pitt has done an outstanding job in the short period of time he has been at the SEC. Much is made of the fact that he did legal work for accounting firms. I continue to be struck by this approach that somehow knowledge is corruption, that somehow the perfect regulator is a guy who just came in off a turnip truck and who knows absolutely nothing.

It reminds me of Senator MCCAIN was once telling a story about talking to a journalist who was covering the Vietnam War and asking the journalist if he had ever read this seminal work about the history of Vietnam. And the journalist said: No, he had never read it because he wanted to approach the subject with a totally unbiased mind.

There is a big difference, I submit, between an open mind and an empty mind. We make a grave mistake when we discount knowledge. Everybody today, when they are criticizing Harvey Pitt, talks about the fact that he represented accounting firms and security firms. I guess if he were being more aggressive than is the public mood, people would remember that he was probably the most rigorous chief counsel at the SEC in its history and, in that process, brought cases against numerous major companies. They would be saying that that experience had tainted him for his current work.

The point is, the man has broad experience as chief counsel to the SEC, where he prosecuted major firms, and he has vast experience as probably the Nation's premier security lawyer where he defended associations and businesses. And quite frankly, when in doubt, I will go with knowledge. When in doubt, I will take experience. I do not believe that experience taints you.

Let me also say that there is this current mood that anything having anything to do with accountants is somehow bad. Having just praised Harvey Pitt, let me point out an area where I disagree with him. When he set up his board to oversee accounting ethics and to look at issues such as the independence issue, on ethics issues, he does not allow people with an accounting background to vote.

Now I would have to say that I strongly disagree with that for two reasons: No. 1, since when is a person's background a source of corruption? I will address that a little more in a minute. Secondly, when you are looking at what is and what is not ethical practice, I am not saying it is absolutely essential, but it is helpful to have somebody who knows something about what practice is.

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

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

We need to give some more thought to who is going to be on this board and is it going to be something that is attractive enough to make people want to serve.

In the proposal Senator ENZI and I put together, I thought we could enhance its prestige by making it a little more independent of the SEC. Under the committee bill, which is before us, the SEC would appoint the members of the board. I thought that given the broad nature of its power, which goes far beyond just accounting and far beyond just securities, it would be helpful to have the SEC appoint two members—Senator ENZI and I suggested that one have an accounting background and one not—have the Federal Reserve Board appoint two; have the CFTC appoint two; and then have the President appoint the chairman. I think that board would have a higher profile. With a Presidential appointee as chairman, it would raise the prestige of the board, and we would get better people to serve on the board.

I urge my colleagues, think long and hard when you think about this board exerting tremendous, unbridled, unchecked power, about how many people you want on the board who know something about the subject matter. Today, in an environment where accountants are the evil people of the world, the enemies of the people, having no accountants on this board or relatively few and not letting them vote when ethics matters are being dealt with, I assert that kind of approach means you are not going to have first-rate people who are going to want to serve.

Let me finally get it out of my system by saying: I don't know a whole bunch of accountants. I taught at a public university. About a third of my students in economics were accounting majors. I would have to say that I have a pretty high opinion of accountants. If I had to trust the safety and sanctity of my children and my wife today, after all these revelations about bad accounting, to a politician, a preacher, a lawyer, or an accountant drawn at random in America today, without any pause I would choose an accountant.

I am not saying that there are not bad people in accounting. I am not saying there has not been abuse. But I think we have to separate people from professions.

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

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

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

Let me give you an example of where Senator SARBANES and I differ in our opinions. Who is right, I don't know. I think maybe being in this business for a while convinces you that nobody has a lock on wisdom and nobody knows in each and every case what is right and responsible, but I want you to understand the difference of our approach. Let me just go right to the heart of the matter.

The substitute that I offered in committee with Senator ENZI has an independent board. I think it is better, but you can argue that the two boards are pretty similar. Ours is a little more independent of the SEC; though, in the end, to meet the constitutional test, the SEC has to have authority over it. We went a little further in terms of independence and appointing members, and I have already talked about that. But the whole heart of the difference—let's pick one issue—comes down to auditor independence. If you ask me today, should the same company that does an external audit for a firm be able to do internal audits—and I argue today I don't have the knowledge to say this—I would argue today that I really don't know enough about accounting practice and how the process works, not just at General Motors but at the smallest corporation in America, to make that decision. The bill before us sets out the law. It is written in the law that if you do an external audit, you cannot do any one of these nine different things. I don't know, it may well be that after a reasoned analysis a competent board would decide they ought to do those things. My guess is that if I had to decide today, and you forced me to make a decision that was going to be binding on the country, which is a little frightening to me, I might well agree with most, and in some cases all, of these things. But I don't believe we ought to be writing that into law. I don't think anything is gained by writing it into law, and I think a lot is lost by writing it into law.

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

I personally think that having more accountants rather than fewer is a plus, not a minus. I don't think they all ought to have an accounting background. I don't necessarily say a majority have to have an accounting background, but I believe that day in and day out, 20 years from now when we have all left the Senate and we are not paying attention to these things, it would help to have people who know what they are doing. I don't buy the idea that people who don't know what they are doing are more moral, other things being the same, than people who do know what they are doing. In any case, I believe that rather than writing out these nine things by law that you cannot do while you are doing an external audit, we ought to set up the strongest board we can, and we ought to give them external funding and plenty of power, and we ought to say to them: you need to look at these nine things and do a reasoned analysis. You need to talk to lots of people, such as smart theorists who are accounting professors at our best universities, and you probably ought to talk to the bookkeeper in Muleshoe who is actually doing bookkeeping work, look at the practical, the theoretical, and make a determination.

Should you be able to do an external audit and do any one of these nine things? You make a decision and set it out in regulation. Why is that better than writing it into law? It seems to me it is better for two reasons: One, if you are wrong, or if accounting practices change, or if your perception of the problem changes, you can go back and change it by regulation. The problem with writing it into law is that Congress then has to come back and change the law. As we know from Glass-Steagall, it took us 60 years to fix something that had it been written in regulation by the 1940s, it would have changed. But we didn't change it until 1999.

The second reason, which I think is equally important, if not more important, is the way the bill is now written might very well make sense for General Motors. That is, it might make perfectly good sense to have a process whereby General Motors might have three or four different CPA firms—maybe more—but they are operating all over the country and all over the world. That is perfectly feasible. But the last time I looked—and I don't know, but some of these may have gone out of business and, God willing, maybe some new companies have come into business—the last time my trusty staff looked, there were 16,254 publicly held companies in America. I don't care how smart you are, I don't care how good your intentions are, you cannot write a mandate, if you get too far in the detail, that fits General Motors and also fits the 16,254th largest company in America. It just doesn't work.

One of the advantages of setting up an independent board, giving them a mandate to look at these areas, but not chiseling it into stone in legislation, is because they can then say, well, here is the principle and if you are General Motors, here is how it applies, but if you are XYZ Paint Company in Montana, or Wyoming, or wherever, you might only have one accounting firm operating in the town that you are domiciled in. I am not saying you cannot hire accountants to come from the Capital City, or wherever, to your town to do work for you, and maybe you ought not to be operating in a little town in a small State; but people choose that, and people who represent small States seem to like these companies being there. I am just saying that giving the board the ability to set a principle and apply it in one way to General Motors and in another way to a small company in a small town makes eminently good sense in practice.

Now, I know it is not a mandate in the same sense as writing it into law, but I think the result would end up being better.

One of the amendments that I will offer—and I thank Senator SARBANES for trying—and one thing I have to say

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

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

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

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

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

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

Why is all of this happening now? I believe it is happening because of the problems in GAAP accounting. There are other extenuating circumstances, and I want to touch on them, but here is the problem in GAAP accounting. Senator SARBANES used a perfect example of it, and I will just take his example. He talked about how WorldCom saw its market capitalization fall from $100 billion to $100 million. How is that possible? I remember when Enron went bankrupt. People said: Where are the assets? When a company goes from $100 billion to $100 million, what happened to the assets?

Here is the problem. Increasingly, the asset is a combination of know-how, credibility, and a belief by the public that you are carrying out your business in an efficient and ethical way. Increasingly, the modern corporation does not have 12 steel mills. They do not own massive physical assets. Many companies have tried, basically, to get out of the asset business into the information business. The value of WorldCom was a discounted present value of what the public believed its revenue stream was relative to its cost. It never had $100 billion worth of physical assets, anything like it. That is what the value of the ideal was as the public perceived it in a period where our wise friend, Alan Greenspan, talked about irrational exuberance. That is what they thought that company was worth, but it never had assets that were anything near $100 billion. What it had was know-how, knowledge of a market, and it had credibility.

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

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

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

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

I doubt if WorldCom's physical assets ever totaled $50 million, probably not $20 million. You are an accountant and you have the job with the directions that are available through GAAP, generally accepted accounting principles. You have the job of trying to model, for accounting purposes, what WorldCom looks like. You do not have the ability to utter a Latin phrase and wish away things you do not understand. Our problem today is that our GAAP accounting has not kept pace with the world in which we live.

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

GAAP accounting has not kept pace with our changing economy. Our accounting is based on the old steel mill of the 1940s where you had how much you paid for the furnaces, and you had them a certain period of time, and you have depreciated them.

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

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

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

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

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

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

There is some smart accountant, probably at Texas A&M right now, studying accounting, who will probably get an MBA, who will figure out how to get all this goodwill off our books—which is a silly concept in my opinion, but it is the only one we have—and come up with models of intellectual capital that will have meaning, just as that steel furnace in the 1940s and the write-down of it that made sense, but that is not the world in which we live. That has to be dealt with.

Something the chairman's bill does, something that I very much am in favor of, is it gives independent funding to FASB. The two things that have to

be done and only Congress can do them effectively, in my opinion, are: No. 1, we have to have an independent, self-funded accounting standards board, FASB, and we have to have accountants setting accounting standards. No. 2, we need to set up this board to oversee ethics in accounting.

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

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

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

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

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

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

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

They ought to have to pay for it, and at that point I think all the material involved has to be made public, but that is a right I think people have to have. Those two amendments are very narrowly drawn, and they go to the very heart of the bill. I know some of our colleagues are thinking about offering a whole bunch of other amendments. I submit that trying to work out a compromise with the House is going to be difficult. I think we will succeed at it, but I think if we get a whole bunch of other issues involved, we are making the mountain higher. I believe we are ready to legislate in this area, and I think if we can limit what we are doing to this area that we can pass this bill, we can go to conference, and we can come back and have a bill signed into law before we leave. I think if we get into a lot of other areas, I am not saying the world comes to an end if you put an amendment on here—having us write accounting standards with regard to stock options, for example, that is a tax issue. I would probably want to make the death tax permanent as a second-degree amendment, but I am not saying the world comes to an end if we do that.

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

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

I don't see any reason this bill should not be finished this week, and maybe much sooner if we can stay on the bill, if we don't drift on into these other areas. When people who are for the bill in its current form want to stay pretty close to the bill and people who are against it in its current form want to stay pretty close to the bill, we ought to stay pretty close to the bill.

I thank my colleagues for their indulgence. I look forward to working on this issue. I yield the floor.

The PRESIDING OFFICER (Mr. DORGAN). The Senator from Wyoming.

Mr. ENZI. Mr. President, these are interesting times. I hope colleagues have been listening. The two presentations that preceded me were outstanding explanations of both the bill and the financial problems facing the world today. I don't think you can get a clearer explanation of the problems than those given by Senators GRAMM and SARBANES. They are very detailed and very much to the point and lay the groundwork for what we are about to do.

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

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

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

I am the lone accountant in the Senate. There is a good reason for that. Accountants are out there doing very detailed work. When you listen to what is in this bill, you are going to hear details that you do not hear with other legislation. It is the nature of the occupation, of the profession of accounting. In the last 6 months, there has been an increased interest in the accounting profession. Kids in colleges have been asking the Deans about this phenomenon called accounting that nobody has talked about for a long time. It is a tremendous opportunity for accountants to finally explain what they do.

Some of the kids are looking into accounting for the wrong reasons. They want to be one of the green eyeshade people bringing down huge corporations. That is not what it is about. It is an opportunity to make sure everyone understands business in America. Accountants are the people with the very basis who both know it and can explain it. That is their job.

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

Today we are addressing accounting legislation that has been reported out of the Banking Committee. It has been through initial scrutiny. It has been through the process that leads us to the floor. I have talked about the floor process, but so far this has only been through the hearings process. We had 13 hearings in the Banking Committee. They were on very diverse topics and a very diverse bunch of people who understood each of those topics testified. I commend Senator SARBANES for the way he conducted the process of the hearings, and then the process of negotiations that led up to the committee vote. That happened over the last several months. On this issue, I can think of no other Chairman in either the House or Senate who did a more thorough job in conducting hearings. The Banking Committee stayed on the substance and did not allow enormous outside pressures on this issue to interfere with trying to get to the bottom of the real problem. The hearings were not finger-pointing. The hearings were an attempt to get valuable information to arrive at the best possible solution.

In addition, the witnesses at the hearings presented objective views. Had it been my choice to call the witnesses, I would have chosen nearly every person who testified. That shows the care and concern that went into choosing the individuals who provided this basic information. The witnesses offered several different views, and they came from diverse backgrounds.

I also thank the Chairman for the way he and his staff conducted themselves through the endless negotiations we had during that same timeframe.

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

I am glad we had the patience to wait, to hold the hearings, and then to negotiate through a number of different bills to come up with the one before the Senate today. Those negotiations by Senator SARBANES and his staff were both honest and fair. Although we were not able to agree on everything, which is the basis of negotiation, I believe all negotiations took place in good faith. I thank the Chairman for that. I do think we have a bill that is a good basis for finishing the process and going to conference.

Enron, Global Crossing, WorldCom, and the other numerous restatements that are occurring have caused a ripple effect on the trust of corporate executives and their auditors by the public. These executives, the persons in whom shareholders put their trust, have stained the entire corporate community. A few bad apples have spoiled the bunch. As a result, the legislation we will be debating this week will restructure the way executives operate by increasing accountability and making it easier to discipline fraudulent behavior while at the same time increasing penalties for illegal activity.

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

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

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

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

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

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

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

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

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

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

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

possible to have no accountants regulating the accounting profession.

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

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

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

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

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

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

It makes me nervous to know that essentially only four accounting firms now have the resources and expertise to audit the world's largest companies. We rely on these firms to verify the books of diverse and complex companies because they are the only firms that can provide this service. If we subject them to the will of the trial bar, they will surely continue to be driven from existence, one firm at a time.

Instead, we should punish the wrongdoers to the fullest extent possible and rely on good managers of companies to do their jobs effectively. In the end, we are going to end up making the audit committee members full-time employees, and then there will not be any independence—another problem about which we have to worry.

Having said this, I do believe this legislation is needed at this time. Congress must produce a remedy to help restore investor confidence. We have seen that real penalties, or at least a threat of strong penalties, need to be hung over the heads of corporate executives to assure they maintain their obligations and responsibilities. The moral and ethical breakdown among some of those executives is disgraceful, and investors must know these executives will be punished severely when they make selfish judgments.

A major concern, as we have gone through this legislation, trying to put the bill in its present form, has been the relationship to small business. As I mentioned 16,254 companies are the ones that are registered with the SEC. There are thousands of companies out there that are not SEC registered businesses. There are thousands of entities out there that hire auditors to give confidence in the financial statements they have that are not SEC filed.

One of our concerns has been that we not change business so drastically that these small businesses will no longer be able to afford auditors. So we built in protections for the small businesses. Our intent with this bill is not to have the same principles that apply to the Fortune 500 companies apply to the mom-and-pop business. When they hire an auditor, they want that auditor to give them every bit of information they possibly can so the information they get improves their business and doesn't hide anything from investors. Mom and pop are the investors.

We have taken a lot of care to be sure we are not cascading the provisions down into small business. We will look at additional ways, I am sure, to make sure that does not happen. This is not a license to States to do the same thing that we are doing on a Federal basis. There is recognition that on a Federal basis there is a bigger problem than on a State-by-State basis.

I also want to point out there is also a responsibility by the individual investor. They have to learn to diversify and not to keep all of their eggs in one basket. I hope we can turn this situation into a chance to educate small investors as to how best to manage and invest their money. Nothing will bring back the billions of dollars employees of some of these companies have lost. But hopefully the collapse in confidence will ensure that individuals will never again lose their life savings because of a lack of diversification or knowledge of finance.

What will this legislation provide? It will provide a strong oversight body to watch the accounting industry. It will provide a set of corporate governance laws that will require corporate executives to become accountable for their financial statements. It will provide assurances that corporate boards watch the management of the company with a more critical eye—no longer will board memberships be cushy jobs with no responsibility.

It will also provide assurances to the American people that Congress will not allow these millionaire and billionaire executives to steamroll their obligations to the shareholders. It will also ensure that research analysts aren't being told what to say by the investment bankers.

To a great extent, I believe the marketplace has made remarkable changes to address a number of the issues which were highlighted by these corporate failures. First and foremost, corporate boards and audit committees will no longer turn their head when management wants to engage in questionable ethical engagements. Also, credit rating agencies will impose much more scrutiny on the companies they rate to protect financial institutions and other lenders. Lenders themselves will require more information about the stability of the companies in which they invest. Research analysts will ask more questions about the company, and more importantly, they will demand more answers from executives. But perhaps, most important of all, is the fact that investors, both institutional and individual, will be more critical.

Shareholders will wake up and learn about the power of their votes on corporate actions. We've already seen great strides from some institutional investors in that they plan to use their votes in shareholder meeting to keep executives honest and accountable. They also plan to use their votes to impact executive compensation packages. These private sector solutions will be more effective than any legislation which can be passed out of Washington.

One of our country's greatest strengths rests in the dominance of our capital markets. But the strength of our markets is only as strong as the underlying confidence in the listed companies. When these companies build facades instead of standing on principle, it shatters the entire system. Congress and the SEC must find a middle ground where we allow the marketplace to continue to operate in the capital markets to the greatest extent possible but also assures investors, both domestic and internationally, that the U.S. capital markets will continue to be worthy of their investments. We must continue to convince investors, that at the core of the American capital markets, there must be a high level of integrity and ethics by all players.

I want to reiterate another message that has been prevalent this afternoon.

As we get into this bill, there are virtually no limits on what amendments can be put on—at least unless there is a cloture motion.

I hope people will recognize the need to have something done, the need to get it done quickly, and not try and make this a vehicle for everything they ever thought needed to be done with corporations.

The purpose of this bill is not to solve the international problems of business for everything that we ever thought of.

I hope my colleagues will constrain their amendments, keep them to the corporate governance and accounting area we are working on, and help us to get this bill finished as quickly as possible.

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

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

The PRESIDING OFFICER. The Senator from Maryland.

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

The PRESIDING OFFICER. Is there objection?

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

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

AMENDMENT NO. 4173

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

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

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

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

The amendment is as follows:

(Purpose: To make technical and conforming amendments)

On page 65, line 11, strike ''All'' and insert ''Subject to the availability in advance in an appropriations Act, and notwithstanding subsection (h), all''.

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

(d) CONFORMING AMENDMENT.—Section 10A(f) of the Securities Exchange Act of 1934 (15 U.S.C. 78k(f)) is amended—

(1) by striking ''DEFINITION'' and inserting ''DEFINITIONS''; and

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

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

The amendment (No. 4173) was agreed to.

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

The motion to lay on the table was agreed to.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

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

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

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

He wrote me a letter, which said:

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

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

If I could have the attention of the Senator from Maryland, the manager of this bill, I have here a letter from the secretary of state of the State of Nevada, who says:

I fully support S. 2673 and oppose any efforts to weaken its provisions.

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

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

Mr. SARBANES. If the Senator would yield.

Mr. REID. I would be happy to yield.

Mr. SARBANES. That is correct. At one point there was talk of an amendment floating around but——

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

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

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

Mr. SARBANES. I appreciate the Senator's comments.

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

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

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

He certainly opposes this.

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

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

OFFICE OF THE SECRETARY OF STATE,
July 8, 2002.

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

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

The Senate is to begin consideration of S. 2673, The Public Company Accounting Reform and Investor Protection Act of 2002, on Monday, July 8. I fully support S. 2673 and oppose any efforts to weaken its provisions. As Nevada's chief securities regulator, I believe there is an immediate need to restore

investor confidence in our securities markets.

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

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

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

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

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

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

Sincerely,

DEAN HELLER,
Secretary of State.

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

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

I have spoken previously on efforts of Senators to secure the future for American families. In fact, Senate Democrats are using that as a theme: to secure the future for all American families. Securing our future means not only making sure our borders are safe but also securing educational opportunities for all our children and access to affordable prescription drugs and affordable health care.

We must also provide pension protection for American families. In part, that means extending pension coverage. There will be an opportunity, before this legislative year ends, where we can have a good debate.

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

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

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

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

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

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

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

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

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

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

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

Now there are disturbing indicators that he has played fast and loose with some of the rules that he is now being asked, through his administration, to enforce. When asked about his business dealings, the President has not accepted personal responsibility, instead shifting blame to accountants and lawyers or implying that he was just doing business as usual.

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

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

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

I hope, I repeat, that the President will join in supporting this legislation.

We need to make sure that those who serve as corporate executives and on boards accept the responsibility of their roles when they sign their name on a financial report. The American people need to be able to trust corporate leaders.

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

I joined in an amicus brief with the General Accounting Office to have the Vice President disclose who he met with to come up with energy policy that this administration enumerated. We need to know with whom he met, when he met with them, and why he met with them. They refused to give us that information. That is why I joined in that litigation.

This administration must set aside what I believe and agree with some—again, it is replete in the editorials of the last few days—is their arrogance and secrecy and instead be open and forthcoming public servants.

This legislation is timely. The Banking Committee jumped right on it. Most of us thought the Enron thing was something that was a rare dealing in corporate America. We have come to find out it is not a rare dealing in corporate America. It has happened since then time and time again. We have only seen the beginning of it, I am sure.

The Banking Committee is to be applauded for moving this legislation forward on a bipartisan basis. By a vote of 17 to 4, it was reported out of committee. I would hope we can get this bill out of the Senate as quickly as possible. It is good legislation. It is legislation that the American people need to reestablish confidence in corporate America and those people they rely on so that they feel better about having their pensions supplemented with investments made in the stock market.

The stock market is an indication, as far as I am concerned, of how people feel about what is going on in business. As we know from recent days, people have not felt very good about it. We have had tremendous losses. I heard the chairman of the committee, Senator SARBANES, speak about the Nasdaq losing some 74 percent of its value. That is a significant loss to our country.

I know the Members of the Senate understand the importance of this legislation. I hope that they understand why it is important to move it as quickly as possible. We have a few short weeks to complete lots of extremely important legislation prior to the August recess. As I have said on four separate occasions, this legislation is as important as anything we could do, and it is very timely.

The PRESIDING OFFICER. The Senator from Connecticut.

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

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

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

This set of hearings did, very deliberately, with a great deal of patience and thought, lay out the foundation for the legislation now before the Senate.

Certainly, while there will be ideas offered to improve the legislation, we think the committee has produced a very fine product. The best evidence of that is the fact that 17 of us in the committee found this proposal to be worthy of our support. There were four dissenters. I think even among dissenters, there was a sense that we were heading in the right direction. Some may have fundamentally disagreed, but if there were one in the four, I don't know which one it would have been. Most thought we were doing the right thing, either that we went a little too far or didn't go far enough possibly, but this is a very balanced approach.

I urge our colleagues to be careful of two potential actions in the coming days. One would be to dilute this product in some way. We are not suggesting we have written perfection here, but we think this is a well-balanced proposal.

Senator SARBANES has worked closely with our colleague from Wyoming, Senator ENZI, who is the only Member of this body who is actually a former member of the accounting profession. He brings a wealth of personal knowledge and awareness to the issue. He worked very closely with him and other members of the minority, as well as with those of us on the majority side, to finally bring this product to the Chamber. It already has involved some compromise.

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

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

The second caution I express is that we don't try to also overburden this bill to say that this is the only opportunity for us to deal with every other issue affecting corporate business life in America. I am not suggesting the ideas Members will want to bring to the table are bad. But we can so load down a good bill that we can sink this effort if we are not careful. I urge my colleagues as well to be restrained in the temptation to bring up every other idea and incorporate it as part of an accounting reform proposal. Those are the two cautionary notes I have.

Let me also add my voice to those who have expressed theirs earlier today. Tomorrow I know the President of the United States is going to give a very important speech on Wall Street in New York, the financial capital of our country. I commend him for doing so. I think it is extremely important that he actually go to Wall Street to share his views.

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

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

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

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

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

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

That trust has been fractured by the events that have occurred over the last 9 months, And it continues to be fractured with daily reports. So it is vitally important that we respond in an appropriate and thoughtful manner as the Congress of the United States. We have done so, in my view, with the proposal the chairman has brought to our attention. The very integrity of our markets is being questioned, and the Congress must respond cautiously, prudently, and also expeditiously.

Enron's collapse in December was, of course, an enormous shock to all of us. Seven or eight months later, we have seen that Enron was not an isolated incident. There have been a whole host of corporate accounting scandals and collapses—names such as WorldCom, Global Crossing, Tyco, Adelphia, the list goes on and on. I fear, as my colleagues do, that the latest corporate accounting scandal with WorldCom will not be the last. I hope it will be, but my fear is it will not be.

The Congress should address the critical issue of accounting reforms as quickly as we can. America's financial engine does not need a tuneup, it needs an overhaul. We must disassemble it in some ways, examine every nut, bolt, and working part, and reassemble it to reflect the days in which we live.

The fact is, if we fail to act on serious reforms, America will see a continuation of the dangerous and discredited corporate accounting practices that have, in the past 7 months alone, cost American shareholders and workers billions of dollars in their savings and pensions. This has deeply shaken investor confidence, and that serves as a cornerstone of our economic system.

It is important to note that in the dozens of hearings surrounding Enron's collapse, no committee has engaged in a more nonpartisan examination, focused not just on what went wrong with Enron but, far more important, what Congress can do to prevent future Enrons from occurring in the days ahead.

On March 8 of this year, Senator JON CORZINE and I introduced legislation, S. 2004, that addressed what we thought were some of the tough issues on improving regulatory oversight of the accounting profession and restoring investor confidence. I worked closely with the chairman, as did Senator CORZINE, to incorporate some of the language and spirit of S. 2004 in the legislation before us today.

I thank the chairman for including in the product before us much of what we wrote in S. 2004. I thank his staff, and I also thank my colleague from Wyoming.

Congress must act quickly. If nothing else, we must address the most prominent cause of the recent corporate scandals, the practices inherent and common to the accounting profession, and particularly the ability to audit a company's books while simultaneously providing other services to that same corporation. We saw this with Enron and Andersen. Now we see it with WorldCom and the pending investigations that have greatly contributed to the public's loss of confidence in our financial marketplace.

Since the beginning of the year, while our economy has been rebounding from last year's economic downturn and most economic indicators point to a bull market, the Nasdaq is down more than 20 percent, the Dow is down more than 3 percent, and trading volume has declined. One reason may be investor skepticism that companies are not as financially healthy as they have said they were. More restatements on corporate earnings have been filed in the past 7 months than in the last 10 years combined. Most of these restatements dramatically downgrade the financial health of the companies in question.

Not surprisingly, the public is quickly losing trust in disclosed corporate financial information. Although the investing public may be reacting to the bad behavior of a few, the possibility of conflicts of interest between accounting firms and the companies they audit creates a perception that this aggressive accounting is commonplace, even when it may not be. This perception, which takes on its own sense of reality, has led to a very dangerous, least-common-denominator thinking in which the estimated worth of all public companies may become undervalued because some are proven to be seriously overvalued.

The fact is, a few key reforms included in this bill can go a very long way toward shoring up the public's confidence in the integrity of America's financial marketplace.

Most importantly, to enhance auditor independence, the legislation restricts the ability of accounting firms to audit a company's books while simultaneously providing other services. It also addresses the revolving door through which executives from one firm leave to work for the companies they audit.

This reform legislation includes the creation of an independent body to oversee the accounting profession, with substantial authority to ensure auditor discipline and improve audit quality. The Securities and Exchange Commission will also be given the resources to hire more accounting ''cops'' to handle increasingly complex oversight responsibilities and improve the agency's investigative and disciplinary capabilities. The Government must be able to assure the public that audits meet the high standards of independence and objectivity that have been the hallmark of America's accounting profession.

The accounting profession is a great profession. There are thousands of highly qualified, talented, ethical people in the accounting profession. I feel for them at this hour. Because of the malfeasance and fraud committed by some, the many who work in this profession feel tainted by it. I regret that. The best way I know to recover the confidence people have in this profession is to provide some regulatory framework that would allow for auditor independence and for professionalism to be restored at a time when it has been so badly damaged.

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

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

I yield the floor.

The PRESIDING OFFICER. The Senator from Maryland is recognized.

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

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

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

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

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

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

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

Mr. DODD. I thank the chairman.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

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

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

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

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

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

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

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

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

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

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

Mr. Fastow was able to have an equity role in the special purpose entities, the off-the-books partnerships, and in one of them he actually invested $25,000 of his own money. He invested $25,000, and 2 months later paid himself $4.5 million. I do not know anybody who gets returns like that anywhere in America, except by cheating.

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

In 1981, the average executive compensation of the top 10 highest paid CEOs was $3.5 million. In the year 2001, the average was $155 million. So we can see what has happened in this country at the top in the boardroom.

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

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

Adelphia: The drop in their stock value is 99 percent. The question is whether it failed to properly disclose $3.1 billion in loans and guarantees to the family of the founder.

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

Enron lost 99.8 percent of its value. In fact, as I have mentioned before, the

Enron board of directors commissioned a report called the Powers Report which looked at only three partnerships, and they described what was happening inside this company was ''appalling.'' The board of directors of the company itself said what was happening inside the company was appalling. They said that in one year they reported $1 billion of income they did not have.

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

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

The list, of course, goes on.

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

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

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

The question with all of these issues is: What has changed? Why, with big accounting firms taking a look at what is going on—and today there is a hearing on WorldCom in the House of Representatives—why, with big accounting firms looking over their shoulder, has this sort of thing occurred?

With Arthur Andersen and Enron, they had a $25 million relationship by which Arthur Andersen audited the Enron Corporation, and Arthur Andersen was also paid $27 million by the Enron Corporation for consulting services. That is one of the things that is at the root of this bill: Is that not a clear conflict of interest? Is there not enormous pressure on the accounting firm then to become an enabler for that corporation? The answer clearly is yes, and that is why this legislation takes action to deal with some of those issues.

I was driving in the car over the weekend in North Dakota and saw that the Xerox Corporation had a substantial restatement of earnings. It indicated that the SEC had previously taken a look at it and fined Xerox $10 million, which seems to me like pretty much a slap on the wrist when you consider the billions of dollars involved in the restatement. Then we hear this big story this weekend about yet another restatement. So what we have is a restatement, and then a restatement of the restatement of earnings.

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

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

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

Mr. Pitt, who is the head of the SEC, I know has taken great exception to statements that have been made by my colleagues and myself. But the fact is that a system like this cannot work unless there is effective oversight and regulation, and that has been lacking.

Consider some of the statements that Mr. Pitt has made. This is Mr. Pitt speaking at the AICPA, which represents the accounting industry:

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

That was to the American Institute of Certified Public Accountants.

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

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

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

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

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

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

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

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

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

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

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

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

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

I may offer a provision dealing with something called inversion, a mechanism whereby some American corporations have decided they want to renounce their American citizenship and move their official headquarters to another country—Bermuda, for example. I want to be certain that CEOs of such

companies cannot escape the requirement of this bill that they certify the accuracy of their financial statements. I do not think that, in addition to avoiding their fair share of U.S. taxes, these companies ought to be held to a lesser standard of reporting accuracy than U.S.-based firms. So I will offer an amendment, if needed, and visit with the chairman and the ranking member about that subject.

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

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

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

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

The most important thing is to show to the investors in this country who have lost, in many cases, their life savings, that we are taking action to respond to the conditions that caused this to happen.

When we talk about the people at the top getting rich and the people at the bottom losing their life savings, the American people have every right to ask: By whose authority can this happen in this kind of economy? It cannot happen if the rules are fair. It cannot happen if the rules are enforced.

The American people have a right to expect the regulators, the SEC, and the Congress to take action now to address these issues.

I yield the floor.

The PRESIDING OFFICER (Mr. WELLSTONE). The Senator from Missouri is recognized.

Mr. BOND. Mr. President, I initially came to the floor to talk about this bill and another issue. The Water and Power Subcommittee of the Energy and Natural Resources Committee is holding a hearing on Wednesday, and I asked to testify about the views of Missouri on the Missouri River issue. Initially, the staff said I was not going to be able to testify, and I was going to therefore have to share my testimony with the entire body. However, I have now been advised by the chairman of the committee I will have an opportunity to testify, so I will save my comments for the committee hearing.

I thank the chairman for giving me that opportunity.

Mr. DORGAN. Will the Senator yield?

Mr. BOND. I am happy to yield.

Mr. DORGAN. Let me explain to the Senator what my hope was. The Senator asked to testify, quite properly. The Missouri River manual issue is a highly controversial issue. The Senator has been involved with it for some long while. We are having a hearings. The Corps of Engineers and many others are testifying. My hope had been we could hold a hearing with all of those groups, then have a separate meeting, hearing from all Members of Congress who want to testify. It appears that that will not be the case.

We will hear from Senators at the front end of that hearing. I assume it will take some time. As the Senator from Missouri knows, having indicated, yes, we would entertain his testimony, there are a number of other Senators who have already gotten in line saying, if that is the case, please hear my statement, as well. Of course we will.

It was never a case where we would not hear testimony. The question was whether we would have a separate hearing and hear Members of the Senate. I understand the Senator's concern. Senators DASCHLE, JOHNSON, CONRAD, CARNAHAN, and many, many other Senators have great concerns about this issue.

I will lose some sleep Tuesday night with great anticipation hearing your testimony on Wednesday morning.

Mr. BOND. I thank my good friend from North Dakota and assure him I hope to be brief and to the point. I am somewhat disappointed I will not share all that testimony with my colleagues, but there will be another opportunity.

I thank the chairman of the subcommittee for his kind indulgence.

Today I rise to join in expressing my concern about recent accounting practices in publicly held companies and their auditors. As a former State auditor, I have an interest in that profession being performed properly. Obviously, something is seriously broken. We hear about Enron, Global Crossing, WorldCom, and Arthur Andersen. The people of America are very concerned. We have seen millions of families with their investments diminished or even wiped out. That is not acceptable. The vast majority of investments were not in the volatile sectors, or not what we thought were the volatile sectors of the stock market. They were invested in the so-called blue chip companies. The families who made those investments on their strong belief in the integrity of our financial markets and accounting industry now find that because of corporate shams, accounting gimmicks, and inadequate auditing, they have lost significantly the investments they planned for education or retirement—for their families.

As far as we know, overall the overwhelming majority of publicly traded companies are in full compliance with corporate accounting standards. But the fact that there has been a significant deception by a handful of companies raises suspicions of all companies. In addition, we don't know how many others will come forward in coming weeks.

We must restore the public's confidence in the market. Without this, the economic recovery which should be beginning will remain elusive.

While much of the focus in the debate here and in the news media is on the auditing problems of the big conglomerate companies, unfortunately little attention has been paid in this bill to how the impact will fall on small publicly traded companies and small auditing firms. As the ranking member on the Committee on Small Business and Entrepreneurship, I have some concerns, after reviewing this bill, that we may be pushing ahead without considering the serious effect and the unintended consequences the bill could have on smaller firms—both small auditing firms and small publicly traded companies.

The bill is clearly targeted towards abuses in extremely large businesses, which we all think should be dealt with. I personally hope it will result in prison sentences for people who are proven to have committed criminal acts in their accounting activities.

But the SEC is not even aware of how many small auditing firms there are auditing small, publicly traded companies. There are some 2,500 small companies, and we believe many of them are audited by small- and medium-size auditing firms. For small auditors, the bill will require many new elements including registration, annual filing requirements, as well as partnership rotation of lead auditors. In addition, the bill would codify a list of banned services or nonauditing services that an auditing company might conduct for a company that it audits.

While some of these elements clearly are necessary to restore confidence, and I think are going to be dealt with by regulatory action and maybe even by the industry itself, no one knows how these requirements will affect the small firms. It has been argued that the bill allows for a case-by-case exemption, but that exemption process itself could be extremely costly and untimely for small firms and lead to inconsistent results.

I fear that some of these small auditing firms will not have the resources to implement these requirements and will stop auditing services or just go out of business. The result may be that small, publicly traded companies may not be able to obtain auditing services at reasonable cost. As a result, the bill might be setting up a hurdle for small companies to reach the public markets, one

that is too expensive and too great to overcome.

Clearly, when we deal with the major problems we ought not cause significant problems for the smaller, growing entrepreneurial sector of our country.

As for publicly traded companies, the bill also places new requirements for auditing committees and for corporate responsibility. Again, many of these may be necessary. However, we need to look at how these requirements will affect the small, publicly traded companies.

The entrepreneurial spirit of our country is really the envy of the world. People know that entrepreneurship works in America. That is where we get the new ideas. That is where we get the growth. That is where we get the new services and the products. We should be careful as we adopt reforms not to put a disproportionate burden on these companies, dampening the entrepreneurial spirit or impeding access to the public markets.

I fully support accounting reform and the taking of steps necessary to restore investor confidence in the market. I think we should pass a balanced bill that will not overburden small firms and not create additional hurdles that will impede them from growing. We don't want an incidental consequence of this bill to be a monopoly of large accounting firms when it comes to corporate audits.

I agree with the other speakers that the American public is looking to us for answers. I intend to work to see that the needs of the small businesses, publicly traded small companies, and small auditing firms are protected. I am committed, and I think we all are committed, to restoring the public's confidence in the markets so families can feel safe once again in investing in America and in America's future.

I look forward to working with my colleagues to secure a balanced bill which will do that without bringing unnecessary hardship on the entrepreneurial sector of our economy.

I thank my colleague from Wyoming for the courtesy in allowing me to go ahead. I yield the floor.

Mr. ENZI. Mr. 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. SPECTER. Mr. President, during the course of the Fourth of July recess, I traveled through Pennsylvania holding some 16 town meetings, and I found many concerns among my constituents: The issue of prescription drugs; the concern about what is happening with respect to Iraq; the issue of terrorism, which confronts the United States; the concern about what might happen on July 4; concern about the suicide bombers from the Palestinians terrorizing Israel.

But high on the list of public concern was what has happened with Enron, WorldCom, and many other companies on the stock exchange, where so many of my constituents in Pennsylvania—like tens of millions of Americans, really, and even more—have had their savings decimated in their retirement accounts of a variety of sorts. The issue that was raised consistently was: What happens next?

I think it is very good that the Senate is now considering legislation to deal with the fraudulent conduct that has plagued so many companies in corporate America. There is no doubt that there is a clear-cut conflict of interest for an accounting firm to be both an adviser and an auditor. An adviser has a close relationship with a company—call it cozy, or intimate, or friendly—but that is very different from the function of an auditor, which ought to be at arm's length, scrutinizing what the company has done. That kind of a conflict should certainly be prohibited in the future. If the accounting firms do not have enough understanding of the ethics, then laws have to be enacted, with very tough penalties to follow. When you find companies having so much debt off the books, subsidiary corporations, that is a matter of fraud. Fraud is a misrepresentation of a fact where someone relies to their detriment, and that is a crime. When you have companies putting expenses in, say, a capital account that shows billions of dollars in additional income or assets of the corporation, that too is fraud.

A good part of my career has been as an assistant DA and then as district attorney. I believe this kind of white-collar crime is certainly susceptible of deterrence, providing that standards are established and penalties are provided for a breach. It is my hope that from the Senate's current consideration, some very tough legislation will follow.

(Mr. DAYTON assumed the Chair.)

LOW MEDICARE REIMBURSEMENTS

Mr. SPECTER. Mr. President, for a considerable period of time, there have been a number of counties in Pennsylvania that have been suffering from low Medicare reimbursements, which have caused them great disadvantage because their nurses, their medical personnel, are moving to surrounding areas. I refer specifically to Luzerne County, Lackawanna County, Wyoming County, Lycoming County, Mercer County, and Columbia County in northeastern Pennsylvania. Those counties are surrounded by MSAs—metropolitan statistical areas—in Newport, New York, to the north; in Allentown to the southeast; and to the Harrisburg MSA to the southwest.

When these counties are so surrounded by—and a similar situation exists in Mercer County, which has higher rates in immediately adjacent areas—there has been a flight of very necessary medical personnel. Last year, in the conference on the appropriations bill covering the Departments of Labor, Health and Human Services, and Education, the conferees were in agreement that there should be relief for these areas in Pennsylvania that were surrounded by areas that had higher MSA ratings. At the last minute, word came from the chairman of the Appropriations Committee that there would be an objection to including language in our conference report because it was not included in either bill—in the House or in the Senate. That does make it subject to a point of order, so we had a discussion. I went to the office of the chairman of the Appropriations Committee, Senator BYRD, and did my best to persuade him to make an exception in this case because of the extraordinary hardship. Senator BYRD, understandably, declined.

We then talked about bringing the matter forward in the supplemental appropriations bill. I thought it highly likely that, given the immediate history, we could accomplish this accommodation, this correction, in this appropriations bill. The House of Representatives came forward, and the House leadership on the Ways and Means Committee and the House leadership generally agreed with Congressman SHERWOOD, who represents these counties in northeastern Pennsylvania in the House of Representatives, and also Congressman PHIL ENGLISH, who represents Mercer County, that these were indeed meritorious—not that there were not other counties that had similar problems, but these counties were meritorious and should have a change in the MSA.

When the matter reached the Senate floor and I filed an amendment to have a similar result, there was resistance because, after all, it was in the House bill and it could be taken up in conference. It is custom on a matter that a colloquy was entered into between Senator BYRD and myself, and Senator BYRD said he would give every consideration to it in the conference.

It is true that there are other places in the United States that have problems, but I believe none is so pressing as what is occurring in these counties in Pennsylvania, as is evidenced by the fact that the leadership in the House of Representatives—as I say, the Ways and Means Committee chairman and the leadership of the House—agreed to these changes.

A week ago today, on July 1, I visited in Wilkes-Barre, PA, at the Gossinger Clinic, with representatives of the hospitals and went over with them the situation that had occurred and asked that they submit memoranda, which showed the extreme plight, which I could then share with my colleagues in the Senate, which I am now doing, and it will be in the CONGRESSIONAL RECORD for everyone to see.

A memorandum prepared by Bernard C. Rudegeair of the Greater Hazleton Health Alliance pointed out the following:

With competing institutions located within a 30- to 60-minute drive from our front

doors—and able to pay up to $4 per hour more to attract staff—the Greater Hazleton Health Alliance has experienced an outmigration of clinical staff to those areas.

In the last 18 months, 52 employees—including registered nurses, licensed practical nurses, pharmacists, radiology technologists and physical therapists—have resigned.

Then he goes on to say:

Nearly three-quarters of our inpatient population are Medicare recipients. It is often difficult for them to find reliable transportation to out-of-town healthcare facilities.

So they are serviced at Greater Hazleton causing these hardships and losses.

The senior vice president of operations at Geisinger Wyoming Valley Medical Center, Conrad W. Schintz, wrote on July 3 as follows:

There are 10 vacancies in the support departments, such as laboratory and radiology. A significant factor in these vacancies is the higher wages and benefits that are paid in the Philadelphia and New York metropolitan areas that are within a 2.5 hour drive from our hospital.

Similar concerns were noted by the Community Medical Health Care System of Scranton, PA, where Dr. C. Richard Hartman, president and CEO, wrote a detailed memorandum, a part of which is as follows:

Community Medical Center Healthcare System's exit interviews with employees indicate greater opportunities outside the MSA.

The hospital currently has 67 openings, 45 full-time-equivalent positions, and further noted the problems with retaining nurses there.

Similar concerns were expressed in a memorandum from Mr. William Roe, vice president of finance for the Moses Taylor Health Care System, pointing out that ''while 30 percent of all hospitals in Pennsylvania had negative total margins for the 3-year period between 1999 to 2001, nine (9) of the thirteen (13) hospitals located in this MSA have had negative total margins.''

Then the memorandum from Mr. Roe goes on to point out the difficulties which have occurred as a result of outmigration of medical personnel.

Similar comments were made by Vice President William J. Schoen of Allied Services from Clarks Summit who points out:

Pocono and Allentown area hospitals are recruiting [our] workers by offering more generous wage and benefit packages.

Of course, that is made possible by the higher reimbursement because the MSA area is different.

A similar note was offered by Mr. James E. May, president and chief executive officer of Mercy Health Partners who pointed out:

The Scranton/Wilkes-Barre/Hazleton MSA is surrounded by facilities with significantly higher Medicare reimbursements.

The balance of his memo, which I will ask be printed in the RECORD, details further the difficulties which his hospital system faces.

The Wyoming Valley Health Care System, in a letter dated July 5 from Dr. William Host and Mr. Michael Scherneck, the president and chief executive officer and the senior vice president and chief financial officer point out the problems in retaining registered nurses because of the lower MSA which the Wyoming Valley Health Care System has.

CEO Robert Spinelli from Bloomsburg Hospital wrote to my executive director in Harrisburg, Andrew M. Wallace, dated July 3:

The current wage index rates have contributed to three years of deficit income, which has resulted in the inability to recruit qualified staff.

The Wayne Memorial Hospital, which is in the Newburgh, NY, area in a letter from director of finance, Michael J. Clifford, dated July 3 made the same point:

The increase in Medicare payments that would result from this change in MSA to Newburgh, New York, would mean approximately $450,000 of additional Medicare reimbursement for Wayne Memorial.

Tyler Memorial Hospital in Tunkhannock, PA, sent a memorandum expressing the same basic point.

A similar letter has been submitted by the Marian Community Hospital by Chief Financial Officer Thomas L. Heron from Carbondale, PA.

Mr. President, I ask unanimous consent that these memoranda and letters all be printed in the RECORD following my statement.

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

(See exhibit 1.)

Mr. SPECTER. These letters set forth in some detail, Mr. President, which I will not take the time to read now, but the theme is the same. These are hospitals in great financial distress. These are hospitals which are serving an aging population in northeastern Pennsylvania. Similar circumstances exist in Mercer County. The way to correct this is to make the adjustment which is present in the House bill which can be accomplished by the Senate receding to the House position.

As I say, last year on our conference report, we had agreed among the conferees to make the adjustment, and then did not proceed in that way because there was a technical problem with the provision not having been included in either bill. But this year, the leadership of the House of Representatives has included these corrections for these areas, and now I call upon my colleagues on the Appropriations Committee to recede and I call upon my colleagues in the full Senate to approve a conference report which will include these very important corrections for these six counties in Pennsylvania which perform great service. But because of their being surrounded by other hospitals with MSAs, metropolitan statistical areas giving greater reimbursement, they cannot compete with nurses and other medical personnel.

I thank the Chair. I yield the floor.

EXHIBIT 1

POINTS FOR CONFERENCE COMMITTEE ON WAGE INDEX—BERNARD C. RUDEGEHIR, GREATER HAZLETON HEALTH ALLIANCE

With competing institutions located within a 30- to 60-minute drive from our front doors—and able to pay up to $4 per hour more to attract staff—GHHA has experienced an outmigration of clinical staff to those areas.

In the last 18 months, 52 employees—including registered nurses, licensed practical nurses, pharmacists, radiology technologists and physical therapists—have resigned. More than half of them cited the opportunity to earn higher wages at other hospitals as the reason for their departure.

And though our staff is mobile and may be willing to commute up to an hour for a more lucrative position, our patient base is not.

Nearly three-quarters of our inpatient population are Medicare recipients. It is often difficult for them to find reliable transportation to out-of-town healthcare facilities.

As of July 1st, our malpractice insurance increased nearly 50 percent. Staff continues to find opportunities elsewhere, driven by higher wages and attractive sign-on bonuses. We have been forced to adjust salaries to stay competitive. That has had a significant impact on our bottom line—a $3.2 million loss in fiscal year 2000.

In this new age of domestic security awareness, our hospitals have become even more important fixtures in our communities. In the event of a tragedy or terrorist event (a nuclear power plant is located just miles away), our communities would look to our hospitals, not only as sources of emergency medical care, but as places of refuge, information and comfort.

Our elderly patients are the ones who need us most. Many of them toiled in the local coal mines and served our country in foreign wars. Their strong work ethic and love of country has often led to illness and injury that will plague them for the rest of their lives. This is a proud population that we are committed to caring for far into the future.

GEISINGER HEALTH SYSTEM,
Wilkes Barre, PA, July 8, 2002.

Senator ARLEN SPECTER,
Scranton, PA.

DEAR SENATOR SPECTER: Thank you very much for your continued work on the Metropolitan Statistical Area (MSA) Amendment Issue. This is a most important topic for the future well-being of hospitals in Northeastern Pennsylvania, including Geisinger Wyoming Valley Medical Center.

There are a number of ways in which Geisinger Wyoming Valley Medical Center is currently disadvantaged due to our region's rural designation for Medicare reimbursement.

Our area is losing a tremendous amount of health care professional talent to neighboring areas with urban classifications and higher wage and salary structures. RNs R Us advertised in the Wilkes-Barre last week specifically to transport nurses to both the Allentown and Philadelphia areas. Geisinger Wyoming Valley Medical Center recently lost one registered nurse to the Philadelphia area and two registered nurses to Sacred Heart Hospital in Bethlehem for better wages.

Despite our intensive recruitment efforts over the past 6–12 months, it is obvious that we cannot recruit nurses from the Allentown/Bethlehem area due to the higher wages offered in that area.

Geisinger Wyoming Valley Medical Center and other local hospitals have lost numerous nurses over the years to Philadelphia hospitals—where the nurses work two, 16 hours

weekend shifts, receive full time wages and full time benefits.

Geisinger Wyoming Valley experienced a 47% increase in insurance costs from the previous year ($1.8 to $2.7 million).

Uncompensated Care for fiscal year 2002 (annualized May) at Geisinger Wyoming Valley Medical Center is approximately $2.4 million. This includes charity care, bad debt and community services.

Reclassification of the MSA would result in an approximately $2 million Geisinger Wyoming Valley Medical Center. Such an improvement to our bottom line would allow us to further invest in providing excellent health care for the people of Northeastern Pennsylvania. Once again, thank you for your efforts on our behalf.

Sincerely,

CONRAD W. SCHINTZ,
Senior Vice President/Operations.

COMMUNITY MEDICAL CENTER
HEALTHCARE SYSTEM,
Scranton, PA, July 3, 2002.

Re Wage Index (Medicare), Scranton/Wilkes Barre/Hazleton MSA, Financial Condition of Hospitals.

Senator ARLEN SPECTER,
Hart Senate Office Building,
Washington, DC.

DEAR SENATOR SPECTER: I want to thank you for your commitment expressed July 1, 2002 and your efforts on behalf of the hospitals in the Scranton/Wilkes Barre/Hazleton MSA relative to rectifying the Medicare Wage Index issue. As requested, and knowing of your active interest and efforts in attempting to find solutions to restoring the financial viability to the hospitals of Northeastern Pennsylvania, I am writing to you on the issue and request your continued assistance and support. The events of September 11 and bioterrorism threat have reinforced the need to ensure that the healthcare delivery system's infrastructure of Northeastern Pennsylvania, by virtue of its location to multiple major metropolitan areas, remains intact.

Nationally, operating margins of hospitals continue to exceed that of Northeastern Pennsylvania. The Voluntary Hospital Association's (VHA) HBS International benchmarking system is reporting a 3.7% operating return nationally and a 2.6% Mid-Atlantic Region for 2001. Pennsylvania continues to be viewed negatively on Wall Street, thus placing access to capital in jeopardy. Moody's short term forecast cites risk and uncertainty arising from the sector.

Healthcare providers here in Northeastern Pennsylvania have not received adequate, fair reimbursement under the Medicare Program. Our facilities have been and continue to be penalized for managing the costs of delivering healthcare in light of this. The May 2002 release from the Pennsylvania Health Care Cost Containment Council's Annual Report on the Financial Health of Pennsylvania's Hospitals regarding the Fiscal Year 2001 financial performance confirms this. According to the report, Pennsylvania's average operating margin is 2.1%. Region 6 facilities, which include Northeastern Pennsylvania and the majority of Scranton/Wilkes Barre/Hazleton MSA hospitals, collectively produced an average negative 1.51% operating margin, the worst in the Commonwealth.

As requested, I am providing you some specific information relative to Community Medical Center, Scranton, PA, and my concerns despite CMC's ability to continue to provide access to vital services to our community as of this date. CMC provides many tertiary and secondary services including being the Regional Trauma Center, and Cardiac Surgery, Neurosurgery, Neonatal Intensive Care Program, etc. CMC incurred a $3.1 Million operating loss during Fiscal Year 2001 and will be posting another year of operating losses this year. CMC's Net Patient Service Revenue Per Adjusted Discharge, when compared against similar facilities, is approximately $1,200 per adjusted discharge less. (Note: CMC's annual adjusted discharges approximates 20,000.) With respect to Medicare reimbursement above, CMC receives significantly less than others providing the same services in surrounding MSAs. The need to retain our talent critical to these highly specialized services cannot be underestimated.

Medicare—Base Rate: CMC's current Medicare Base Rate is $3,708; July 1, 1984's Medicare Base Rate was $3,421.

Net increase over 18 years to CMC: $287; 8.4% change over 18 years.

Re: Not kept pace with inflation, wage increases, technology etc. A comparison of all MSA's Base Rates (today vs 1984) would demonstrate Northeastern Pennsylvania's dilemma. In the material attached, you will find a graphical representation of CMC's Medicare Base Rate vs the Market Basket Increase. A lot has happened in healthcare since 1984.

In addition, the uncertainty surrounding the further regulations (HIPAA) effects of the new Outpatient Prospective Payment System and proposed less than Market Basket increases for FY 2003 make this initiative critical for NEPA.

I am disappointed to learn that without this ''area adjustment'', based on the Preliminary regulations (Federal Resister Vol. 67, No. 90) and despite the collective efforts of the fiscal intermediary, and the hospitals in the Scranton/Wilkes Barre/Hazleton MSA, our Medicare Regional Wage Index, a critical variable in calculating Medicare reimbursements to provides in projected to not exceed the rural wage index for all of Pennsylvania (.8525).

The issues facing Northeastern Pennsylvania hospitals include:

Immediate financial pressures on ''core operations'', medical malpractice crisis. CMC's medical malpractice increase alone on the primary layer went from $512K to $1.2 Million on 9/1/01 and our carrier has exited writing medical professional liability insurance in our Commonwealth. In addition, number of our physicians (OB) have retired or left the state to practice elsewhere (e.g., Neurosurgery) as a result of the increases. We are concerned with what we face I just over 2 months (anticipate > 100% increase) in addition to the continued exportation of talent.

Labor/Wage pressures as a result of shortages, retention needs, and an industry need to attract talent. CMC's exit interviews with employees indicate greater opportunities outside the MSA. For example, a significant number of vacancies exist at CMC. Currently CMC has 67 openings (45 FTEs). CMC's RN vacancy rate is 18%. Recruitment activity from outside the MSA is commonplace. CMC has seen a 15% RN turnover rate.

Dramatic reductions (greater than 2x anticipated) in Medicare reimbursement along the delivery continum as a result of the Balance Budget Act (''BBA'') of 1997 with a partial return of the excess reduction retrieved through the Balanced Budget Refinement Act and BIPA.

Managed Care (''cost'') pressures on operating margins through a variety of techniques including the domination of few payers, utilization management, and further reimbursement pressures.

Soaring pharmaceutical expenditures and new technological introductions at a rate far in advance of appropriate reimbursement recognition with little supply side pricing constraints.

An increase in uncompensated care being provided by our hospitals, in particular our Trauma Center. In addition, access to services such as CMC's trauma services, given the malpractice crisis, for our community is threatened. CMC has incurred in excess of $5 Million in uncompensated care year-to-date.

Employer Health Insurance premium cost are increasing in the double digit ranges (Financing Side of the System) with limited or no relief to hospitals (Delivery System) as providers of care for such cost exigency.

The financial market's performance that its effect on earnings and cash reserves of the organization directly limiting our ability to plan for and reinvest in facilities, etc.

In closing, thank you for the opportunity to express my concerns for our delivery system and allowing the expression of the desire that a fair, adequate return be provided to hospitals, specifically here in Northeastern Pennsylvania, which have served the residents of Northeastern Pennsylvania with quality, cost effective healthcare. The economic impact of the healthcare system on Northeastern Pennsylvania is significant.

As you have seen day in and day out, our healthcare delivery system in Northeastern Pennsylvania is undergoing rapid change and challenges. As such, time is of the essence within this marketplace. I look forward to your support and successful outcome in the Conference Committee. Feel free to contact me should you require further information.

Sincerely,

C. RICHARD HARTMAN,
President/CEO.

MOSES TAYLOR
HEALTHCARE SYSTEM,
July 8, 2002.

MEMO

ReMSA Amendment

Senator ARLEN SPECTER.

Several important factors highlight why the thirteen hospitals located in the Wilkes-Barre Scranton Hazleton-MSA need relief. Reports produced by the Pennsylvania Health Care Cost Containment Council (PCH4) and the American Hospital Association indicate that all of the hospitals are very efficient and effective healthcare institutions. Despite that fact this region has suffered losses substantially above both the state and national level.

The Financial Analysis of all Pennsylvania Hospitals is a report produced by PHC4. The most recent report shows that while thirty (30) percent of all hospitals in Pennsylvania had negative total margins for the three year period between 1999–2001, nine (9) of the thirteen (13) hospitals located in this MSA have had negative total margins.

Every hospital in the MSA has had a negative operating margin over that period. These losses are causing a significant reduction in the capital base of the institutions in this MSA. An MSA where over 45% of the Net Patient Revenues are provided by Medicare patients.

In the AHA Hospital Statistics guide from 2001, the efficiency of the Hospitals in this MSA is apparent.

In terms of the total labor expense per adjusted inpatient day, the MSA is 25% below the national average and 22% below the state average. (MSA—$826.92, United States—$1,102.61, Pennsylavania—$1,052.53).

In terms of total full time equivalent personnel compared to volume the MSA also compares favorably. The MSA utilizes 15% less FTE's than the nation and 12% less than the state. (MSA—4.01 fte's per adjusted occupied bed, United States 4.61, Pennsylvania 4.52).

This MSA has very efficient, very effective hospitals (see the Hospital Performance report published by PHC4) that are losing significant amounts of money while serving the Medicare population.

In addition to losing significant amounts of capital, the MSA like the nation is undergoing a nursing shortage. Every institution in the MSA has a number of open nursing positions, especially RN's. The situation is exacerbated by the fact that most if not all of the adjacent MSA's advertise locally for nurses. Ads appear on a regular basis from Allentown, Philadelphia, Harrisburg, and Monroe County each extolling the fact that they can offer higher wages. This has forced the local hospitals to use agency nurses at considerable expense.

As I am sure, you are aware CMS recognizes that there are issues with the data used for the wage index. For one example most if not all hospitals in our MSA, employ their own dietary and housekeeping personnel and provide benefits to these positions. This decision actually hurts our wage index number as many other areas of the country now contract for those services. Quoting from the Federal Register of May 9th page 31433, ''Therefore, excluding the costs and hours of these services if they are provided under contract, while including them if the services are provided directly by the Hospital, creates an incentive for hospitals to contract for these services in order to increase their hourly wage for wage index purposes.'' I do not believe that the Congress intended the wage index to drive low hourly rate employees off hospital payrolls.

There are other examples including the amount and type of administrative personnel that affect the wage index. 'We believe that several of the proposed alterations to the data collection process for the wage index will help to address some of those concerns. However, our MSA cannot wait for these measures to take effect, the wage index currently lags 3 to 4 years behind the current data. Any substantive change will take at least 5 to 7 years to make an impact on the payments to our MSA. We need help now.

Thank you for your efforts in this regard.

WILLIAM ROE,
Vice President of Finance.

ALLIED SERVICES,
Clarks Summit, PA, July 1, 2002.

Hon. ARLEN SPECTER,
Hart Senate Office Building,
Washington, DC.

SENATOR SPECTER: The following are some information points regarding the wage index and how a re-classification would aid Allied Services:

As northeastern Pennsylvania's largest rehabilitation medicine provider, Allied experiences a high volume of patients covered under Medicare. This, coupled with a low wage index rate, impacts Allied's ability to recruit and retain healthcare workers. Re-classification to the Newburg, NY, MSA would provide over $6 million in additional funds while re-classification to Allentown adds over $3 million for use in employee recruitment/retention programs.

Pocono and Allentown area hospitals are recruiting NEPA workers by offering more generous wage and benefit packages. This is being promoted through ads in local newspapers, on radio stations and on billboards. This impacts our workers as recruitment for healthcare workers is extremely difficult. This problem is further exacerbated when competing providers recruit away workers thanks to their higher wage rate reimbursements.

Despite staff shortages, the need to provide services continues to be high. This is particularly so given the large elderly population in northeastern Pennsylvania. A wage rate re-classification is a fair way to ''level the playing field'' for healthcare providers.

In 2001, Allied Services provided $2,751,610 in charity care/uncompensated care/and governmental subsidy. Services are provided without regard to patients' abilities to pay. This impacts Allied's financial health.

Hopefully, this helps outline some important points regarding the wage index issue. All of us here thank you for your work on this issue and stand ready to assist in helping you achieve a successful conclusion.

Sincerely,

WILLIAM J. SCHOEN,
Vice President.

MERCY HEALTH PARTNERS,
Scranton, PA, July 3, 2002.

Hon. ARLEN SPECTER,
U.S. Senate, Hart Senate Office Building,
Washington, DC.

DEAR SENATOR SPECTER: I want to thank you and Congressman Sherwood for meeting with the representatives of all the hospitals in Northeastern Pennsylvania on June 1, 2002. Your continual efforts in seeking a resolution to our Medicare wage index problem, and in particular your support of Congressman Sherwood's amendment to the 2002 Supplemental Appropriations Bill, is critical for the survival of our hospitals.

The Scranton/Wilkes-Barre/Hazelton MSA is surrounded by facilities with significantly higher Medicare reimbursement. Our hospitals have struggled for many years now with an unfair Medicare reimbursement rate. We at Mercy have continued to lose health professionals to other regions around us. On a weekly basis our local newspapers carry employment ads recruiting these individuals from our facilities as well as local colleges and universities outside our area. An example of these ads are attached for your review. Even billboards have sprung up within our MSA such as the one discussed in the November 11, 2001 Times Leader. I have attached this as well to illustrate our point.

Our problem will further deteriorate when the proposed Fiscal Year 2003 wage indexes based on our 1999 fiscal year that we were published in the May 2002 Federal Register are finalized in September 2002. Our MSA has once again fallen below the Pennsylvania rural rate. This has occurred from 1999 through 2001, a period when employment expenses have risen 14%.

This will put even greater pressure on our institutions which in turn jeopardizes the quality of care that our institutions provide to our communities in general and our large Medicare age population in particular.

This reduction could not come at a worse time. Per the most recent Pennsylvania Cost Containment Council Financial Analysis. Our region, Region 6-Northeastern Pennsylvania, had the worst operating margin of all Pennsylvania Hospitals—1.51% and a total margin at -0.23%. I have attached this report for your review as well.

These statistics are even more eye-opening when you compare them to national averages. The average total margin for hospitals across the country is 4.5% based on the latest American Hospital Association data in conjunction with the Center for Medicare Services.

In closing, I would like to once again emphasize the importance of this legislation and its impact on the Mercy Health System. Listed below is our Net Operating Income for our last three fiscal years and the first five months of 2002.

FY 1999 ($1,827,000).
FY 2000 ($7,071,000).
FY 2001 ($6,001,000).
May 2002 ($2,582,000).

These net operating losses couples with competition in recruitment from surrounding areas make it imperative that this legislation be passed.

Thank you again. I hope this information will be helpful as you work on our behalf.

Sincerely,

JAMES E. MAY,
President and Chief Executive Officer.

WYOMING VALLEY, HEALTH CARE SYSTEM, WILKES-BARRE GENERAL HOSPITAL,
Wilkes-Barre, PA, July 5, 2002.

Hon. ARLEN SPECTER,
U.S. Senate, Hart Senate Office Building,
Washington, DC.

DEAR SENATOR SPECTER: On behalf of Wyoming Valley Health Care System, Its Board of Directors, and the entire Wilkes-Barre/Scranton community, we would like to thank you for the efforts that you, Representative Sherwood, and your respective staffs have committed to addressing the disparity caused by the Medicare wage index.

While you certainly have developed an appreciation for the challenges facing the hospitals in our region, we would like to share with you the following points that we believe are relevant to our situation:

WVHCS-Hospital (comprised of Wilkes-Barre General Hospital and Nesbitt memorial Hospital), the largest provider in both the Scranton/Wilkes-Barre Metropolitan Statistical Area and the Northeastern Pennsylvania region (Region 6) as defined by the Pennsylvania Health Care Cost Containment Council (HC^4), has suffered operating deficits in each of the fiscal years since the year ended June 30, 1998. The smallest operating deficit was $5,542,000 in 1998, and the operating loss for the year just ended is expected to exceed $10,000,000.

In the face of adversity, our Hospital has done everything possible to manage the extent of those losses, including numerous staff reductions. The total number of paid full time equivalents (FTE's) for 1998 was 2,708 FTE's As of may 31, 2002, that figure had dropped to just over 1,809 FTE's, a reduction of almost 900 FTE positions.

Medicare beneficiaries account for almost ⅔'s of the inpatient days within our Hospital. Furthermore, the Medicare payment program has become the basis for several other payment programs in the Commonwealth of Pennsylvania, including auto insurance and workers compensation services. There is no opportunity for a shortfall in Medicare payments to be absorbed by other payers, which had lead to our significant operating deficits.

Luzerne and Lackawanna counties have the highest concentration of Medicare beneficiaries of all counties throughout the Commonwealth of Pennsylvania with populations of 200,000 residents or greater. And, the proportion of Medicare beneficiaries within those counties are among the highest of any major county throughout the country.

Based upon data presented by the HC^4 for the 2001 fiscal year, seven of nine regions within Pennsylvania enjoyed positive operating results ranging from 0.81% (Northwestern Pennsylvania) to 3.75% (Lehigh Valley). Altoona area hospitals experienced a slight operating deficit of −0.27%. Most notable in the most recent HC^4 release was the fact that hospitals in Northeastern Pennsylvania were faced with operating deficits averaging −1.51% of revenue.

Of the 13 hospitals within our metropolitan statistical area, the four largest providers experienced operating deficits ranging between −2.56% and −4.81%. Five of the remaining nine hospitals also experienced significant operating deficits.

As the largest hospital in Luzerne County, and sponsor of a very active family practice residency program, WVHCS-Hospital provides a significant amount of free care. For

the year just ended, it is estimated that WVHCS-Hospital provided uncompensated care valued at over $6,000,000. In addition, there were almost 18,000 patient encounters within our family practice residency program, the majority of which were to Medical Assistance or other uninsured/underinsured patients who otherwise would have ended up in emergency rooms.

Under the current rules, Medicare applies the wage index to about 71% of the average hospital's non-capital cost pool. Based upon our calculations, the portion of our costs to which that index should be applied is estimated to be far less, approximately 58%. The result is that areas like ours, where the wage index is less than 1.00, are paid less than cost for a portion of their supply expenses.

For the 2002 fiscal year, we have experienced registered nurse (RN) staffing turnover approximating 15% of our total RN pool. This is driven by the fact that the average wage rate which we can afford to offer for a registered nurse is $20.28, well below other contiguous metropolitan statistical areas. In addition, the current vacancy rate for certified registered nurse anesthetists is 25%. Despite the fact we operate one of the largest and most successful schools of nurse anesthetists in the nation, surrounding areas are paying $5 to $6/per hour more than our region.

Registered nurses are not the only area of need with which we are faced. For example, radiology/imaging technologists are earning (an average hourly rate of $14.88, again, well below other nearby metropolitan statistical areas). The result is that for the first half of 2002, we have experienced almost 20% turnover in imaging technicians, particularly in the areas of nuclear medicine, CT scanning, magnetic resonance imaging (MRI) and general radiology services.

Without additional relief, we are losing staff to surrounding communities!

In addition to these labor related pressures, we are faced with other issues affecting costs including the malpractice insurance crisis, bioterrorism preparedness, as well as, added regulatory requirements under the Health Insurance Portability and Accountability Act (HIPAA). While it is not our intention to redirect wage-related reimbursements to those areas, the fact remains that the amount of funds which we will have available to address our staffing needs will be even further limited.

Once again, we would like to thank you, Representative Sherwood, Representative Kanjorski, Senator Santorum and each of your respective staffs for all of the efforts which you have put into this important cause. In particular, we would like to thank you and Representative Sherwood for spending time with representatives from area hospitals on Monday, July 1, 2002.

We look forward to hearing from you as to when the conference committee hearings will be scheduled as we would like to be present to represent our community and this critical issue.

Sincerely,

WILLIAM R. HOST,
President and Chief Executive Officer.
MICHAEL D. SCHERNECK,
Senior Vice President and Chief Financial Officer.

THE BLOOMSBURG HOSPITAL,
Bloomsburg, PA, July 3, 2002.

Memo to: Andrew M. Wallace, Executive Director, Northeast Region.

From: Robert J. Spinelli, CEO, The Bloomsburg Hospital, Bloomsburg, PA.

The Medicare Reimbursement issue currently debated is extremely important for The Bloomsburg Hospital. As a community hospital located in Northeast Pennsylvania, the current wage index rates have contributed to three years of deficit income, which has resulted in the inability to recruit qualified staff. In addition, our hospital has had to furlough individuals and not fill positions as vacancies become available.

Your help in this wage index change is greatly appreciated. Thank you.

I will be available to attend the Conference Committee meeting. Please contact me.

WAYNE MEMORIAL HOSPITAL,
Honesdale, PA, July 3, 2002.

Senator ARLEN SPECTER,
Scranton, PA.

DEAR SENATOR SPECTER: Thank you for holding the briefing on the Medicare reimbursement issues and the Wage Index issue in particular. We truly appreciate all your efforts on our behalf to assure that Medicare Reimbursements to providers of services are adequate.

I am summarizing a few of the issues facing us in our fiscal 2003, which began on Monday, July 1, 2002, the same day as your briefing.

We are anticipating an increase in our Medicare payment rate of approximately 3% effective with the beginning of the next federal fiscal year on 10–1–02. The increase is based on a Market Basket increase less .55%, as I recall has been the reduction factor over the last several years. Medicare is saying that, inflation is running 3.55% and we'll give you a 3.00% increase in rates. This makes it extremely difficult to keep net revenues above expenses when by definition, expenses are increasing faster than revenue or rates. Capital costs are included in this same methodology. Wayne Memorial is currently in a planning process that may well identify the need to spend capital dollars. Medicare reimbursement will not change as a result of this capital project and the proposed increase for fiscal 2003 will make it difficult to cover additional debt service on any new debt that may be required.

We have also recently absorbed an 80% increase in our annual General and Professional liability (malpractice) insurance premium that must be paid from this 3% increase from Medicare. We are facing serious physician recruitment issues related to the malpractice crisis here in Pennsylvania, as well. The increase in our malpractice premium will total over $725,000 on an annual basis. The increase in Medicare payments that would result from this change in MSA to Newburg, New York would mean approximately $450,000 of additional Medicare reimbursement for Wayne Memorial.

I want to thank you again for your hard work on these serious issues facing healthcare providers in Pennsylvania and hope that all of our efforts, together, can move us toward a Medicare payment system that is more adequate.

Sincerely,

MICHAEL J. CLIFFORD,
Director of Finance.

Mr. SPECTER. In the absence of any other Senator seeking recognition, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. REID. Mr. President, are we in a period of morning business?

The PRESIDING OFFICER. We are not.

MORNING BUSINESS

Mr. REID. Mr. President, I ask unanimous consent that we now proceed to a period for morning business with Senators allowed to speak therein for a period not to exceed 5 minutes each.

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

FOURTH OF JULY DEDICATION OF THE LOVELL VETERANS MEMORIAL CENTER

Mr. ENZI. Mr. President, all of us are just returning from the Fourth of July recess. It is a grand time, I am sure, across the United States. It was particularly a grand time in Wyoming. I get to go to a lot of parades and fairs and rodeos. It is really our only time outdoors to get a little bit of suntan that, unfortunately, goes from the wrist to the tip of the fingers, and the neck up. But it is a grand time. I want to share with my colleagues one of the adventures of this Fourth of July recess.

I got to be in a place called Lovell, WY. It is in the northern part of Wyoming. They had a dedication of a veterans memorial center that features a huge mural that includes pictures from all of the wars in which we have participated. The mural goes down into a rocky beach that contains rocks from different wars that we have been in as well. They had a dedication of this veterans memorial center.

The dedication was also attended by Commander Lovell, whose town is now his namesake. That is the Lovell of Apollo 13 fame and ingenuity.

Of course, it reminded me of that time in 1957 when the United States realized that we were behind in all of the scientific races. It challenged many of us to improve education in the United States. I think that continues today. The United States met that challenge. I remember when Sputnik went up I was appalled and I immediately became one of those rocket boys, one who was anxious to learn as much about science and space as possible.

I am pleased to say the Explorer Post that I was in launched a rocket with electronic ignition the second time we did it. We also learned on the first one that you have to clear that with the FAA so you don't shoot down airplanes. There have been a lot changes in that.

I got to go to this parade and dedication of the mural. It was very patriotic. At the beginning, as they unfurled this new flag on a huge new pole, we did say the Pledge of Allegiance. There was a reaction to the previous Wednesday's Ninth Circuit announcement because when the words, ''under God'' were said, they were louder than the whole rest of the pledge, just as an affirmation that the people of Wyoming were upset with the decision that had

been made. But it was that kind of event that makes your heart swell and brings tears to your eyes.

There was a song about heroes sung by elementary students. It reminded me that community, and communities across this country, are made up of heroes. Heroes are just ordinary people who do extraordinary things. Fortunately, in America we have a lot of those.

We are in a rapidly changing world. In April, I had an opportunity to go over to Russia with three interpreters. We worked on an international agreement of cooperation on controlling weapons of mass destruction, on export controls. That meeting was a tremendous shock for me. All the time I was growing up, Russia was our enemy—the Soviet Union where the people were out to get us. I was sitting across the table from their equivalent of the Senate and House talking about cooperation.

I also had an opportunity to meet with some small businessmen while I was over there. I think it was an even bigger shock for them to be talking to a capitalist about free enterprise. I think we will learn a lot from each other as the world changes.

I have to tell you that the people in Russia today have a tremendous amount of respect for us. Part of it comes from the action the United States took in Afghanistan. We did in 1 month what Russia wasn't able to do in 7 years. That did get us some respect.

The rest of the world anticipates that the reason we are able to do things such as that is the tremendous technology we have, the inventions and weapons we have developed. Some people think it is because of this capitalism, of businesses—and businesses deserve tremendous applause for the role they have played.

Since there was a parade that day and a lot of Tootsie Rolls were thrown out to the kids along the streets, it reminded me that Tootsie Rolls had been a part of every war since World War II. That company has donated Tootsie Rolls. It is one of those chocolates that don't melt in the heat. For Afghanistan, they donated eight semis loaded with Tootsie Rolls. But I also heard about a little event that happened in Korea. They used to be able to call in the plane, and the plane would dump Tootsie Rolls on little parachutes. But one day, they got a little confused on the code word, and when a bombing run was called in on North Korea, they used Tootsie Rolls for the code word for it, and the North Koreans had Tootsie Rolls dropped on them.

We have businesses that participate in all kinds of ways in making sure our country is a better country. But what they usually miss in all of the discussions about why America is great doesn't have to do with technology. It doesn't have to do with capitalism. It has to do with the people. As a people, we have developed over the years of our existence the promotion to the rest of the world of the kind of government that works, and that has worked better and longer than any other government. But it isn't the Government either. It is the people. We have people who have values, enthusiasm, ideas, and community.

That came out on September 11. On September 11, there were a lot of people around the world who were pretty sure there was a major tragedy which hit this country and that we would fall apart. Instead, what they saw was America coming together. We came together with a sense of community which they didn't expect, with patriotism that has been unequalled, I think, in our history, with voluntarism, and, most of all, faith. Those are the things that make us different from the other countries. Those are the things that have made us great.

It is exciting to have an opportunity to participate in ceremonies, such as the Lovell Veterans Memorial Center dedication.

I ask unanimous consent that the speech of MG Ed Boenisch, Adjutant General of the Wyoming Military Department, given at that dedication be printed in the RECORD.

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

DEDICATION—LOVELL VETERANS MEMORIAL CENTER, JUNE 29, 2002

SPEECH BY MAJ GEN ED BOENISCH, ADJUTANT GENERAL, WYOMING MILITARY DEPARTMENT

I'm honored to be here sharing the podium with an astronaut. I'm proud to be here with proud civic leaders, citizens and veterans who make dreams a reality.

Today renews my hope and faith in the spirit of America and in our great flag and the freedoms it represents. This spectacular memorial is a fitting honor to the men and women who sacrificed so we can be here today, free and safe.

Today is 29 June 2002. It's been 291 days since terrorists attacked our country. Remember all the innocent civilians who were killed that terrible day. It's been 265 days since we began our Global War on Terrorism. Remember the 51 U.S. military men and women who have died in that war. Remember all those who are deployed today, fighting our War on Terrorism so our country and our world can be safe for our children and our grandchildren.

I am so encouraged when I see the spirit of Americans manifested in displays of patriotism, respect and remembrance, especially with a beautiful and permanent display such as this Lovell Veterans Memorial Center.

Thank you for having such a grand and beautiful dream! Thank you for your financial contributions and hard work to make this a reality. Thank you for remembering!

May God bless you!

May God bless America!

Mr. ENZI. Mr. President, I ask unanimous consent that the speech which Commander Lovell gave at that ceremony be printed in the RECORD.

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

DEDICATION OF VETERANS MEMORIAL CENTER, JULY 29, 2002, LOVELL, WYOMING

LADIES AND GENTLEMEN: My son Jay and I want to thank the people of Lovell for the wonderful hospitality we received during our visit—and it is an honor for me to say a few words in the dedication of Veterans Memorial Center honoring the men and women who served in our Armed Forces.

In 1944, Journalist Ernie Pyle wrote these words to describe the beginning of the Normandy invasion.

''Darkness enveloped the whole American armada. Not a pinpoint of light showed from those hundreds of ships as they surged on through the night toward their destiny, carrying across the ageless and indifferent sea tens of thousands of young men, fighting for . . . for, well, at least each other. For Americans, these words paint a picture of the fear and confusion surrounding soldiers on the eve of battle. Yet, they also impart the sense of determination those young men must have felt. Through his words, Ernie Pyle puts us in touch with our understanding of who we are and how we came to be a nation.

Even more, these words impel us to remember the cost of bringing America this far and also forces us to admit the price is not yet paid in full. This is what the dedication of the Veteran's Memorial symbolizes—when the people of Lovell can take a clear look at both your past and your future. And acknowledge the debt we owe to those men and women who—because they so cherished peace—chose to live as warriors.

Could anything be more contradictory than the lives of our servicemen? They love America, so they spend long years in foreign lands or at sea far from her shores. They revere freedom, so they sacrifice their own that we may be free. They defend our right to live as individuals, yet yield their individuality in that cause. Perhaps most paradoxically of all, they value life, and so bravely ready themselves to die in the service of our country.

For more than 220 years our military has provided a bastion against our enemies. In that time, our world has changed and our armed forces have changed with it, but the valor, dignity, and courage of the men and women in uniform remain the same. From Valley Forge to Enduring Freedom, from San Juan Hill to Pearl Harbor, the fighting spirit of the American Serviceman permeates the history of our nation.

The founders of the United States understood that the military would be the rampart from which America would guard its freedom. George Washington once stated, ''By keeping up in Peace a well regulated and disciplined militia, we shall take the fairest and best method to preserve for a long time to come the happiness, dignity and Independence of our country.'' The prophecy of those words has been fulfilled time and again.

The cost of that vision has been tremendous, for the periods of peace our country has enjoyed are few. The longest time of complete tranquility for our armed forces was the 23 years between World Wars One and Two. Since the Revolutionary War, more than 42 million men and women have served in America's military. More than 600,000 of those dauntless, selfless warriors died in combat.

But why are we so seemingly willing to fight and, if need be, to die? The answer to that question is as simple—and yet as complex—as the soul of America itself. We fight because we believe. Not that war is good, but that sometimes it is necessary. Our soldiers fight and die not for the glory of war, but for the prize of freedom. And, the heart of America is freedom, for ourselves and all nations willing to fight for it. Yes, the price is high, but freedom is a wealth no debt can encumber.

But, what of the soldiers whose death has brought the liberty of our nation? Soldiers

who did not even enjoy the status of veteran? They were all different; yet share a sameness that is deeper than the uniform they wore. They were black, white, man, woman, Hispanic, Indian, Asian, Catholic, Jewish, Protestant, Buddhist, Muslim, and a hundred other variations and combinations. What is most important—regardless of race, creed, color, or gender—they were American.

These courageous men and women, each so different in heritage and background, shared the common bonds of the armed forces—duty and sacrifice. All of them reached a moment in their lives when race and religion, creed and color made no difference. What remained was the essence of America—the fighting spirit of a proud people. They are servicemen who paid the price for freedom.

As we dedicate this memorial to the brave veterans of the past, we must also look to the future. In today's world, of terrorism freedom comes cloaked in uncertainty. America still relies on her sons and daughters to defend her liberty. The cost of independence remains high, but we are willing to pay it. We do not pay it gladly, but we pay it with deep reverence and thanks to those who have sacrificed their lives for America. We know that in the years to come, more brave soles will sacrifice their lives for America. We should include them in our thoughts when we view this symbol of freedom.

Let me conclude my remarks by reading a few excerpts from a letter that exemplifies why we honor our people in uniform. It was written by Sullivan Ballou, a Major in the 2nd Rhode Island volunteers, to his wife Sarah a week before the battle of Bull Run.

Dear Sarah: The indications are very strong that we shall move in a few days—perhaps tomorrow. Lest I should not be able to write again, I feel impelled to write a few lines that may fall under your eye when I am no more. Our movements may be of a few days' duration and full of pleasure—and it may be one of some conflict and death to me. If it is necessary that I should fall on the battlefield for my Country, I am ready.

I have no misgivings about, or lack of confidence in the cause in which I am engaged, and my courage does not halt or falter. I know how American Civilization now leans on the triumph of the Government, and how great a debt we owe to those who went before us through the blood and sufferings of the Revolution. And I am willing—perfectly willing—to lay down all my joys in this life, to help maintain this Government, and to pay that debt.

Sarah my love for you is deathless, and yet my love of Country comes over me like a strong wind and burns me unresistably on to the battlefield.

The memories of the blissful moments I have enjoyed with you come crowding over me, and I feel most gratified to God and to you that I have enjoyed them so long. And it is hard for me to give them up and burn to ashes the hopes of future years, when God willing, we might still have lived and loved together, and seen our sons grown up to honorable manhood. If I do not return my dear Sarah, never forget how much I love you, and when my last breath escapes me on the battle field, it will whisper your name. Forgive my many faults, and the many pains I have caused you. How thoughtless and foolish I have often been.

But, O Sarah! If the dead can come back to this earth and flit unseen around those they loved, I shall always be near you; in the brightest days and in the darkest nights, always, and if a soft breeze falls upon your cheek, it shall be my breath, as the cool air fans your throbbing temple, it shall be my spirit passing by. Sarah do not mourn me dead; think I am gone and wait for me, for we shall meet again.

Sullivan Ballou was killed a week later at the First Battle of Bull Run.

That is why I am proud to be in Lovell, today to participate in the dedication of the Veteran's Memorial honoring the men and women who served our country.

Mr. ENZI. Mr. President, I know it was a great day across America when we celebrated the Fourth of July. I look forward to the future Fourth of July and the daily events when patriotism and community and faith are shown in our country.

TRIBUTE TO CAPTAIN (SELECT) BENNY G. GREEN, U.S. NAVY

Mr. LOTT. Mr. President, I wish to take this opportunity to recognize and say farewell to an outstanding Naval Officer, Captain Benny Green, upon his change of command from Special Boat Unit Twenty-Two. Throughout his career, Captain Green has served with distinction. It is my privilege to recognize his many accomplishments and to commend him for the superb service he has provided the Navy, the great State of Mississippi, and our Nation.

Captain Green enlisted in the Navy in September 1972. After an initial tour at the Aircraft Intermediate Maintenance Department at Barbers Point, Hawaii, he attended Basic Underwater Demolition/SEAL Training in Coronado, California, and graduated with class 83, for further assignment to SEAL Team One. Captain Green received a Bachelor of Science Degree from the University of Louisville in 1980, and was commissioned an Ensign in 1981. He attended flight school at Pensacola Naval Air Station and upon graduation was assigned to Fighter Squadron Eleven at Naval Air Station, Oceana, VA as a Radar Intercept Officer. He flew numerous combat missions over Lebanon in response to the 1983 terrorist bombing attack of the Marine Barracks in Beruit. In February 1985, Captain Green returned to the Special Forces and was assigned to SEAL Team Four, in Little Creek, VA, as the Platoon Commander of the newly formed Sixth Platoon. In his next assignment, Captain Green was a plank owner of SEAL Delivery Vehicle Team One Detachment Hawaii, on Ford Island, Oahu, HI, where he served as Dry Deck Shelter Platoon Commander. Other operational tours in Naval Special Warfare include: Dry Deck Shelter Department Head, SEAL Delivery Vehicle Team Two; Operations Officer, SEAL Delivery Vehicle Team Two; Maritime Special Purpose Force Commander for Central Command Amphibious Ready Group 3–91; Executive Officer, SEAL Delivery Vehicle Team Two; Naval Special Warfare Task Unit Commander for the Theodore Roosevelt Battle group 1–96; Operations Officer, Naval Special Warfare Group Two; Chief Staff Officer, Naval Special Warfare Group Two; and Requirements Officer for Naval Special Warfare Development Group. Captain Green also completed a joint tour as the Counternarcotics and Maritime Officer, Special Operations Command, Pacific.

As Commanding Officer, SBU–22, Captain Green's leadership firmly established his unit as the premier facility to train special operations forces in the riverine environment. His determination and oversight hastened the construction of new state-of-the-art facilities that provide for the training in the maintenance and repair of combatant craft, an armory, a supply building, a swim training tank, and a detachment building/administrative headquarters, with plans under development for a land-water range, a 30-unit housing facility, and a mini Navy Exchange/gas station. His rapport with senior military leadership was essential to theater commander exposure to SBU–22 capabilities in support of Special Operations Forces, SOF, throughout the world. During his tenure, SBU–22 hosted two major Joint Combined Exchange for Training, JCET, exercises, executed 13 counter-drug missions in South America, and trained over 450 foreign military personnel in all facets of riverine operations. His realignment of the Combatant Craft Training Curriculum fully addresses the requirements of the Naval Special Warfare Force–21 initiative and is typical of the exceptional foresight Captain Green demonstrated throughout his tour as Commanding Officer of SBU–22. His vast Special Operations experience proved to be a major resource in the identification, testing and implementation of the new Special Operations Craft-Riverine, SOC–R, that promises to revolutionize riverine tactics and capabilities.

Throughout his distinguished career, Captain Green has served the United States Navy and the Nation with pride and excellence. He has been an integral member of, and contributed greatly to, the best-trained, best-equipped, and best-prepared naval and special operations forces in the history of the world. Captain Green's superb leadership, integrity, and limitless energy have had a profound impact on SBU–22 and will continue to positively impact the United States Navy, our Special Operations Forces, and our Nation. Captain Green relinquishes his command on July 12, 2002 and reports as Director, Concept Development Directorate at Special Operations Command Joint Forces Command, in Norfolk, VA where he will continue his successful career. On behalf of my colleagues on both sides of the aisle, I wish Captain Green ''Fair Winds and Following Seas.''

COLONEL DOUGLAS JOHN WREATH OF THE UNITED STATES AIR FORCE RESERVE.

Mr. THURMOND. Mr. President, on March 29, 2002, Douglas John Wreath was promoted to the grade of Colonel in the United States Air Force Reserve. Major General Mike Hamel, USAF, administered the military oath of office

to Colonel Wreath on that date in a ceremony that was held in the Reserve Officers Association of the United States Building, in Washington. It is my pleasure to join those who are congratulating Colonel Wreath on this achievement.

Since 1997, Colonel Wreath has been an active duty Reservist, assigned to the United States Air Force Office of Congressional Affairs. During part of this time, Colonel Wreath served as the Acting Director of the United States Liaison Office in the Senate, where he became known to many Senators and members of their staffs. Colonel Wreath is currently assigned to the United States Air Force Headquarters, at The Pentagon, where he is implementing the recommendations of The Commission to Assess United States National Security Space Management and Organization, as well as serving as the Air Staff Legislative Liaison for Space Integration issues.

Colonel Wreath is a graduate of the United States Air Force Academy. He has also earned the degree of Master of Science in Systems Management from the University of Colorado.

Doug Wreath began his career in the United States Air Force as a Space Shuttle Navigation Analyst in 1984, leavings, as a Space Operations Officer in 1992, when he transferred into the Reserve. While on active duty, Doug Wreath performed a variety of command and support activities at three duty stations, and as the Personal Assistant to the Commander of the Air Force Space Command, he assisted in establishing the operational plans and policies of the Air Force National Space Program.

Colonel Wreath is an outstanding American who has developed an impressive record of achievement through his service to our Nation. I am pleased to commend Colonel Wreath on his promotion and I extend my best wishes to him for much continued success.

LOCAL LAW ENFORCEMENT ACT OF 2001

Mr. SMITH of Oregon. Mr. President, I rise today to speak about hate crimes legislation I introduced with Senator KENNEDY in March of last year. The Local Law Enforcement Act of 2001 would add new categories to current hate crimes legislation sending a signal that violence of any kind is unacceptable in our society.

I would like to describe a terrible crime that occurred January 25 in Washington, DC. Two minors attacked two gay men leaving a gay bar in DuPont Circle. Before attacking the victims, the assailants shouted derogatory, anti-homosexual slurs at them. Local police have arrested one of the perpetrators.

I believe that government's first duty is to defend its citizens, to defend them against the harms that come out of hate. The Local Law Enforcement Enhancement Act of 2001 is now a symbol that can become substance. I believe that by passing this legislation and changing current law, we can change hearts and minds as well.

CHRISTEN O'DONNELL EQUESTRIAN HELMET SAFETY ACT

Mr. DODD. Mr. President, last week my colleague from Rhode Island, Senator CHAFEE, and I introduced legislation to provide greater safety for children and adults who ride horses in the United States. Each year in our country, nearly 15 million people go horseback riding. Whether it be professionally or for pleasure, Americans of all ages and from all walks of life enjoy equestrian sports. And, while everyone acknowledges that horseback riding is a high-risk activity, there are serious safety issues related to equestrian sports that can and should be addressed.

I first became aware of the problem of equestrian helmets when Kemi O'Donnell, a constituent of mine in Connecticut, called my office to relate her family's tragic experience. The story she shared opened my eyes to the danger posed by certain equestrian helmets. In 1998, Kemi's daughter, Christen O'Donnell, was a young 12-year-old resident of Darien, Connecticut, and a 7th grader at New Canaan Country School. Active and sporty, Christen was a talented intermediate rider who had five years of riding experience under her belt when she mounted her horse on the morning of August 11. As always, Christen wore a helmet and was accompanied by her trainer when she began a slow walk through the ring. Suddenly, without warning, the horse she was riding shook its head, and Christen was thrown off onto 4 inches of sand. Even though her horse was only at a walk, and Christen was wearing a helmet, that helmet offered her little protection, and she sustained severe head injuries as a result of the fall. She was rushed to Stamford hospital where, despite efforts to save her, she died the next day. The magnitude of their loss has been compounded by the thought that, had Christen been wearing a better constructed helmet, it is possible she could have survived this accident.

My colleagues may be shocked to learn, as Christen's parents were, that there are no government standards in existence for the manufacturing of equestrian helmets. Some helmets are voluntarily constructed to meet strict American Society of Testing and Materials (ASTM) testing requirements, but the vast majority of helmets sold in the U.S. offer little or no real protection and are merely cosmetic hats—a form of apparel. Frequently, parents of young riders like Christen—and even more mature riders—do not know that they are buying an untested and unapproved item when they purchase a riding helmet. Indeed, most riders believe that when they buy a helmet at the store, they are purchasing a product that meets standards designed to provide real and adequate head protection. Bike helmets are built to minimum safety requirements, as are motorcycle helmets.

Apparel helmets, like the one worn by Christen, offer little or no head protection, while ASTM-approved helmets are designed to significantly reduce head injury. The difference in aesthetic design between the two is minimal, but the underlying support structures of these types of helmet are substantial. ASTM-approved helmets offer a high degree of head protection, increase the survivability of equestrian accidents and, in my view, should be the standard for all equestrian helmets.

This lack of adequate safety standards in riding helmets is why USA Equestrian (USAEq), one of the largest equestrian organizations in the country, recently mandated that ASTM-approved helmets must be worn in all USAEq-sanctioned events. While this decision effectively eliminates the danger posed by ''apparel helmets'' at these events, each day many more students ride in lessons and in private shows that are not USAEq-sanctioned. For their safety, I believe that Congress should establish minimum safety standards for all equestrian helmets sold in the United States, so that all riders can obtain headgear that offers actual protection against head injury. This is not an unprecedented suggestion. As I stated before, Congress has already acted to similarly ensure the safety of bike helmets. The legislation that I and Senator Chafee introduce in Christen's memory today is modeled on this successful bike helmet law and would go a long way toward reducing the mortality of equestrian accidents.

The Christen O'Donnell Equestrian Helmet Safety Act would require that the Consumer Product Safety Commission establish minimum requirements, based on the already proven ASTM standard, for all equestrian helmets in the United States. Thus, there would be a uniform standard for all equestrian helmets, and riders could be confident that the helmet they buy offers real head protection. Let me be clear. This modest legislation does not mandate that riders wear helmets. That is a matter better left to individual states. But, it would take a significant step toward improving the survivability of equestrian accidents and would bring the United States in line with other industrialized countries with sizable riding populations. Countries like Australia and New Zealand have enacted similar safety legislation, and the European Union has set standards to make sure that helmets for equestrian activities meet continental standards. It is time for the United States to take similar steps.

This bill is supported by a wide-ranging coalition of equestrian, child safety, and medical groups. This bill has received the endorsement of the National SAFEKIDS coalition, an organization dedicated to preventing accidental injury to children, and the

Brain Trauma Foundation, a leading medical group dedicated to preventing and treating brain injury. Additionally, USAEq has passed a rule in support of the concept of the bill, requiring all children to wear ASTM approved helmets and strongly recommending that all adults do so as well. Further, in the Chronicle of the Horse, the trade publication for the Master of Foxhounds Association, the U.S. Equestrian Team, the U.S. Pony Clubs, The National Riding Commission, the Foxhound Club of North America, the National Beagle Club, the U.S. Dressage Foundation, the American Vaulting Association, and North American Riding for the Handicapped Association, and the Intercollegiate Horse Show Association, an article was published endorsing the ASTM rule. Given the wide range of organizations that endorse this bill, or have endorsed the ASTM rule, it is clear that riders, coaches, and medical professionals alike recognize the need for a standard, tested helmet design.

I would like to draw my colleague's attention to some alarming statistics that further demonstrate the importance and expediency of this bill. Emergency rooms all across America have to deal with an influx of horse-related injuries each year. Nationwide in 1999, an estimated 15,000 horse-related emergency department visits were made by youths under 15 years old. Of these injuries, head injuries were by far the most numerous and accounted for around 60 percent of equestrian-related deaths. These injuries occurred, and continue to occur, at all ages and at all levels of riding experience. That an inadequately protected fall from a horse can kill is not surprising when you examine the medical statistics. A human skull can be shattered by an impact of less than 6.2 miles per hour, while horses can gallop at approximately 40 miles per hour. A fall from two feet can cause permanent brain damage, and a horse elevates a rider to eight feet or more above the ground. These statistics make it evident that horseback riding is a high-risk sport. While all riders acknowledge this fact, reducing the risk of serious injury while horseback riding is attainable through the use of appropriate head protection. We should pass this bill, and pass it soon, to ensure that head protection for equestrian events is safe and effective.

American consumers deserve to be confident that their protective gear, should they choose to wear it, offers real protection. I urge my colleagues to support this bill.

MESSAGE FROM THE HOUSE

At 2:09 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 4954. An act to amend title XVIII of the Social Security Act to provide for a voluntary program for prescription drug coverage under the Medicare Program, to modernize and reform payments and the regulatory structure of the Medicare Program, and for other purposes.

MEASURES PLACED ON THE CALENDAR

The following bill was read the second time, and placed on the calendar:

H.R. 4231. An act to improve small business advocacy, and for other purposes.

The following bill was read the first and second times by unanimous consent, and placed on the calendar:

H.R. 5011. An act making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 2003, and for other purposes.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated.

POM–262. A concurrent resolution adopted by the Senate of the Legislature of the State of Hawaii relative to Medicare coverage of oral cancer drugs; to the Committee on Finance.

SENATE CONCURRENT RESOLUTION NO. 65

Whereas, cancer is a leading cause of morbidity and mortality in the State of Hawaii and throughout the Nation; and

Whereas, cancer is disproportionately a disease of the elderly, with more than half of all cancer diagnoses occurring in persons age 65 or older, who are thus dependent on the federal Medicare program for provision of cancer care; and

Whereas, treatment with anti-cancer drugs is the cornerstone of modern cancer care, elderly cancer patients must have access to potentially life-extending drug therapy, but the Medicare program's coverage of drugs is limited to injectable drugs or oral drugs that have an injectable version; and

Whereas, the nation's investment in biomedical research has begun to bear fruit with a compelling array of new oral anticancer drugs that are less toxic, more effective and more cost-effective than existing therapies, but, because such drugs do not have an injectable equivalent, they are not covered by Medicare; and

Whereas, non-coverage of these important new products leaves many Medicare beneficiaries confronting the choice of either substantial out-of pocket personal costs or selection of more toxic, less effective treatments that are covered by the program; and

Whereas, Medicare's failure to cover oral anti-cancer drugs leaves at risk many beneficiaries suffering from blood-related cancers like leukemia, lymphoma, and myeloma, as well as cancers of the breast, lung, and prostate; and

Whereas, certain Members of the United States Congress have recognized the necessity of Medicare coverage for all oral anticancer drugs and introduced legislation in the 107th Congress to achieve that result (H.R. 1624; S. 913), now, therefore, be it

Resolved by the Senate of the Twenty-first Legislature of the State of Hawaii, Regular Session of 2002, the House of Representatives concurring, That the Congress of the United States in respectfully requested to enact legislation requiring the Medicare program to cover all oral anticancer drugs; and be it further.

Resolved, That certified copies of this Concurrent Resolution be transmitted to the President of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, members of Hawaii's congressional delegation, the Secretary of Health and Human Services, and the Administrator of the Centers for Medicare and Medicaid Services.

POM–263. A resolution adopted by the Senate of the Legislature of the State of Michigan relative to the Federal Prison Industries Competition in Contracting Act; to the Committee on the Judiciary.

SENATE RESOLUTION NO. 211

Whereas, In 1934, Federal Prison Industries (FPI) was created as a wholly owned government corporation. Today, FPI operates 103 factories, with over 21,000 inmate workers and annual sales of more than $500 million per year. The operation offers over 150 products. FPI enjoys significant advantages over private manufacturers making similar products because of government procurement policies, including a ''mandatory source'' requirement for government agencies; and

Whereas, With obvious personnel and benefits advantages over private sector firms, there is a clear penalty to employers and workers under the current situation. Some of the most respected companies in many fields suffer significantly from the unfair competition from FPI; and

Whereas, In Michigan, the impact of current FPI policies has been strongly felt by many working families. Last year, Michigan lost thousands of manufacturing jobs; and

Whereas, Congress is presently considering a measure that would bring comprehensive reforms to the operations of FPI. The Federal Prison Industries Competition in Contracting Act would address directly the present unfair government purchasing policies. This legislation, H.R. 1577, includes specific requirements that FPI would have to follow to achieve fairness and promote the training of inmates. Under the Federal Prison Industries Competition in Contracting Act, FPI would compete for contracts in a manner that minimizes unfair advantages and ensures that government agencies get the best value for taxpayer dollars. The legislation also includes numerous accountability measures, increased emphasis on preparing inmates for a return to society, and enhanced restitution for victims of crime; and

Whereas, A more appropriate approach to prisoner-based manufacturing will not only bring fairness to the marketplace and thousands of America's working families, but it also will enhance the federal corrections system; now, therefore, be it

Resolved by the Senate, That we memorialize the Congress of the United States to enact the Federal Prison Industries Competition in Contracting Act; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives, and the members of the Michigan congressional delegation.

POM–264. A resolution adopted by the Senate of the Legislature of the State of Hawaii relative to veterans benefits to Filipino veterans of the United States Armed Forces; to the Committee on Veterans' Affairs.

SENATE RESOLUTION NO. 26

Whereas, the Philippine Islands, as a result of the Spanish-American War, were a possession of the United States between 1898 and 1946; and

Whereas, in 1934, the Philippine Independence Act (P.L. 73–127) set a ten-year timetable for the eventual independence of the

Philippines and in the interim established a government of the Commonwealth of the Philippines with certain powers over its own internal affairs; and

Whereas, the granting of full independence ultimately was delayed for two years until 1946 because of the Japanese occupation of the islands from 1942 to 1945; and

Whereas, between 1934 and the final independence of the Philippine Islands in 1946, the United States retained certain sovereign powers over the Philippines, including the right, upon order of the President of the United States, to call into the service of the United States Armed Forces all military forces organized by the Commonwealth government; and

Whereas, President Franklin D. Roosevelt, by Executive order of July 26, 1941, brought the Philippine Commonwealth Army into the service of the United States Armed Forces of the Far East under the command of Lieutenant General Douglas MacArthur; and

Whereas, under the Executive Order of July 26, 1941, Filipinos were entitled to full veterans benefits; and

Whereas, approximately 200,000 Filipino soldiers, driven by a sense of honor and dignity, battled under the United States Command after 1941 to preserve our liberty; and

Whereas, the vast majority of American soldiers who opposed the Japanese invasion of the Philippines from December 1941, through March 1942, were Filipinos, who gallantly fought down the length of the Bataan peninsula, and endured unbearable hardships during the siege of Corregidor; and

Whereas, following the surrender of Corregidor, Filipino soldiers, isolated from the rest of the world with only the hope that American forces might someday return, courageously waged guerrilla warfare against the Japanese occupation; and

Whereas, Filipino soldiers fought bravely alongside returning Allied forces to liberate the Philippines and restore order in the war-torn islands until the official end of hostilities in 1947; and

Whereas, there are four groups of Filipino nationals who are entitled to all or some of the benefits to which United States veterans are entitled;

(1) Filipinos who served in the regular components of the United States Armed Forces;

(2) Regular Philippine Scouts, called ''Old Scouts'', who enlisted in Filipino-manned units of the United States Army prior to October 6, 1945; and prior to World War II, these troops assisted in the maintenance of domestic order in the Philippines and served as a combat-ready force to defend the islands against foreign invasion, and during the war, they participated in the defense and retaking of the islands from Japanese occupation;

(3) Special Philippine Scouts, called ''New Scouts'', who enlisted in the United States Armed Forces between October 6, 1945, and June 30, 1947, primarily to perform occupation duty in the Pacific following World War II; and

(4) Members of the Philippine Commonwealth Army who on July 26, 1941, were called into the service of the United States Armed Forces, including organized guerrilla resistance units that were recognized by the United States Army;

Whereas, the first two groups, Filipinos who served in the regular components of the United States Armed Forces and Old Scouts, are considered United States veterans and are generally entitled to the full range of United States veterans benefits; and

Whereas, the other two groups, New Scouts and members of the Philippine Commonwealth Army, are eligible for certain veterans benefits, some of which are lower than full veterans benefits; and

Whereas, United States veterans medical benefits for the four groups of Filipino veterans vary depending upon whether the person resides in the United States or the Philippines; and

Whereas, the eligibility of Old Scouts for benefits based on military service in the United States Armed Forces has long been established; and

Whereas, the federal Department of Veterans Affairs operates a comprehensive program of veterans benefits in the present government of the Republic of the Philippines, including the operation of a federal Department of Veterans Affairs office in Manila; and

Whereas, the federal Department of Veterans Affairs does not operate a program of this type in any other country; and

Whereas, the program in the Philippines evolved because the Philippine Islands were a United States possession during the period 1898–1946, and many Filipinos have served in the United States Armed Forces, and because the preindependence Philippine Commonwealth Army was called into the service of the United States Armed Forces during World War II (1941–1945); and

Whereas, our nation has failed to meet the promises made to those Filipino soldiers who fought as American soldiers during World War II; and

Whereas, Congress passed legislation in 1946 limiting and precluding Filipino veterans that fought in the service of the United States during World War II from receiving most veterans benefits that were available to them before 1946; and

Whereas, many Filipino veterans have been unfairly treated by the classification of their service as not being service rendered in the United States Armed Forces for purposes of benefits from the federal Department of Veterans Affairs; and

Whereas, other nationals who served in the United States Armed Forces have been recognized and granted full rights and benefits, but the Filipinos, American nationals at the time of service, are still denied recognition and singled out for exclusion, and this treatment is unfair and discriminatory; and

Whereas, on October 20, 1996, President Clinton issued a proclamation honoring the nearly 100,000 Filipino veterans of World War II, soldiers of the Philippine Commonwealth Army, who fought as a component of the United States Armed Forces alongside allied forces for four long years to defend and reclaim the Philippine Islands, and thousands more who joined the United States Armed Forces after the war; now, therefore, be it

Resolved by the Senate of the Twenty-First Legislature of the State of Hawaii, Regular Session of 2002, that the President and the Congress of the United States are respectfully requested in the 107th Congress to take action necessary to honor our country's moral obligation to provide these Filipino veterans with the military benefits that they deserve, including, but not limited to, holding related hearings, and acting favorably on legislation pertaining to granting full veterans benefits to Filipino veterans of the United States Armed Forces; and be it further

Resolved, that certified copies of this Resolution be transmitted to the President of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, and the members of Hawaii's congressional delegation.

POM–265. A resolution adopted by the Senate of the State of Hawaii relative to the establishment of a sister-state relationship between the State of Hawaii of the United States of America and the Municipality of Tianjin in the People's Republic of China; to the Committee on Foreign Relations.

SENATE RESOLUTION NO. 99

Whereas, Tianjin, a city in northeastern China, is one of four municipalities under the direct control of the central government of the People's Republic of China, and in 2001 had a population slightly over 10,000,000; and

Whereas, the city is made up of 13 districts, five counties, 126 villages, 93 towns, and 133 street communities; and

Whereas, the history of Tianjin begins with the opening of the Sui Dynasty's Big Canal (581–617 AD). Beginning in the mid-Tang Dynasty (618–907 AD), Tianjin became the nexus for the transport of foodstuffs and silk between south and north China. During the Ming Dynasty (1404 AD), the city figured prominently as a military center. In 1860, its importance as a business and communications center began to grow; and

Whereas, Tianjin is known as the Bright Diamond of Bohai Gulf and is the gateway to China's capital of Beijing. Tianjin is one of China's biggest business and industrial port cities and, in north China, is the biggest port city. Tianjin now ranks second in importance and size in terms of industry, business, finance, and trade in the north. Its industrial production and trade volume is second only to Shanghai in the south; and

Whereas, the city's traditional industries include mining, metallurgy, machine-building, chemicals, power production, textiles, construction materials, paper-making, foodstuffs, shipbuilding, automobile manufacturing, petroleum exploitation and processing, tractor production, fertilizer and pesticide production, and watch, television, and camera manufacturing; and

Whereas, in 1994, Tianjin's economic goal was to double its gross national product by the year 2003. With its 1997 gross national product reaching RMB 124 billion yuan (about RMB 8.26 yuan to US$ 1), Tianjin is poised to reach that goal. By the end of 1998, 12,065 foreign-owned companies were established in Tianjin that invested a total of RMB 21.017 billion yuan (about US$ 2.5 billion). About RMB 9.291 billion yuan (about US$ 1.1 billion) of that amount was used for development of Tianjin; and

Whereas, in the past, business and other forms of industrial enterprises were primarily state-owned throughout China. However, under on-going nationwide reform, the proportion of businesses that are state-owned is being reduced. In Tianjin, the percentage of state-owned enterprises in 1997 was 35.7 per cent versus 16.6 per cent for collective ownership, and 47.7 per cent for other forms, including private ownership. In the retail sector, the respective proportions were 23.7 per cent, 17.3 per cent, and 59 per cent, respectively; and

Whereas, Tianjin has a broad science and technology base upon which to build, for example, it is home to 161 independent research institutions (117 local and 44 national). Aside from its several universities and colleges, Tianjin has six national-level laboratories and 27 national and ministerial-level technological test centers and has plans to increase its science and technology educational goals; and

Whereas, in 1984, the State Council issued a directive to establish the Tianjin Economic-Technological Development Area (TEDA), situated some 35 miles from Tianjin. Recently, some 3,140 foreign-invested companies have located to TEDA with a total investment of over US$ 11 billion; and

Whereas, at present, TEDA has developed four pillar industries: electronics and communications, automobile manufacturing and mechanization, food and beverages, and biopharmacy, and is promoting four new industries: information software, bioengineering, new energies, and environmental protection; and

Whereas, in 1996, TEDA began offering a technology incubator to help small and medium-sized enterprises with funding, tax breaks, personnel, etc. Within the TEDA high-tech park, Tianjin offers preferential treatment in the form of funding, land fees, taxes, and facilities (such as water, gas, and hearing). Residential and other services, shopping, and educational and recreation facilities are either already in place or are being planned; and

Whereas, for the eleven months ending November 2001, total exports from TEDA was US$ 3.53 billion, of which foreign-funded enterprises accounted for US$ 3.49 billion while total foreign investment in TEDA amounted to US$ 2.3 billion; and

Whereas, Hawaii has been, since its early days, the destination of many Chinese immigrants who have helped to develop the State and its economy; and

Whereas, compared to the rest of the country, Hawaii is advantageously situated in the Pacific to better establish and maintain cultural, educational, and economic relationships with countries in the Asia-Pacific region, especially the People's Republic of China; and

Whereas, the new century we have embarked upon has been described by some as the ''century of Asia'' or the ''China's century''; and

Whereas, like Tianjin, Hawaii is also striving to diversify its economy by expanding into environmentally clean high-technology industries including medical services and research; and

Whereas, the State also emphasizes the importance of higher education in order to create a solid foundation and workforce to serve as the basis from which to launch initiatives in high-technology development; and

Whereas, both Hawaii and Tianjin share many common goals and values as both work towards achieving their economic and educational objectives in the new century, and the people of the State of Hawaii desire to form a mutually beneficial relationship between the State of Hawaii and the municipality of Tianjin to share our knowledge and experiences in order to better assist each other in reaching our goals; now, therefore, be it

Resolved by the Senate of the Twenty-First Legislature of the State of Hawaii, Regular Session of 2002, That Governor Benjamin Cayetano, of the State of Hawaii, or his designee, be authorized and is requested to take all necessary actions to establish a sister-state affiliation with the municipality of Tianjin of the People's Republic of China; and be it further

Resolved, That the Governor or his designee is requested to keep the Senate of the State of Hawaii fully informed of the process in establishing the relationship, and involved in its formalization to the extent practicable; and be it further

Resolved, That the municipality of Tianjin be afforded the privileges and honors that Hawaii extends to its sister-states and provinces; and be it further

Resolved, That if by June 30, 2007, the sister-state affiliation with the municipality of Tianjin of the People's Republic of China has not reached a sustainable basis by providing mutual economic benefits through local community support, the sister-state affiliation shall be withdrawn; and be it further

Resolved, That certified copies of this Resolution be transmitted to the President of the United States, the Governor of the State of Hawaii, the President of the United States Senate, the Speaker of the United States House of Representatives, Hawaii's congressional delegation, and the President of the People's Republic of China and the Mayor of the municipality of Tianjin through the Los Angeles Consulate General of the People's Republic of China.

POM–266. A Senate concurrent resolution adopted by the Legislature of the State of Hawaii relative to the establishment of a sister-state relationship between the State of Hawaii of the United States of America and the Municipality of Tianjin in the People's Republic of China; to the Committee on Foreign Relations.

SENATE CONCURRENT RESOLUTION NO. 161

Whereas, Tianjin, a city in northeastern China, is one of four municipalities under the direct control of the central government of the People's Republic of China, and in 2001 had a population slightly over 10,000,000; and

Whereas, the city is made up of 13 districts, five counties, 126 villages, 93 towns, and 133 street communities; and

Whereas, the history of Tianjin begins with the opening of the Sui Dynasty's Big Canal (581–617 AD). Beginning in the mid-Tang Dynasty (618–907 AD), Tianjin became the nexus for the transport of foodstuffs and silk between south and north China. During the Ming Dynasty (1404 AD), the city figured prominently as a military center. In 1860, its importance as a business and communications center began to grow; and

Whereas, Tianjin is known as the Bright Diamond of Bohai Gulf and is the gateway to China's capital of Beijing. Tianjin is one of China's biggest business and industrial port cities and, in north China, is the biggest port city. Tianjin now ranks second in importance and size in terms of industry, business, finance, and trade in the north. Its industrial production and trade volume is second only to Shanghai in the south; and

Whereas, the city's traditional industries include mining, metallurgy, machine-building, chemicals, power production, textiles, construction materials, paper-making, foodstuffs, shipbuilding, automobile manufacturing, petroleum exploitation and processing, tractor production, fertilizer and pesticide production, and watch, television, and camera manufacturing; and

Whereas, in 1994, Tianjin's economic goal was to double its gross national product by the year 2003. With its 1997 gross national product reaching RMB 124 billion yuan (about RMB 8.26 yuan to US$ 1), Tianjin is poised to reach that goal. By the end of 1998, 12,065 foreign-owned companies were established in Tianjin that invested a total of RMB 21.017 billion yuan (about US$ 2.5 billion). About RMB 9.291 billion yuan (about US$ 1.1 billion) of that amount was used for development of Tianjin; and

Whereas, in the past, business and other forms of industrial enterprises were primarily state-owned throughout China. However, under on-going nationwide reform, the proportion of businesses that are state-owned is being reduced. In Tianjin, the percentage of state-owned enterprises in 1997 was 35.7 per cent versus 16.6 per cent for collective ownership, and 47.7 per cent for other forms, including private ownership. In the retail sector, the respective proportions were 23.7 per cent, 17.3 per cent, and 59 per cent, respectively; and

Whereas, Tianjin has a broad science and technology base upon which to build, for example, it is home to 161 independent research institutions (117 local and 44 national). Aside from its several universities and colleges, Tianjin has six national-level laboratories and 27 national and ministerial-level technological test centers and has plans to increase its science and technology educational goals; and

Whereas, in 1984, the State Council issued a directive to establish the Tianjin Economic-Technological Development Area (TEDA), situated some 35 miles from Tianjin. Recently, some 3,140 foreign-invested companies have located to TEDA with a total investment of over US$ 11 billion; and

Whereas, at present, TEDA has developed four pillar industries: electronics and communications, automobile manufacturing and mechanization, food and beverages, and biopharmacy, and is promoting four new industries: information software, bioengineering, new energies, and environmental protection; and

Whereas, in 1996, TEDA began offering a technology incubator to help small and medium-sized enterprises with funding, tax breaks, personnel, etc. Within the TEDA high-tech park, Tianjin offers preferential treatment in the form of funding, land fees, taxes, and facilities (such as water, gas, and heating). Residential and other services, shopping, and educational and recreation facilities are either already in place or are being planned; and

Whereas, for the eleven months ending November 2001, total exports from TEDA was US$ 3.53 billion, of which foreign-funded enterprises accounted for US$ 3.49 billion while total foreign investment in TEDA amounted to US$ 2.3 billion; and

Whereas, Hawaii has been, since its early days, the destination of many Chinese immigrants who have helped to develop the State and its economy; and

Whereas, compared to the rest of the country, Hawaii is advantageously situated in the Pacific to better establish and maintain cultural, educational, and economic relationships with countries in the Asia-Pacific region, especially the People's Republic of China; and

Whereas, the new century we have embarked upon has been described by some as the ''century of Asia'' or the ''China's century''; and

Whereas, like Tianjin, Hawaii is also striving to diversify its economy by expanding into environmentally clean high-technology industries including medical services and research; and

Whereas, the State also emphasizes the importance of higher education in order to create a solid foundation and workforce to serve as the basis from which to launch initiatives in high-technology development; and

Whereas, both Hawaii and Tianjin share many common goals and values as both work towards achieving their economic and educational objectives in the new century, and the people of the State of Hawaii desire to form a mutually beneficial relationship between the State of Hawaii and the municipality of Tianjin to share our knowledge and experiences in order to better assist each other in reaching our goals; now, therefore, be it

Resolved, by the Senate of the Twenty-First Legislature of the State of Hawaii, Regular Session of 2002, the House of Representatives concurring, That Governor Benjamin Cayetano, of the State of Hawaii, or his designee, be authorized and is requested to take all necessary actions to establish a sister-state affiliation with the municipality of Tianjin of the People's Republic of China; and be it further

Resolved, That the Governor or his designee is requested to keep the Legislature of the State of Hawaii fully informed of the process in establishing the relationship, and involved in its formalization to the extent practicable; and be it further

Resolved, That the municipality of Tianjin be afforded the privileges and honors that Hawaii extends to its sister-states and provinces; and be it further

Resolved, That if by June 30, 2007, the sister-state affiliation with the municipality of Tianjin of the People's Republic of China has

not reached a sustainable basis by providing mutual economic benefits through local community support, the sister-state affiliation shall be withdrawn; and be it further

Resolved, That certified copies of this Concurrent Resolution be transmitted to President of the United States, the Governor of the State of Hawaii, the President of the United States Senate, the Speaker of the United States House of Representatives, Hawaii's congressional delegation, and the President of the People's Republic of China and the Mayor of the municipality of Tianjin through the Los Angeles Consulate General of the People's Republic of China.

POM–267. A Senate concurrent resolution adopted by the Legislature of the State of Hawaii relative to the acquisition by the United States National Park Service of Kahuku Ranch for expansion of the Hawaii Volcanoes National Park and of Ki'ilae Village for expansion of Pu'uhonua O Honaunau National Historical Park; to the Committee on Energy and Natural Resources.

SENATE CONCURRENT RESOLUTION NO. 36

Whereas, the Volcanoes National Park on the Big Island consists of 217,000 acres and is one of only two national parks in this State; and

Whereas, the Volcanoes National Park attracts about 1,500,000 visitors each year who enjoy the natural beauty of the lava fields, native forests, and ocean cliffs; and

Whereas, a large parcel of land lying to the south and west of the Volcanoes National Park known as Kahuku Range consisting of 117,000 acres has come up for sale; and

Whereas, the Kahuku Ranch parcel contains outstanding geological, biological, cultural, scenic, and recreational value, and is the sole habitat for at least four threatened and endangered bird species endemic to Hawaii; and

Whereas, the National Park Service since 1945 has recognized that the property contained nationally significant resources and in fact, in its 175 Master Plan, the National Park Service identified the property as a ''potential addition to improve the geological, ecological, and scenic integrity of Hawaii Volcanoes National Park''; and

Whereas, the 181-acre Pu'uhonua O Honaunau National Historical Park was established in 1961 to save a sacred lace of refuge that for centuries offered sanctuary to any who reached its walls; and

Whereas, adjacent to Pu'uhonua O Honaunau are the remains of Ki'ilae, an ancient Hawaiian settlement dating back to the late 12th or early 13th centuries, and which remained active until about 1930, making it one of the last traditional Hawaiian villages to be abandoned; and

Whereas, significant portions of this ancient Hawaiian village remain outside of national park boundaries; and

Whereas, including these lands within the boundaries of Pu'uhonua O Honaunau National Historical Park has been a goal of park management for more than three decades; and

Whereas, the park's 1972 Master Plan identified Ki'ilae Village as a proposed boundary extension and in 1992, a Boundary Expansion Study completed for the park called for adding the ''balance of Ki'ilae Village''; and

Whereas, within the Ki'ilae lands the National Park Service is seeking to acquire, more than 800 archaeological sites, structures, and features have been identified, including at least twenty-five caves and ten heaiu, more than twenty platforms, twenty-six enclosures, over forty burial features, residential compounds, a holua slide, canoe landing sites, a water well, numerous walls, and a wide range of agricultural features; and

Whereas, in June 2001; Senator Inouye and Senator Akaka introduced a bill to authorize the addition of the Ki'ilae Village lands to Pu'uhonua O Honaunau National Historical Park and in October 2001, this bill passed the United States Senate and it is anticipated that the authorization bill will pass the House of Representatives as well; and

Whereas, these acquisitions offer an opportunity rarely imagined because they would give the National Park Service an excellent chance to expand and protect native plants and archaeological sites from destruction; and

Whereas, these opportunities can benefit current and future generations of residents and tourists, because expansion of Volcanoes National Park and Pu'uhonua O Honaunau National Historical Park will preserve more open space, add to the natural environment, protect affected native species, and preserve cultural and historical sites; and

Whereas, in January 2001, the National Park Service held a series of public meetings to receive comments from the public regarding possible purchase of Kahuku Ranch and Ki'ilae Village, and the nearly 400 people in attendance at the meetings expressed overwhelming support and endorsement; now, therefore, be it

Resolved, by the Senate of the Twenty-First Legislature of the State of Hawaii, Regular Session of 2002, the House of Representatives concurring, That the Legislature supports the acquisition by the United states National Park Service of Kahuku Ranch for expansion of the Hawaii Volcanoes National Park and of Ki'ilae Village for expansion of Pu'uhonua O Honaunau National Historical Park; and be it further

Resolved, That certified copies of this Concurrent Resolution be transmitted to the Director of the National Park Service, the President of the United States Senate, the Speaker of the United States House of Representatives, and to the members of Hawaii's congressional delegation.

POM–268. A Senate concurrent resolution adopted by the Legislature of the State of Hawaii relative to urging adequate financial impact assistance to providing services to citizens of the freely associated states who reside in the State of Hawaii; to the Committee on Energy and Natural Resources.

SENATE CONCURRENT RESOLUTION NO. 127

Whereas, the Compact of Free Association is an agreement established in 1986 between the United States and the Federated States of Micronesia and the Republic of the Marshall Islands, and in 1994 with the Republic of Palau; and

Whereas, under the Compact, the United States provides direct economic assistance, federal services, and military protection to these nations, in exchange for defense rights; and

Whereas, the U.S. State Department should consider the impact of Freely Associated States citizens on Hawaii during this year's renegotiation of the compacts; and

Whereas, citizens of these Freely Associated States (FAS) are also allowed to freely enter the United States without a visa or other immigration requirements; and

Whereas, drawn by the promise of better medical care and a better education for their children, over 6,000 Freely Associated States citizens have migrated to and are currently residing in Hawaii; and

Whereas, the Compact's enabling legislation authorizes federal compensation for impact costs incurred by United States areas, including Hawaii; and

Whereas, the 1996 federal welfare reform act cut off access to federal welfare and medical programs forcing citizens of these Freely Associated States to rely on state aid; and

Whereas, the cost of supporting FAS citizens, largely in healthcare and education, was $86 million between 1996 and 2000; and

Whereas, FAS students have higher costs than other students due to poor language and other skills; and

Whereas, due to FAS students entering and leaving school a few times each year their integration into the school system difficult; and

Whereas, since the Compact went into effect in 1986 until 2001, the State spent over $64 million to educate FAS citizens and their children in our public schools, $10 million in 2000 alone; and

Whereas, FAS citizens continue to have a fast-growing impact on our public school system; and

Whereas, last year, the number of FAS students in our primary and secondary public schools increased by 28%, resulting in costs to the State of over $13 million for the academic year, bringing the total cost since 1988 to about $78 million; and

Whereas, during the academic school year 2001–2002, the University of Hawaii lost over $1.2 million in tuition revenue as a result of students from the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau paying resident rather than non-resident tuition; and

Whereas, inadequate and delayed federal compensation to Hawaii's education system will be at a cost to our own children, and contributes to Hawaii being substantially below many other states in per pupil expenditures for its public school children in kindergarten through 12th grade; and

Whereas, state Medicaid payments for FAS citizens from 1998 to 2001 totaled $12.4 million; and

Whereas, the financial stability and viability of private hospitals and medical providers is threatened by staggering debts and write-offs resulting from medical services to FAS citizens, in spite of state Medicaid reimbursements; and

Whereas, the Queen's Medical Center alone has incurred operating losses of $16 million between 1995 and 1999, and is owed over $11 million by Compact of FAS nations; and

Whereas, community health centers estimate an annual cost of $420,000 for services to FAS residents; and

Whereas, the Department of Health has also been significantly impacted by the cost of public health services to FAS immigrants with $967,000 spent on screening vaccination and treatment of communicable diseases and $190,000 spent for immunization and outreach by public health nurses; and

Whereas, FAS citizens may face unfair criticism and refusal of medical services from medical providers; and

Whereas, inadequate and delayed federal compensation threaten to overwhelm Hawaii's health care systems, leading to potential cutbacks in services and personnel that would impact all of Hawaii's citizens; and

Whereas, it is imperative that Hawaii be granted immediate and substantial federal assistance to meet these mounting costs; and

Whereas, Guam has been asking for—and receiving—financial impact assistance for the last ten years; and

Whereas, the fact that Micronesians should qualify for federal benefits, while residing in Hawaii and the rest of the United States, can best be summed up by the resolution which was passed on September 9, 2001, in Washington, D.C., by a national group called Grassroots Organizing for Welfare Leadership supporting the insertion of language in all federal welfare, food, and housing legislation because Micronesians are eligible for these and other benefits as ''qualified non-immigrants'' residing in the United States; and

Whereas, the United States government is not owning up to its responsibility for what the United States did to the Micronesian people by refusing them food stamps and other federal benefits when they came to Hawaii and the rest of United States seeking help; and

Whereas, the excuse being used by the U.S. government to deny any aid to the Micronesians in the U.S. is the word ''nonimmigrant'' used in the Compact of Free Association to describe Micronesians who move to Hawaii and the U.S.; and

Whereas, on Dec. 7, 1993, then President Bill Clinton formed an Advisory Committee on Human Radiation Experiments which documented human radiation experiments; and

Whereas, based on some of these documents, researchers indicate that all of Micronesia was affected, not just the Marshall Islands; and

Whereas, it is the intent of this Resolution to encourage the responsible entities to implement the provisions of the Compact of Freely Associated States, which authorizes compact impact funds to be made available to states that welcome and provide services to the people of the Federated States of Micronesia, Republic of the Marshall Islands, and Republic of Palau, because most of the FAS citizens that come to Hawaii do so for medical problems related the United States' military testing of nuclear bombs; and

Whereas, Micronesians are recruited to serve in the U.S. military and ''aliens'' are not similarly recruited into the U.S. military; now, therefore, be it

Resolved, by the Senate of the Twenty-First Legislature of the State of Hawaii, Regular Session of 2002, the House of Representatives concurring, That the Bush Administration and the U.S. Congress are requested to appropriate adequate financial impact assistance for health, education, and other social services for Hawaii's Freely Associated States citizens; and be it further

Resolved, That the Bush Administration and the U.S. Congress are requested to insert language in all federal welfare, food, and housing legislation which says that Micronesians are eligible for federal food stamps, welfare, public housing, and other federal benefits as ''qualified nonimmigrants'' residing in the United States; and be it further

Resolved, That the Bush Administration and the U.S. Congress are requested to restore FAS citizens' eligibility for federal public benefits, such as Medicaid, Medicare, and food stamps; and be it further

Resolved, That Hawaii's congressional delegates are requested to assure financial reimbursements, through the establishment of a trust, escrow, or set-aside account, to the State of Hawaii for educational, medical, and social services and to Hawaii's private medical providers who have provided services to Freely Associated States citizens; and be it further

Resolved, That certified copies of this Concurrent Resolution be transmitted to the President of the United States, United States State Department, President of the United States Senate, Speaker of the United States House of Representatives, members of Hawaii's congressional delegation, Governor, Attorney General, Superintendent of Education, Director of Health, Director of Agriculture, Director of Human Services, Grassroots Organizing for Welfare Leadership, Micronesians United, United Church of Christ, Hawaii Conference of Churches, United Methodist Church of Honolulu, national negotiating teams of the Compact of Free Association, and Presidents and Hawaii Consulates of the Federated States of Micronesia, Republic of the Marshall Islands, and Republic of Palau.

POM–269. A Senate resolution adopted by the Legislature of the State of Hawaii relative to supporting the acquisition by the United States National Park Service of Kahuku Ranch for expansion of the Hawaii Volcanoes National Park and of Ki'ilae Village for expansion of Pu'uhonua O Honaunau National Historical Park; to the Committee on Energy and Natural Resources.

SENATE RESOLUTION, NO. 16

Whereas, the Volcanoes National Park on the Big Island consists of 217,000 acres and is one of only two national parks in this State; and

Whereas, the Volcanoes National Park attracts about 1,500,000 visitors each year who enjoy the natural beauty of the lava fields, native forests and ocean cliffs; and

Whereas, a large parcel of land lying to the south and west of the Volcanoes National Park known as Kahuku Ranch consisting of 117,000 acres has come up for sale; and

Whereas, the Kahuku Ranch parcel contains outstanding geological, biological, cultural, scenic, and recreational value, and is the sole habitat for at least four threatened and endangered bird species endemic to Hawaii; and

Whereas, the National Park Service since 1945 has recognized that the property contained nationally significant resources and in fact, in its 1975 Master Plan, the National Park Service identified the property as a ''potential addition to improve the geological, ecological, and scenic integrity of Hawaii Volcanoes National Park''; and

Whereas, the 181-acre Pu'uhonua O Honaunau National Historical Park was established in 1961 to save a sacred place of refuge that for centuries offered sanctuary to any who reached its walls; and

Whereas, adjacent to Pu'uhonua O Honaunau are the remains of Ki'ilae, an ancient Hawaiian settlement dating back to the late 12th or early 13th centuries, and which remained active until about 1930, making it one of the last traditional Hawaiian villages to be abandoned; and

Whereas, significant portions of this ancient Hawaiian village remain outside of national park boundaries; and

Whereas, including these lands within the boundaries of Pu'uhonua O Honaunau National Historical Park has been a goal of park management for more than three decades; and

Whereas, the park's 1972 Master Plan identified Ki'ilae Village as a proposed boundary extension and in 1992, a Boundary Expansion Study completed for the park called for adding the ''balance of Ki'ilae Village''; and

Whereas, within the Ki'ilae lands the National Park Service is seeking to acquire, more than 800 archeological sites, structures, and features have been identified, including at least twenty-five caves and ten heaiu, more than twenty platforms, twenty-six enclosures, over forty burial features, residential compounds, a holua slide, canoe landing sites, a water well, numerous walls, and a wide range of agricultural features; and

Whereas, in June 2001, Senator Inouye and Senator Akaka introduced a bill to authorize the addition of the Ki'ilae Village lands to Pu'uhonua O Honaunau National Historical Park and in October 2001, this bill passed the United States Senate and it is anticipated that the authorization bill will pass the House of Representatives as well; and

Whereas, these acquisitions offer an opportunity rarely imagined because they would give the National Park Service an excellent change to expand and protect native plants and archaeological sites from destruction; and

Whereas, these opportunities can benefit current and future generations of residents and tourists, because expansion of Volcanoes National Park and Pu'uhonua O Honaunau National Historical Park will preserve more open space, add to the natural environment, protect affected native species, and preserve cultural and historical sites; and

Whereas, in January 2001, the National Park Service held a series of public meetings to receive comments from the public regarding possible purchase of Kahuku ranch and Ki'ilae Village, and the nearly 400 people in attendance at the meetings expressed overwhelming support and endorsement; now, therefore, be it

Resolved, by the Senate of the Twenty-First Legislature of the State of Hawaii, Regular Session of 2002, That this body supports the acquisition by the United States National Park Service of Kahuku Ranch for expansion of the Hawaii Volcanoes National Park and of Ki'ilae Village for expansion of Pu'uhonua O Honaunau National Historical Park; and be it further

Resolved, That certified copies of this Resolution be transmitted to the Director of the National Park Service, the President of the United States Senate, the speaker of the United States House of Representatives, and to the members of Hawaii's congressional delegation.

POM–270. A resolution adopted by the Legislature of the State of Alaska relative to the construction and operation of the Alaska Highway Natural Gas Pipeline route; to the Committee on Energy and Natural Resources.

LEGISLATIVE RESOLVE NO. 50

Whereas the Alaska North Slope (ANS) has the largest known, discovered natural gas resources, estimated to be 35 trillion cubic feet, in the United States and estimated, undiscovered gas resources in excess of 100 trillion cubic feet; and

Whereas demand for natural gas in the lower 48 states is expected to experience record growth, rising from approximately 22 trillion feet a year in 2000 to 30–35 trillion cubic feet a year in 2020, with some experts predicting demand to be as large as 50 trillion cubic feet a year in 2020; and

Whereas the lower 48 states have an inadequate resource base to meet this expected demand, and experts expect that more natural gas will have to be imported from Canada and from other countries in the form of liquefied natural gas (LNG); and

Whereas the near record drilling in the last two years in the lower 48 failed to provide any significant gas supply increase and many experts are questioning whether other United States frontier areas like the deepwater Gulf of Mexico will be able to deliver material new gas supplies and, therefore, more imports may be required than previously thought; and

Whereas it is important for the United States to have a reliable and affordable source of domestic natural gas for its citizens and businesses, and for national security, especially given the recent tragic events; and

Whereas energy supply disruptions have significant negative effect on the United States economy, including the losses of tens of millions of United States jobs; and

Whereas, if the United States imports significant amounts of LNG, it can be subjected to the market power of the exporting country through mechanisms such as embargoes and price making; and

Whereas ANS is one of the few known locations in the United States that can supply significant natural gas supplies to the lower 48 for years to come; and

Whereas, given these supply and demand projections, several companies and entities have studied different pipeline routes, including a ''northern'' route, running off the

shore of the Arctic National Wildlife Refuge in the Beaufort Sea to the Mackenzie Delta and south through Canada to the lower 48; a ''southern'' route along the Alaska Highway through Canada to the lower 48; and an ''LNG'' route adjacent to the Trans Alaska Pipeline System pipeline to Valdez and LNG tankers for delivery to California; and

Whereas, in 1976, Congress passed the Alaska Natural Gas Transportation Act of 1976 (ANGTA) authorizing the President to select a route to transport natural gas from ANS to the lower 48 and providing procedures to expedite the construction and operation of the selected route; and

Whereas, in 1977, following lengthy public hearings and negotiations with Canada, the President issued a decision (''President's Decision'') choosing the southern route and selecting the predecessor of a consortium of pipeline companies headed by Foothills Pipe Lines, Ltd. (Pipeline Companies'') to construct and operate the Alaska segment of the project; and

Whereas the Alaska Gas Producers Pipeline Team (''Producers'') has proposed new federal enabling legislation that is currently being debated in the United States Senate; and

Whereas the Majority Leader of the United States Senate has introduced the Energy Policy Act of 2002, which contains the Alaska Natural Gas Pipeline Act of 2002 (''Pipeline Act''); and

Whereas the Pipeline Act is not opposed by the Pipeline Companies, and they desire certain amendments to the ANGTA to modernize it; and

Whereas ANGTA granted the State of Alaska ''authoriz[ation] to ship its royalty gas on the approved transportation system for use within Alaska and . . . to withdraw such gas from the interstate market for use within Alaska,'' which rights will be impaired if a northern route is followed; and

Whereas President Carter's decision in support of the southern route explicitly recognized that it could ''supply the energy base required for long-term economic development'' within Alaska and it could supply natural gas to communities within Alaska along the route as well as other Alaska communities through local distribution lines, and these potential benefits will be lost if a northern route is followed; and

Whereas the United States Senate has concurred with the United States House of Representatives to oppose the northern route and has expressed its support for the southern route; and

Whereas the southern route presents the United States with petrochemical extraction opportunities in the United States while the northern route does not; and

Whereas a northern route pipeline could not easily be expanded to increase the volume of gas when needed; and

Whereas the southern route provides petrochemical extraction opportunities in the United States and other marketing opportunities for ANS gas, including gas to liquids (GTL) and LNG, to the West Coast or Asia; and

Whereas it is widely recognized that maximum benefit to Alaskans from the commercialization of ANS natural gas lies in market exposure for that gas, opportunities for instate use of the natural gas, and for participation by Alaskans in construction, maintenance, and operation of the gas pipeline transportation project, and the recovery of revenue by the state from the development, transport, and sale of ANS gas reserves; and

Whereas the Alaska State Legislature has expressed a preference for the expedited construction and operation of a natural gas pipeline along a southern route and has authorized funds to conduct various studies regarding a natural gas pipeline, including the study of in-state natural gas demand, natural gas supply, a natural gas fiscal system, and the effect of natural gas sales on the Prudhoe Bay reservoir; and

Whereas the Twenty-Second Alaska State Legislature established the Joint Committee on Natural Gas Pipeline (''Joint Committee'') to take whatever action may be appropriate to ensure that the best interests of the state are protected; and

Whereas it is vital for the continued exploration and development of natural gas resources on the ANS that oil and gas companies that do not have an ownership interest in the pipeline (''Explorers'') have access to it on fair and reasonable terms and have the ability to seek expansion of the pipeline when economically and technically feasible; and the Joint Committee adopted recommendations supporting enactment of these provisions in federal law; and

Whereas it is vital for the economic development of Alaska that Alaskans and Alaska businesses have access to gas from the pipeline on a fair and reasonable basis, and that the Regulatory Commission of Alaska participate with the Federal Energy Regulatory Commission to develop methods to provide for such access; and the Joint Committee adopted recommendations supporting enactment of these provisions in federal law; and

Whereas the Joint Committee has issued various recommendations requesting that Congress reaffirm the validity of ANGTA and modernize it; and

Whereas natural gas prices in the lower 48 states periodically fluctuate below those required to adequately cover investment; and

Whereas governmental involvement, including tax incentives, is essential and quite common on major projects to enable private enterprises to undertake the risks; be it

Resolved, That the Alaska State Legislature strongly urges the President of the United States, the United States Congress, and appropriate federal officials to actively support the expeditious construction and operation of a natural gas pipeline through Alaska along a southern route; and be it further

Resolved, That the Alaska State Legislature strongly urges passage during the first half of 2002 of the Alaska Gas Producers Pipeline Team's federal enabling legislation, so long as it contains a provision similar to that in H.R. 4 banning the over-the-top route and the following amendments:

(1) provisions for Alaskans and Alaska businesses that ensure they have access to the pipeline for in-state consumption and value-added manufacture on a fair and reasonable basis and that the Regulatory Commission of Alaska is part of the process in determining that access;

(2) provisions for access to the pipeline by Explorers on a fair and reasonable basis, including a proper open season with fair and reasonable tariffs, and that provide that they and the State have the ability to obtain expansion of the pipeline if economically and technologically feasible;

(3) provisions for the reaffirmation of the validity of the Alaska Natural Gas Transportation Act of 1976 and the modernization of that Act as necessary;

(4) provisions for federal financial incentives, including accelerated depreciation and an income tax credit that is designed to provide mitigation of long-term natural gas price risks and the risks associated with funding the large capital costs of the project; the amount of any tax credit should be limited in operation to periods when natural gas prices are extremely low and recovered when natural gas prices are high; and

(5) specific provisions declaring that the content of amendments (1)—(4) is not intended to exclude supply of Alaska North Slope natural gas to markets in the form of LNG or GTL.

POM–271. A resolution adopted by the Senate of the General Assembly of the Commonwealth of Pennsylvania regarding the Valley Forge National Historical Park; to the Committee on Energy and Natural Resources.

SENATE RESOLUTION NO. 155

Whereas, in the winter of 1777-1778 General George Washington and the Continental Army camped at Valley Forge to be close to the British Army occupying the City of Philadelphia; and

Whereas, during this encampment the volunteer citizen soldiers endured great hardships such as cold, hunger, disease and poor lodging, and they were badly equipped and supplied; and

Whereas, about 2,000 soldiers died from pneumonia, typhoid, dysentery and other diseases; and

Whereas, at Valley Forge the leadership of General George Washington helped hold together this group of citizen soldiers; and

Whereas, through the training of General Washington and Baron von Steuben these ill-equipped volunteers were marshaled into an effective fighting force which helped defeat a military power, the British, at Yorktown in 1783; and

Whereas, the first State park was founded at Valley Forge in 1893; and

Whereas, Govenor Samuel Pennypacker of Pennsylvania compared a visit to Valley Forge to a pilgrimage and urged every American to visit the site; and

Whereas, Valley Forge has been visited by Presidents of the United States and numerous dignitaries from around the world; and

Whereas, in 1975, as part of the United States Bicentennial Celebration, the Commonwealth of Pennsylvania conveyed the Valley Forge State Park to the United States Government; and

Whereas, Act 1975-53 authorizing the conveyance said the land was to be used for ''historical purposes''; and

Whereas, the development of land privately owned within Valley Forge National Historical Park boundaries would violate the spirit of the conveyance from the Commonwealth to the United States Government; and

Whereas, the Secretary of the Interior has the authority to acquire privately held property within the boundaries of the Park; therefore be it

Resolved, That it is the sense of the Senate of the Commonwealth of Pennsylvania that locating a large housing development within the boundaries of the Valley Forge National Historical Park is against the spirit of the original conveyance to the Federal Government approved by the Commonwealth; and be it further

Resolved, That the Senate of the Commonwealth of Pennsylvania strongly urge the Secretary of the Interior to exercise authority under Public Law 94–337 and acquire the land to be developed; and be it further

Resolved, That the Senate of the Commonwealth of Pennsylvania urge the Congress of the United States to appropriate moneys sufficient for the purchase of this property; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States, to the presiding officers of each house of Congress and each member of Congress from Pennsylvania and to the Secretary of the Interior.

POM–272. A Senate joint resolution adopted by the Legislature of the State of Maine regarding Acadia National Park; to the Committee on Energy and Natural Resources.

JOINT RESOLUTION

We, your Memorialists, the Members of the One Hundred and Twentieth Legislature of the State of Maine now assembled in the Second Regular Session, most respectfully present and petition the President of the United States and the Congress of the United States, as follows:

Whereas, Acadia National Park is Maine's most visited natural destination, with approximately 3 million annual visits, and is one of the most heavily used parks in the National Park System; and

Whereas, Acadia National Park is among the most beautiful places in Maine and its Atlantic shore represents 25% of the Maine coastline that is available for public use and enjoyment; and

Whereas, Acadia National Park generates $132,000,000 in direct economic benefits to the Mount Desert Island region and many additional millions of dollars in indirect benefits throughout Maine, making the park's 45,000 acres of land and easements among the most economically productive natural assets in the State; and

Whereas, Acadia National Park has conducted a rigorous financial analysis leading to a business plan that demonstrates an average operating annual budget that supplies only 47% of what is needed to operate the park in compliance with laws and regulations; and

Whereas, Acadia National Park's annual operating budget shortfall is the 3rd largest calculated to date in the 40 national parks that have undertaken business plans; and

Whereas, Acadia National Park's total annual operating budget need is approximately $14,000,000, and additional millions of dollars are needed for anticipated park operations at Schoodic Point; and

Whereas, Acadia National Park has 121 full-time equivalent employees but needs 230 full-time equivalent employees to execute the park's mission in accordance with laws and regulations: Now, therefore, be it

Resolved, That We, your Memorialists, respectfully urge the President of the United States and the Congress of the United States to increase the annual budget of Acadia National Park to amounts that will meet the park's full operational needs, including the needs of Schoodic Point; and be it further

Resolved, That suitable copies of this resolution, duly authenticated by the Secretary of State, be transmitted to the President of the United States, the President of the Senate of the United States, the Speaker of the House of Representatives of the United States and to each Member of the Maine Congressional Delegation.

POM–273. A joint resolution adopted by the Legislature of the State of Maine relative to Cuba; to the Committee on Banking, Housing, and Urban Affairs.

JOINT RESOLUTION

We, your Memorialists, the Members of the One Hundred and Twentieth Legislature of the State of Maine now assembled in the Second Regular Session, most respectfully present and petition the Congress of the United States as follows:

Whereas, the relationship between the United States and Cuba has long been marked by tension and confrontation, and further heightening this hostility is the 40-year-old United States trade embargo against the island nation that remains the longest-standing embargo in modern history; and

Whereas, there has been significant change in relations between Cuba and the United States since 1962, when the prohibitive trade sanctions were imposed; and

Whereas, the export ban was imposed during a period of much fear caused by the threat of nuclear attack due to the Cold War between the former Soviet Union and other communist regimes and the United States; and

Whereas, that threat no longer exists and it is no longer United States policy to prohibit trade with a communist country, as we already have heavy trade with China and are establishing trade with countries like Vietnam; and

Whereas, with complete normalization of trade relations, Cuba could become a $1 billion market for United States agricultural producers within 5 years, making it our 3rd largest market in the Americas after Mexico and Canada; and

Whereas, agriculture in Maine has developed into a diverse industry and could greatly benefit from the market opportunities that free trade with Cuba would provide. Maine is the largest producer of brown eggs and wild blueberries in the world and ranks 8th in the nation in the production of potatoes and 2nd in the production of maple syrup. It ranks 2nd in New England in milk and livestock production; and

Whereas, rather than depriving Cuba of agricultural products, the United States trade embargo succeeds only in driving Cuba's purchasers to competitors in other countries that have no trade restrictions; and

Whereas, the United States has much to gain by trading with Cuba, not only in agriculture but also in many other sectors of the economy and culture; and

Whereas, the Cuban people also have much to gain and are more likely to move toward liberty as they see our way of life and the success of our free market system: Now, therefore, be it

Resolved, That We, your Memorialists, urge the Congress of the United States to lift trade sanctions and establish permanent, normal trade relations with Cuba; and be it further

Resolved, That suitable copies of this resolution, duly authenticated by the Secretary of State, be transmitted to the Honorable George W. Bush, President of the United States, and to the President of the United States Senate, the Speaker of the House of Representatives of the United States and each Member of the Maine Congressional Delegation.

REPORTS OF COMMITTEES RECEIVED DURING RECESS

Under the authority of the order of the Senate of June 26, 2002, the following reports of committees were submitted on July 3, 2002:

By Mrs. FEINSTEIN, from the Committee on Appropriations, without amendment:

S. 2709: An original bill making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 2003, and for other purposes. (Rept. No. 107–202).

By Mr. BINGAMAN, from the Committee on Energy and Natural Resources, with amendments:

S. 1946: A bill to amend the National Trails System Act to designate the Old Spanish Trail as a National Historic Trail. (Rept. No. 107–203).

By Mr. BINGAMAN, from the Committee on Energy and Natural Resources, with an amendment:

H.R. 640: A bill to adjust the boundaries of Santa Monica Mountains National Recreation Area, and for other purposes. (Rept. No. 107–204).

By Mr. SARBANES, from the Committee on Banking, Housing, and Urban Affairs:

Report to accompany S. 2673, An original bill to improve quality and transparency in financial reporting and independent audits and accounting services for public companies, to create a Public Company Accounting Oversight Board, to enhance the standard setting process for accounting practices, to strengthen the independence of firms that audit public companies, to increase corporate responsibility and the usefulness of corporate financial disclosure, to protect the objectivity and independence of securities analysts, to improve Securities and Exchange Commission resources and oversight, and for other purposes. (Rept. No. 107–205).

By Mr. BIDEN, from the Committee on Foreign Relations, without amendment:

S. 2525: A bill to amend the Foreign Assistance Act of 1961 to increase assistance for foreign countries seriously affected by HIV/AIDS, tuberculosis, and malaria, and for other purposes. (Rept. No. 107–206).

By Mr. KENNEDY, from the Committee on Health, Education, Labor, and Pensions, with an amendment in the nature of a substitute:

S. 2059: A bill to amend the Pubic Health Service Act to provide for Alzheimer's disease research and demonstration grants.

S. 2649: A bill to provide assistance to combat the HIV/AIDS pandemic in developing foreign countries.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second times by unanimous consent, and referred as indicated:

By Mrs. FEINSTEIN:

S. 2709. An original bill making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 2003, and for other purposes; from the Committee on Appropriations; placed on the calendar.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. DASCHLE (for himself and Mr. LOTT):

S. Res. 299. A resolution to authorize testimony, document production, and legal representation in City of Columbus v. Jacqueline Downing, et al and City of Columbus v. Vincent Ramos; considered and agreed to.

ADDITIONAL COSPONSORS

S. 917

At the request of Ms. COLLINS, the names of the Senator from Maine (Ms. SNOWE) and the Senator from Hawaii (Mr. INOUYE) were added as cosponsors of S. 917, a bill to amend the Internal Revenue Code of 1986 to exclude from gross income amounts received on account of claims based on certain unlawful discrimination and to allow income averaging for backpay and frontpay awards received on account of such claims, and for other purposes.

S. 952

At the request of Mr. INHOFE, his name was withdrawn as a cosponsor of S. 952, a bill to provide collective bargaining rights for public safety officers

employed by States or their political subdivisions.

S. 999

At the request of Mr. BINGAMAN, the name of the Senator from Maryland (Ms. MIKULSKI) was added as a cosponsor of S. 999, a bill to amend title 10, United States Code, to provide for a Korea Defense Service Medal to be issued to members of the Armed Forces who participated in operations in Korea after the end of the Korean War.

S. 1115

At the request of Mr. KENNEDY, the name of the Senator from Louisiana (Ms. LANDRIEU) was added as a cosponsor of S. 1115, a bill to amend the Public Health Service Act with respect to making progress toward the goal of eliminating tuberculosis, and for other purposes.

S. 1329

At the request of Mr. JEFFORDS, the name of the Senator from New York (Mrs. CLINTON) was added as a cosponsor of S. 1329, a bill to amend the Internal Revenue Code of 1986 to provide a tax incentive for land sales for conservation purposes.

S. 1339

At the request of Mr. CAMPBELL, the names of the Senator from Wisconsin (Mr. FEINGOLD) and the Senator from Pennsylvania (Mr. SPECTER) were added as cosponsors of S. 1339, a bill to amend the Bring Them Home Alive Act of 2000 to provide an asylum program with regard to American Persian Gulf War POW/MIAs, and for other purposes.

S. 1940

At the request of Mr. LEVIN, the name of the Senator from Wisconsin (Mr. FEINGOLD) was added as a cosponsor of S. 1940, a bill to amend the Internal Revenue Code of 1986 to provide that corporate tax benefits from stock option compensation expenses are allowed only to the extent such expenses are included in a corporation's financial statements.

S. 1986

At the request of Mr. ROBERTS, the name of the Senator from New Mexico (Mr. DOMENICI) was added as a cosponsor of S. 1986, a bill to amend the Intermodal Surface Transportation Efficiency Act of 1991 to identify a route that passes through the States of Texas, New Mexico, Oklahoma, and Kansas as a high priority corridor on the National Highway System.

S. 2009

At the request of Mr. DURBIN, the name of the Senator from Delaware (Mr. BIDEN) was added as a cosponsor of S. 2009, a bill to amend the Public Health Service Act to provide services for the prevention of family violence.

S. 2010

At the request of Mr. LEAHY, the names of the Senator from Massachusetts (Mr. KERRY), the Senator from Georgia (Mr. MILLER), and the Senator from Arizona (Mr. MCCAIN) were added as cosponsors of S. 2010, a bill to provide for criminal prosecution of persons who alter or destroy evidence in certain Federal investigations or defraud investors of publicly traded securities, to disallow debts incurred in violation of securities fraud laws from being discharged in bankruptcy, to protect whistleblowers against retaliation by their employers, and for other purposes.

S. 2027

At the request of Mr. DURBIN, the name of the Senator from Maine (Ms. COLLINS) was added as a cosponsor of S. 2027, a bill to implement effective measures to stop trade in conflict diamonds, and for other purposes.

S. 2035

At the request of Mr. JEFFORDS, the name of the Senator from Minnesota (Mr. WELLSTONE) was added as a cosponsor of S. 2035, a bill to provide for the establishment of health plan purchasing alliances.

S. 2055

At the request of Ms. CANTWELL, the name of the Senator from Virginia (Mr. ALLEN) was added as a cosponsor of S. 2055, a bill to make grants to train sexual assault nurse examiners, law enforcement personnel, and first responders in the handling of sexual assault cases, to establish minimum standards for forensic evidence collection kits, to carry out DNA analyses of samples from crime scenes, and for other purposes.

S. 2215

At the request of Mrs. BOXER, the name of the Senator from Iowa (Mr. HARKIN) was added as a cosponsor of S. 2215, a bill to halt Syrian support for terrorism, end its occupation of Lebanon, stop its development of weapons of mass destruction, cease its illegal importation of Iraqi oil, and by so doing hold Syria accountable for its role in the Middle East, and for other purposes.

S. 2239

At the request of Mr. SARBANES, the name of the Senator from Alaska (Mr. STEVENS) was added as a cosponsor of S. 2239, a bill to amend the National Housing Act to simplify the downpayment requirements for FHA mortgage insurance for single family homebuyers.

S. 2244

At the request of Mr. DORGAN, the name of the Senator from Wisconsin (Mr. FEINGOLD) was added as a cosponsor of S. 2244, a bill to permit commercial importation of prescription drugs from Canada, and for other purposes.

S. 2246

At the request of Mr. DODD, the names of the Senator from Massachusetts (Mr. KENNEDY), the Senator from Georgia (Mr. CLELAND), and the Senator from North Carolina (Mr. EDWARDS) were added as cosponsors of S. 2246, a bill to improve access to printed instructional materials used by blind or other persons with print disabilities in elementary and secondary schools, and for other purposes.

S. 2566

At the request of Mr. KENNEDY, the name of the Senator from Maine (Ms. COLLINS) was added as a cosponsor of S. 2566, a bill to improve early learning opportunities and promote school preparedness, and for other purposes.

S. 2613

At the request of Mr. LIEBERMAN, the names of the Senator from South Carolina (Mr. HOLLINGS), the Senator from Arkansas (Mr. HUTCHINSON), and the Senator from Mississippi (Mr. COCHRAN) were added as cosponsors of S. 2613, a bill to amend section 507 of the Omnibus Parks and Public Lands Management Act of 1996 to authorize additional appropriations for historically black colleges and universities, to decrease the cost-sharing requirement relating to the additional appropriations, and for other purposes.

S. 2642

At the request of Mr. NELSON of Florida, the name of the Senator from New Jersey (Mr. CORZINE) was added as a cosponsor of S. 2642, a bill to require background checks of alien flight school applicants without regard to the maximum certificated weight of the aircraft for which they seek training, and to require a report on the effectiveness of the requirement.

S. 2647

At the request of Ms. SNOWE, the name of the Senator from California (Mrs. FEINSTEIN) was added as a cosponsor of S. 2647, a bill to require that activities carried out by the United States in Afghanistan relating to governance, reconstruction and development, and refugee relief and assistance will support the basic human rights of women and women's participation and leadership in these areas.

S. 2649

At the request of Mr. KENNEDY, the name of the Senator from Maryland (Mr. SARBANES) was added as a cosponsor of S. 2649, a bill to provide assistance to combat the HIV/AIDS pandemic in developing foreign countries.

S. RES. 264

At the request of Mr. KERRY, the names of the Senator from New Hampshire (Mr. GREGG), the Senator from Utah (Mr. HATCH), the Senator from Rhode Island (Mr. REED), the Senator from Connecticut (Mr. DODD), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from Ohio (Mr. DEWINE) were added as cosponsors of S. Res. 264, a resolution expressing the sense of the Senate that small business participation is vital to the defense of our Nation, and that Federal, State, and local governments should aggressively seek out and purchase innovative technologies and services from American small businesses to help in homeland defense and the fight against terrorism.

S. RES. 284

At the request of Mr. BIDEN, the name of the Senator from Indiana (Mr. LUGAR) was added as a cosponsor of S.

Res. 284, a resolution expressing support for ''National Night Out'' and requesting that the President make neighborhood crime prevention, community policing, and reduction of school crime important priorities of the Administration.

S. CON. RES. 122

At the request of Ms. SNOWE, the names of the Senator from Massachusetts (Mr. KERRY) and the Senator from Missouri (Mrs. CARNAHAN) were added as cosponsors of S. Con. Res. 122, a concurrent resolution expressing the sense of Congress that security, reconciliation, and prosperity for all Cypriots can be best achieved within the context of membership in the European Union which will provide significant rights and obligations for all Cypriots, and for other purposes.

SUBMITTED RESOLUTIONS

SENATE RESOLUTION 299—TO AUTHORIZE TESTIMONY, DOCUMENT PRODUCTION AND LEGAL REPRESENTATION IN CITY OF COLUMBUS V. JACQUELINE DOWNING, ET AL. AND CITY OF COLUMBUS V. VINCENT RAMOS

Mr. DASHLE (for himself and Mr. LOTT) submitted the following resolution; which was considered and agreed to:

S. RES. 299

Whereas, in the cases of City of Columbus v. Jacqueline Downing, et al., Nos. 2002 CR B 01082–25, 010835–37 and City of Columbus v. Vincent Ramos, No. 2002 CR B 010835–37 pending in the Franklin County Municipal Court in the State of Ohio, testimony has been requested from Michael Dawson, an employee in the office of Senator Mike DeWine;

Whereas, pursuant to sections 703(a) and 704(a)(2) of the Ethics in Government Act of 1978, 2 U.S.C. §§288b(a) and 288c(a)(2), the Senate may direct its counsel to represent employees of the Senate with respect for testimony relating to their official responsibilities;

Whereas, by the privileges of the Senate of the United States and Rule XI of the Standing Rules of the Senate, no evidence under the control or in the possession of the Senate may, by the judicial or administrative process, be taken from such control or possession but by permission of the Senate;

Whereas, when it appears that evidence under the control or in the possession of the Senate may promote the administration of justice, the Senate will take such action as will promote the ends of justice consistent with the privilege of the Senate: Now, therefore, be it *Resolved*, That Michael Dawson and any other employee of the Senate DeWine's office from whom testimony may be required are authorized to testify and produce documents in the case of City of Columbus v. Jacqueline Downing, et al., and City of Columbus v. Vincent Ramos, except concerning matters for which a privilege should be asserted.

SEC. 2. The Senate Legal Counsel is authorized to represent Michael Dawson and any other employee of Senator DeWine's office in connection with the testimony and document production authorized in section one of this resolution.

AMENDMENTS SUBMITTED AND PROPOSED

SA 4173. Mr. SARBANES proposed an amendment to the bill S. 2673, to improve quality and transparency in financial reporting and independent audits and accounting services for public companies, to create a Public Company Accounting Oversight Board, to enhance the standard setting process for accounting practices, to strengthen the independence of firms that audit public companies, to increase corporate responsibility and the usefulness of corporate financial disclosure, to protect the objectivity and independence of securities analysts, to improve Securities and Exchange Commission resources and oversight, and for other purposes.

TEXT OF AMENDMENTS

SA 4173. Mr. SARBANES proposed an amendment to the bill S. 2673, to improve quality and transparency in financial reporting and independent audits and accounting services for public companies, to create a Public Company Accounting Oversight Board, to enhance the standard setting process for accounting practices, to strengthen the independence of firms that audit public companies, to increase corporate responsibility and the usefulness of corporate financial disclosure, to protect the objectivity and independence of securities analysts, to improve Securities and Exchange Commission resources and oversight, and for other purposes; as follows:

On page 65, line 11, strike ''All'' and insert ''Subject to the availability in advance in an appropriations Act, and notwithstanding subsection (h), all''.

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

(d) CONFORMING AMENDMENT.—Section 10A(f) of the Securities Exchange Act of 1934 (15 U.S.C. 78k(f)) is amended—

(1) by striking ''DEFINITION'' and inserting ''DEFINITIONS''; and

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

NOTICES OF HEARINGS/MEETINGS

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. BINGAMAN. Mr. President, I would like to announce for the information of the Senate and the public that a hearing has been scheduled before the Committee on Energy and Natural Resources.

The hearing will take place on Tuesday, July 16, at 9:30 a.m. in room 366 of the Dirksen Senate Office Building in Washington, D.C.

The purpose of the hearing is to receive testimony on the Administration's plans to request additional funds for wildland firefighting and forest restoration as well as ongoing implementation of the National Fire Plan.

Because of the limited time available for the hearing, witnesses may testify by invitation only. However, those wishing to submit written testimony for the hearing record should send two copies of their testimony to the Committee on Energy and Natural Resources, United States Senate, 312 Dirksen Senate Office Building, Washington, DC 20510.

For further information, please contact Kira Finkler of the committee staff at 202/224–8164.

PRIVILEGES OF THE FLOOR

Mr. GRAMM. Mr. President, I ask unanimous consent that Maureen Kelly, from Senator DOMENICI's staff, have access to the floor during this pending bill.

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

Mr. SARBANES. Mr. President, I ask unanimous consent that Steven Dettelbach, a detailee to the Committee on the Judiciary, and Jack Taylor, a fellow with Senator TIM JOHNSON's office, be granted the privilege of the floor during the Senate's consideration of the pending matter, S. 2673.

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

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2003

On June 27, 2002, the Senate amended and passed S. 2514, as follows:

S. 2514

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''National Defense Authorization Act for Fiscal Year 2003''.

SEC. 2. ORGANIZATION OF ACT INTO DIVISIONS; TABLE OF CONTENTS.

(a) DIVISIONS.—This Act is organized into three divisions as follows:

(1) Division A—Department of Defense Authorizations.

(2) Division B—Military Construction Authorizations.

(3) Division C—Department of Energy National Security Authorizations and Other Authorizations.

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

Sec. 1. Short title.
Sec. 2. Organization of Act into divisions; table of contents.
Sec. 3. Congressional defense committees defined.

DIVISION A—DEPARTMENT OF DEFENSE AUTHORIZATIONS

TITLE I—PROCUREMENT

Subtitle A—Authorization of Appropriations

Sec. 101. Army.
Sec. 102. Navy and Marine Corps.
Sec. 103. Air Force.
Sec. 104. Defense-wide activities.
Sec. 105. Defense Inspector General.
Sec. 106. Chemical agents and munitions destruction, defense.
Sec. 107. Defense health programs.

Subtitle B—Army Programs

Sec. 111. Pilot program on sales of manufactured articles and services of certain Army industrial facilities without regard to availability from domestic sources.

Subtitle C—Navy Programs

Sec. 121. Integrated bridge system.
Sec. 122. Extension of multiyear procurement authority for DDG–51 class destroyers.
Sec. 123. Maintenance of scope of cruiser conversion of Ticonderoga class AEGIS cruisers.
Sec. 124. Marine Corps live fire range improvements.

Subtitle D—Air Force Programs

Sec. 131. C–130J aircraft program.
Sec. 132. Pathfinder programs.
Sec. 133. Oversight of acquisition for defense space programs.
Sec. 134. Leasing of tanker aircraft.
Sec. 135. Compass Call program.
Sec. 136. Sense of Congress regarding assured access to space.
Sec. 137. Mobile emergency broadband system.

TITLE II—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

Subtitle A—Authorization of Appropriations

Sec. 201. Authorization of appropriations.
Sec. 202. Amount for science and technology.
Sec. 203. Defense health programs.

Subtitle B—Program Requirements, Restrictions, and Limitations

Sec. 211. Basic seismic research program for support of national requirements for monitoring nuclear explosions.
Sec. 212. Advanced SEAL Delivery System.
Sec. 213. Army experimentation program regarding design of the objective force.
Sec. 214. Reallocation of amount available for indirect fire programs.
Sec. 215. Laser welding and cutting demonstration.
Sec. 216. Analysis of emerging threats.
Sec. 217. Prohibition on transfer of Medical Free Electron Laser program.
Sec. 218. Demonstration of renewable energy use.
Sec. 219A. Radar power technology for the Army.
Sec. 219B. Critical infrastructure protection.
Sec. 219C. Theater Aerospace Command and Control Simulation Facility upgrades.
Sec. 219D. DDG optimized manning initiative.
Sec. 219E. Agroterrorist attacks.
Sec. 219F. Very high speed support vessel for the Army.
Sec. 219G. Full-scale high-speed permanent magnet generator.
Sec. 219H. Aviation-shipboard information technology initiative.
Sec. 219I. Aerospace Relay Mirror System (ARMS) Demonstration.
Sec. 219J. Littoral ship program.

Subtitle C—Missile Defense Programs

Sec. 221. Annual operational assessments and reviews of ballistic missile defense program.
Sec. 222. Report on Midcourse Defense program.
Sec. 223. Report on Air-based Boost program.
Sec. 224. Report on Theater High Altitude Area Defense program.
Sec. 225. References to new name for Ballistic Missile Defense Organization.
Sec. 226. Limitation on use of funds for nuclear armed interceptors.
Sec. 227. Reports on flight testing of Ground-based Midcourse national missile defense system.

Subtitle D—Improved Management of Department of Defense Test and Evaluation Facilities

Sec. 231. Department of Defense Test and Evaluation Resource Enterprise.
Sec. 232. Transfer of testing funds from program accounts to infrastructure accounts.
Sec. 233. Increased investment in test and evaluation facilities.
Sec. 234. Uniform financial management system for Department of Defense test and evaluation facilities.
Sec. 235. Test and evaluation workforce improvements.
Sec. 236. Compliance with testing requirements.
Sec. 237. Report on implementation of Defense Science Board recommendations.

Subtitle E—Other Matters

Sec. 241. Pilot programs for revitalizing Department of Defense laboratories.
Sec. 242. Technology transition initiative.
Sec. 243. Encouragement of small businesses and nontraditional defense contractors to submit proposals potentially beneficial for combating terrorism.
Sec. 244. Vehicle fuel cell program.
Sec. 245. Defense nanotechnology research and development program.
Sec. 246. Activities and assessment of the Defense Experimental Program to Stimulate Competitive Research.
Sec. 247. Four-year extension of authority of DARPA to award prizes for advanced technology achievements.

TITLE III—OPERATION AND MAINTENANCE

Subtitle A—Authorization of Appropriations

Sec. 301. Operation and maintenance funding.
Sec. 302. Working capital funds.
Sec. 303. Armed Forces Retirement Home.
Sec. 304. Range Enhancement Initiative Fund.
Sec. 305. Navy Pilot Human Resources Call Center, Cutler, Maine.
Sec. 306. National Army Museum, Fort Belvoir, Virginia.
Sec. 307. Disposal of obsolete vessels of the National Defense Reserve Fleet.

Subtitle B—Environmental Provisions

Sec. 311. Enhancement of authority on cooperative agreements for environmental purposes.
Sec. 312. Modification of authority to carry out construction projects for environmental responses.
Sec. 313. Increased procurement of environmentally preferable products.
Sec. 314. Cleanup of unexploded ordnance on Kaho'olawe Island, Hawaii.

Subtitle C—Defense Dependents' Education

Sec. 331. Assistance to local educational agencies that benefit dependents of members of the Armed Forces and Department of Defense civilian employees.
Sec. 332. Impact aid for children with severe disabilities.
Sec. 333. Options for funding dependent summer school programs.
Sec. 334. Comptroller General study of adequacy of compensation provided for teachers in the Department of Defense Overseas Dependents' Schools.

Subtitle D—Other Matters

Sec. 341. Use of humanitarian and civic assistance funds for reserve component members of Special Operations Command engaged in activities relating to clearance of landmines.
Sec. 342. Calculation of five-year period of limitation for Navy-Marine Corps Intranet contract.
Sec. 343. Reimbursement for reserve component intelligence support.
Sec. 344. Rebate agreements under the special supplemental food program.
Sec. 345. Logistics support and services for weapon systems contractors.
Sec. 346. Continuation of Arsenal support program initiative.
Sec. 347. Two-year extension of authority of the Secretary of Defense to engage in commercial activities as security for intelligence collection activities abroad.
Sec. 348. Installation and connection policy and procedures regarding Defense Switch Network.
Sec. 349. Engineering study and environmental analysis of road modifications in vicinity of Fort Belvoir, Virginia.
Sec. 350. Extension of work safety demonstration program.
Sec. 351. Lift support for mine warfare ships and other vessels.
Sec. 352. Navy data conversion activities.

TITLE IV—MILITARY PERSONNEL AUTHORIZATIONS

Subtitle A—Active Forces

Sec. 401. End strengths for active forces.
Sec. 402. Authority to increase strength and grade limitations to account for reserve component members on active duty in support of a contingency operation.
Sec. 403. Increased allowance for number of Marine Corps general officers on active duty in grades above major general.
Sec. 404. Increase in authorized strengths for Marine Corps officers on active duty in the grade of colonel.

Subtitle B—Reserve Forces

Sec. 411. End strengths for Selected Reserve.
Sec. 412. End strengths for Reserves on active duty in support of the reserves.
Sec. 413. End strengths for military technicians (dual status).
Sec. 414. Fiscal year 2003 limitations on non-dual status technicians.

Subtitle C—Authorization of Appropriations

Sec. 421. Authorization of appropriations for military personnel.

TITLE V—MILITARY PERSONNEL POLICY

Subtitle A—Officer Personnel Policy

Sec. 501. Extension of certain requirements and exclusions applicable to service of general and flag officers on active duty in certain joint duty assignments.
Sec. 502. Extension of authority to waive requirement for significant joint duty experience for appointment as a chief of a reserve component or a National Guard director.
Sec. 503. Repeal of limitation on authority to grant certain officers a waiver of required sequence for joint professional military education and joint duty assignment.
Sec. 504. Extension of temporary authority for recall of retired aviators.
Sec. 505. Increased grade for heads of nurse corps.

Sec. 506. Reinstatement of authority to reduce service requirement for retirement in grades above O–4.

Subtitle B—Reserve Component Personnel Policy

Sec. 511. Time for commencement of initial period of active duty for training upon enlistment in reserve component.
Sec. 512. Authority for limited extension of medical deferment of mandatory retirement or separation of reserve component officer.
Sec. 513. Repeal of prohibition on use of Air Force Reserve AGR personnel for Air Force base security functions.

Subtitle C—Education and Training

Sec. 521. Increase in authorized strengths for the service academies.

Subtitle D—Decorations, Awards, and Commendations

Sec. 531. Waiver of time limitations for award of certain decorations to certain persons.
Sec. 532. Korea Defense Service Medal.

Subtitle E—National Call to Service

Sec. 541. Enlistment incentives for pursuit of skills to facilitate national service.
Sec. 542. Military recruiter access to institutions of higher education.

Subtitle F—Other Matters

Sec. 551. Biennial surveys on racial, ethnic, and gender issues.
Sec. 552. Leave required to be taken pending review of a recommendation for removal by a board of inquiry.
Sec. 553. Stipend for participation in funeral honors details.
Sec. 554. Wear of abayas by female members of the Armed Forces in Saudi Arabia.

TITLE VI—COMPENSATION AND OTHER PERSONNEL BENEFITS

Subtitle A—Pay and Allowances

Sec. 601. Increase in basic pay for fiscal year 2003.
Sec. 602. Rate of basic allowance for subsistence for enlisted personnel occupying single Government quarters without adequate availability of meals.
Sec. 603. Basic allowance for housing in cases of low-cost or no-cost moves.
Sec. 604. Temporary authority for higher rates of partial basic allowance for housing for certain members assigned to housing under alternative authority for acquisition and improvement of military housing.

Subtitle B—Bonuses and Special and Incentive Pays

Sec. 611. One-year extension of certain bonus and special pay authorities for reserve forces.
Sec. 612. One-year extension of certain bonus and special pay authorities for certain health care professionals.
Sec. 613. One-year extension of special pay and bonus authorities for nuclear officers.
Sec. 614. One-year extension of other bonus and special pay authorities.
Sec. 615. Increased maximum amount payable as multiyear retention bonus for medical officers of the Armed Forces.
Sec. 616. Increased maximum amount payable as incentive special pay for medical officers of the Armed Forces.
Sec. 617. Assignment incentive pay.
Sec. 618. Increased maximum amounts for prior service enlistment bonus.

Subtitle C—Travel and Transportation Allowances

Sec. 631. Deferral of travel in connection with leave between consecutive overseas tours.
Sec. 632. Transportation of motor vehicles for members reported missing.
Sec. 633. Destinations authorized for Government paid transportation of enlisted personnel for rest and recuperation upon extending duty at designated overseas locations.
Sec. 634. Vehicle storage in lieu of transportation to certain areas of the United States outside continental United States.

Subtitle D—Retirement and Survivor Benefit Matters

Sec. 641. Payment of retired pay and compensation to disabled military retirees.
Sec. 642. Increased retired pay for enlisted Reserves credited with extraordinary heroism.
Sec. 643. Expanded scope of authority to waive time limitations on claims for military personnel benefits.

Subtitle E—Other Matters

Sec. 651. Additional authority to provide assistance for families of members of the Armed Forces.
Sec. 652. Time limitation for use of Montgomery GI Bill entitlement by members of the Selected Reserve.
Sec. 653. Status of obligation to refund educational assistance upon failure to participate satisfactorily in Selected Reserve.
Sec. 654. Prohibition on acceptance of honoraria by personnel at certain Department of Defense schools.
Sec. 655. Rate of educational assistance under Montgomery GI Bill of dependents transferred entitlement by members of the Armed Forces with critical skills.
Sec. 656. Payment of interest on student loans.
Sec. 657. Modification of amount of back pay for members of Navy and Marine Corps selected for promotion while interned as prisoners of war during World War II to take into account changes in Consumer Price Index.

TITLE VII—HEALTH CARE

Sec. 701. Eligibility of surviving dependents for TRICARE dental program benefits after discontinuance of former enrollment.
Sec. 702. Advance authorization for inpatient mental health services.
Sec. 703. Continued TRICARE eligibility of dependents residing at remote locations after departure of sponsors for unaccompanied assignments.
Sec. 704. Approval of medicare providers as TRICARE providers.
Sec. 705. Claims information.
Sec. 706. Department of Defense Medicare-Eligible Retiree Health Care Fund.
Sec. 707. Technical corrections relating to transitional health care for members separated from active duty.
Sec. 708. Extension of temporary authority for entering into personal services contracts for the performance of health care responsibilities for the Armed Forces at locations other than military medical treatment facilities.
Sec. 709. Restoration of previous policy regarding restrictions on use of Department of Defense medical facilities.
Sec. 710. Health care under TRICARE for TRICARE beneficiaries receiving medical care as veterans from the Department of Veterans Affairs.

TITLE VIII—ACQUISITION POLICY, ACQUISITION MANAGEMENT, AND RELATED MATTERS

Subtitle A—Major Defense Acquisition Programs

Sec. 801. Buy-to-budget acquisition of end items.
Sec. 802. Report to Congress on incremental acquisition of major systems.
Sec. 803. Pilot program for spiral development of major systems.
Sec. 804. Improvement of software acquisition processes.
Sec. 805. Independent technology readiness assessments.
Sec. 806. Timing of certification in connection with waiver of survivability and lethality testing requirements.

Subtitle B—Procurement Policy Improvements

Sec. 811. Performance goals for contracting for services.
Sec. 812. Grants of exceptions to cost or pricing data certification requirements and waivers of cost accounting standards.
Sec. 813. Extension of requirement for annual report on defense commercial pricing management improvement.
Sec. 814. Internal controls on the use of purchase cards.
Sec. 815. Assessment regarding fees paid for acquisitions under other agencies' contracts.
Sec. 816. Pilot program for transition to follow-on contracts for certain prototype projects.
Sec. 817. Waiver authority for domestic source or content requirements.

Subtitle C—Other Matters

Sec. 821. Extension of the applicability of certain personnel demonstration project exceptions to an acquisition workforce demonstration project.
Sec. 822. Moratorium on reduction of the defense acquisition and support workforce.
Sec. 823. Extension of contract goal for small disadvantaged businesses and certain institutions of higher education.
Sec. 824. Mentor-Protege Program eligibility for HUBZone small business concerns and small business concerns owned and controlled by service-disabled veterans.
Sec. 825. Repeal of requirements for certain reviews by the Comptroller General.
Sec. 826. Multiyear procurement authority for purchase of dinitrogen tetroxide, hydrazine, and hydrazine-related products.
Sec. 827. Multiyear procurement authority for environmental services for military installations.

Sec. 828. Increased maximum amount of assistance for tribal organizations or economic enterprises carrying out procurement technical assistance programs in two or more service areas.
Sec. 829. Authority for nonprofit organizations to self-certify eligibility for treatment as qualified organizations employing severely disabled under Mentor-Protege Program.
Sec. 830. Report on effects of Army Contracting Agency.

TITLE IX—DEPARTMENT OF DEFENSE ORGANIZATION AND MANAGEMENT

Sec. 901. Time for submittal of report on Quadrennial Defense Review.
Sec. 902. Increased number of Deputy Commandants authorized for the Marine Corps.
Sec. 903. Base operating support for Fisher Houses.
Sec. 904. Prevention and mitigation of corrosion.
Sec. 905. Western Hemisphere Institute for Security Cooperation.
Sec. 906. Veterinary Corps of the Army.
Sec. 907. Under Secretary of Defense for Intelligence.

TITLE X—GENERAL PROVISIONS

Subtitle A—Financial Matters

Sec. 1001. Transfer authority.
Sec. 1002. Reallocation of authorizations of appropriations from ballistic missile defense to shipbuilding.
Sec. 1003. Authorization of appropriations for continued operations for the war on terrorism.
Sec. 1004. Authorization of emergency supplemental appropriations for fiscal year 2002.
Sec. 1005. United States contribution to NATO common-funded budgets in fiscal year 2003.
Sec. 1006. Development and implementation of financial management enterprise architecture.
Sec. 1007. Departmental accountable officials in the Department of Defense.
Sec. 1008. Department-wide procedures for establishing and liquidating personal pecuniary liability.
Sec. 1009. Travel card program integrity.
Sec. 1010. Clearance of certain transactions recorded in Treasury suspense accounts and resolution of certain check issuance discrepancies.
Sec. 1011. Additional amount for ballistic missile defense or combating terrorism in accordance with national security priorities of the President.
Sec. 1012. Availability of amounts for Oregon Army National Guard for Search and Rescue and Medical Evacuation missions in adverse weather conditions.

Subtitle B—Naval Vessels and Shipyards

Sec. 1021. Number of Navy surface combatants in active and reserve service.
Sec. 1022. Plan for fielding the 155-millimeter gun on a surface combatant.
Sec. 1023. Report on initiatives to increase operational days of Navy ships.
Sec. 1024. Annual long-range plan for the construction of ships for the Navy.

Subtitle C—Reporting Requirements

Sec. 1031. Repeal and modification of various reporting requirements applicable with respect to the Department of Defense.
Sec. 1032. Annual report on weapons to defeat hardened and deeply buried targets.
Sec. 1033. Revision of date of annual report on counterproliferation activities and programs.
Sec. 1034. Quadrennial quality of life review.
Sec. 1035. Reports on efforts to resolve whereabouts and status of Captain Michael Scott Speicher, United States Navy.
Sec. 1036. Report on efforts to ensure adequacy of fire fighting staffs at military installations.
Sec. 1037. Report on designation of certain Louisiana highway as defense access road.
Sec. 1038. Plan for five-year program for enhancement of measurement and signatures intelligence capabilities.
Sec. 1039. Report on volunteer services of members of the reserve components in emergency response to the terrorist attacks of September 11, 2001.
Sec. 1040. Biannual reports on contributions to proliferation of weapons of mass destruction and delivery systems by countries of proliferation concern.

Subtitle D—Homeland Defense

Sec. 1041. Homeland security activities of the National Guard.
Sec. 1042. Conditions for use of full-time Reserves to perform duties relating to defense against weapons of mass destruction.
Sec. 1043. Weapon of mass destruction defined for purposes of the authority for use of Reserves to perform duties relating to defense against weapons of mass destruction.
Sec. 1044. Report on Department of Defense homeland defense activities.
Sec. 1045. Strategy for improving preparedness of military installations for incidents involving weapons of mass destruction.

Subtitle E—Other Matters

Sec. 1061. Continued applicability of expiring Governmentwide information security requirements to the Department of Defense.
Sec. 1062. Acceptance of voluntary services of proctors for administration of Armed Services Vocational Aptitude Battery.
Sec. 1063. Extension of authority for Secretary of Defense to sell aircraft and aircraft parts for use in responding to oil spills.
Sec. 1064. Amendments to Impact Aid program.
Sec. 1065. Disclosure of information on Shipboard Hazard and Defense project to Department of Veterans Affairs.
Sec. 1066. Transfer of historic DF–9E Panther aircraft to Women Airforce Service Pilots Museum.
Sec. 1067. Rewards for assistance in combating terrorism.
Sec. 1068. Provision of space and services to military welfare societies.
Sec. 1069. Commendation of military chaplains.
Sec. 1070. Grant of Federal charter to Korean War Veterans Association, Incorporated.

TITLE XI—DEPARTMENT OF DEFENSE CIVILIAN PERSONNEL POLICY

Sec. 1101. Extension of authority to pay severance pay in a lump sum.
Sec. 1102. Extension of voluntary separation incentive pay authority.
Sec. 1103. Extension of cost-sharing authority for continued FEHBP coverage of certain persons after separation from employment.
Sec. 1104. Eligibility of nonappropriated funds employees to participate in the Federal employees long-term care insurance program.
Sec. 1105. Increased maximum period of appointment under the experimental personnel program for scientific and technical personnel.
Sec. 1106. Qualification requirements for employment in Department of Defense professional accounting positions.
Sec. 1107. Housing benefits for unaccompanied teachers required to live at Guantanamo Bay Naval Station, Cuba.

TITLE XII—MATTERS RELATING TO OTHER NATIONS

Subtitle A—Cooperative Threat Reduction With States of the Former Soviet Union

Sec. 1201. Specification of Cooperative Threat Reduction programs and funds.
Sec. 1202. Funding allocations.
Sec. 1203. Authorization of use of Cooperative Threat Reduction funds for projects and activities outside the former Soviet Union.
Sec. 1204. Waiver of limitations on assistance under programs to facilitate cooperative threat reduction and nonproliferation.
Sec. 1205. Russian tactical nuclear weapons.

Subtitle B—Other Matters

Sec. 1211. Administrative support and services for coalition liaison officers.
Sec. 1212. Use of Warsaw Initiative funds for travel of officials from partner countries.
Sec. 1213. Support of United Nations-sponsored efforts to inspect and monitor Iraqi weapons activities.
Sec. 1214. Arctic and Western Pacific Environmental Cooperation Program.
Sec. 1215. Department of Defense HIV/AIDS prevention assistance program.
Sec. 1216. Monitoring implementation of the 1979 United States-China Agreement on Cooperation in Science and Technology.

DIVISION B—MILITARY CONSTRUCTION AUTHORIZATIONS

Sec. 2001. Short title.

TITLE XXI—ARMY

Sec. 2101. Authorized Army construction and land acquisition projects.
Sec. 2102. Family housing.
Sec. 2103. Improvements to military family housing units.
Sec. 2104. Authorization of appropriations, Army.
Sec. 2105. Modification of authority to carry out certain fiscal year 2002 projects.
Sec. 2106. Modification of authority to carry out certain fiscal year 2000 project.
Sec. 2107. Modification of authority to carry out certain fiscal year 1999 project.
Sec. 2108. Modification of authority to carry out certain fiscal year 1997 project.
Sec. 2109. Modification of authority to carry out certain fiscal year 2001 project.
Sec. 2110. Planning and design for anechoic chamber at White Sands Missile Range, New Mexico.

TITLE XXII—NAVY

Sec. 2201. Authorized Navy construction and land acquisition projects.
Sec. 2202. Family housing.
Sec. 2203. Improvements to military family housing units.
Sec. 2204. Authorization of appropriations, Navy.
Sec. 2205. Modification to carry out certain fiscal year 2002 projects.

TITLE XXIII—AIR FORCE

Sec. 2301. Authorized Air Force construction and land acquisition projects.
Sec. 2302. Family housing.
Sec. 2303. Improvements to military family housing units.
Sec. 2304. Authorization of appropriations, Air Force.
Sec. 2305. Authority for use of military construction funds for construction of public road near Aviano Air Base, Italy, closed for force protection purposes.
Sec. 2306. Additional project authorization for air traffic control facility at Dover Air Force Base, Delaware.
Sec. 2307. Availability of funds for consolidation of materials computational research facility at Wright-Patterson Air Force Base, Ohio.

TITLE XXIV—DEFENSE AGENCIES

Sec. 2401. Authorized Defense Agencies construction and land acquisition projects.
Sec. 2402. Improvements to military family housing units.
Sec. 2403. Energy conservation projects.
Sec. 2404. Authorization of appropriations, Defense Agencies.

TITLE XXV—NORTH ATLANTIC TREATY ORGANIZATION SECURITY INVESTMENT PROGRAM

Sec. 2501. Authorized NATO construction and land acquisition projects.
Sec. 2502. Authorization of appropriations, NATO.

TITLE XXVI—GUARD AND RESERVE FORCES FACILITIES

Sec. 2601. Authorized guard and reserve construction and land acquisition projects.
Sec. 2602. Army National Guard Reserve Center, Lane County, Oregon.
Sec. 2603. Additional project authorization for Composite Support Facility for Illinois Air National Guard.

TITLE XXVII—EXPIRATION AND EXTENSION OF AUTHORIZATIONS

Sec. 2701. Expiration of authorizations and amounts required to be specified by law.
Sec. 2702. Extension of authorizations of certain fiscal year 2000 projects.
Sec. 2703. Extension of authorizations of certain fiscal year 1999 projects.
Sec. 2704. Effective date.

TITLE XXVIII—GENERAL PROVISIONS

Subtitle A—Military Construction Program and Military Family Housing Changes

Sec. 2801. Lease of military family housing in Korea.
Sec. 2802. Repeal of source requirements for family housing construction overseas.
Sec. 2803. Modification of lease authorities under alternative authority for acquisition and improvement of military housing.

Subtitle B—Real Property and Facilities Administration

Sec. 2811. Agreements with private entities to enhance military training, testing, and operations.
Sec. 2812. Conveyance of surplus real property for natural resource conservation.
Sec. 2813. Modification of demonstration program on reduction in long-term facility maintenance costs.

Subtitle C—Land Conveyances

Sec. 2821. Conveyance of certain lands in Alaska no longer required for National Guard purposes.
Sec. 2822. Land conveyance, Fort Campbell, Kentucky.
Sec. 2823. Modification of authority for land transfer and conveyance, Naval Security Group Activity, Winter Harbor, Maine.
Sec. 2824. Land conveyance, Westover Air Reserve Base, Massachusetts.
Sec. 2825. Land conveyance, Naval Station Newport, Rhode Island.
Sec. 2826. Land exchange, Buckley Air Force Base, Colorado.
Sec. 2827. Land acquisition, Boundary Channel Drive Site, Arlington, Virginia.
Sec. 2828. Land conveyances, Wendover Air Force Base Auxiliary Field, Nevada.
Sec. 2829. Land conveyance, Fort Hood, Texas.
Sec. 2830. Land conveyances, Engineer Proving Ground, Fort Belvoir, Virginia.
Sec. 2831. Master plan for use of Navy Annex, Arlington, Virginia.
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Sec. 3201. Authorization.

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SEC. 3. CONGRESSIONAL DEFENSE COMMITTEES DEFINED.

For purposes of this Act, the term ''congressional defense committees'' means—

(1) the Committee on Armed Services and the Committee on Appropriations of the Senate; and

(2) the Committee on Armed Services and the Committee on Appropriations of the House of Representatives.

DIVISION A—DEPARTMENT OF DEFENSE AUTHORIZATIONS

TITLE I—PROCUREMENT

Subtitle A—Authorization of Appropriations

SEC. 101. ARMY.

Funds are hereby authorized to be appropriated for fiscal year 2003 for procurement for the Army as follows:

(1) For aircraft, $2,144,386,000.

(2) For missiles, $1,653,150,000.

(3) For weapons and tracked combat vehicles, $2,242,882,000.

(4) For ammunition, $1,205,499,000.

(5) For other procurement, $5,513,679,000.

SEC. 102. NAVY AND MARINE CORPS.

(a) NAVY.—Funds are hereby authorized to be appropriated for fiscal year 2003 for procurement for the Navy as follows:

(1) For aircraft, $9,037,209,000.

(2) For weapons, including missiles and torpedoes, $2,505,820,000.

(3) For shipbuilding and conversion, $8,624,160,000.

(4) For other procurement, $4,515,500,000.

(b) MARINE CORPS.—Funds are hereby authorized to be appropriated for fiscal year 2003 for procurement for the Marine Corps in the amount of $1,341,219,000.

(c) NAVY AND MARINE CORPS AMMUNITION.—Funds are hereby authorized to be appropriated for fiscal year 2003 for procurement of ammunition for the Navy and the Marine Corps in the amount of $1,173,157,000.

SEC. 103. AIR FORCE.

Funds are hereby authorized to be appropriated for fiscal year 2003 for procurement for the Air Force as follows:

(1) For aircraft, $12,613,605,000.

(2) For ammunition, $1,275,864,000.

(3) For missiles, $3,258,162,000.

(4) For other procurement, $10,477,840,000.

SEC. 104. DEFENSE-WIDE ACTIVITIES.

Funds are hereby authorized to be appropriated for fiscal year 2003 for Defense-wide procurement in the amount of $3,054,943,000.

SEC. 105. DEFENSE INSPECTOR GENERAL.

Funds are hereby authorized to be appropriated for fiscal year 2003 for procurement for the Inspector General of the Department of Defense in the amount of $2,000,000.

SEC. 106. CHEMICAL AGENTS AND MUNITIONS DESTRUCTION, DEFENSE.

There is hereby authorized to be appropriated for the Office of the Secretary of Defense for fiscal year 2003 the amount of $1,490,199,000 for—

(1) the destruction of lethal chemical agents and munitions in accordance with section 1412 of the Department of Defense Authorization Act, 1986 (50 U.S.C. 1521); and

(2) the destruction of chemical warfare materiel of the United States that is not covered by section 1412 of such Act.

SEC. 107. DEFENSE HEALTH PROGRAMS.

Funds are hereby authorized to be appropriated for fiscal year 2003 for the Department of Defense for procurement for carrying out health care programs, projects, and activities of the Department of Defense in the total amount of $278,742,000.

Subtitle B—Army Programs

SEC. 111. PILOT PROGRAM ON SALES OF MANUFACTURED ARTICLES AND SERVICES OF CERTAIN ARMY INDUSTRIAL FACILITIES WITHOUT REGARD TO AVAILABILITY FROM DOMESTIC SOURCES.

(a) EXTENSION OF PROGRAM.—Subsection (a) of section 141 of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105–85; 10 U.S.C. 4543 note) is amended by striking ''through 2002'' in the first sentence and inserting ''through 2004''.

(b) USE OF OVERHEAD FUNDS MADE SURPLUS BY SALES.—Such section is further amended—

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

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

''(c) For each Army industrial facility participating in the pilot program that sells manufactured articles and services in a total amount in excess of $20,000,000 in any fiscal year, the amount equal to one-half of one percent of such total amount shall be transferred from the sums in the Army Working Capital Fund for unutilized plant capacity to appropriations available for the following fiscal year for the demilitarization of conventional ammunition by the Army.''.

(c) UPDATE OF INSPECTOR GENERAL'S REVIEW.—The Inspector General of the Department of Defense shall review the experience under the pilot program carried out under section 141 of Public Law 105–85 and, not later than July 1, 2003, submit to Congress a report on the results of the review. The report shall contain the views, information, and recommendations called for under subsection (d) of such section (as redesignated by subsection (b)(1)). In carrying out the review and preparing the report, the Inspector General shall take into consideration the report submitted to Congress under such subsection (as so redesignated).

Subtitle C—Navy Programs

SEC. 121. INTEGRATED BRIDGE SYSTEM.

(a) AMOUNT FOR PROGRAM.—Of the amount authorized to be appropriated by section 102(a)(4), $5,000,000 shall be available for the procurement of the integrated bridge system in items less than $5,000,000.

(b) OFFSETTING REDUCTION.—Of the total amount authorized to be appropriated by section 102(a)(4), the amount available for the integrated bridge system in Aegis support equipment is hereby reduced by $5,000,000.

SEC. 122. EXTENSION OF MULTIYEAR PROCUREMENT AUTHORITY FOR DDG–51 CLASS DESTROYERS.

Section 122(b) of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 110 Stat. 2446), as amended by section 122 of Public Law 106–65 (113 Stat. 534) and section 122(a) of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (as enacted into law by Public Law 106–398; 114 Stat. 1654A–24), is further amended by striking ''October 1, 2005'' in the first sentence and inserting ''October 1, 2007''.

SEC. 123. MAINTENANCE OF SCOPE OF CRUISER CONVERSION OF TICONDEROGA CLASS AEGIS CRUISERS.

The Secretary of the Navy should maintain the scope of the cruiser conversion program for the Ticonderoga class of AEGIS cruisers such that the program—

(1) covers all 27 Ticonderoga class AEGIS cruisers; and

(2) modernizes the class of cruisers to include an appropriate mix of upgrades to ships' capabilities for theater missile defense, naval fire support, and air dominance.

SEC. 124. MARINE CORPS LIVE FIRE RANGE IMPROVEMENTS.

(a) INCREASE IN AUTHORIZATION OF APPROPRIATIONS.—The amount authorized to be appropriated by section 102(b) for procurement for the Marine Corps is hereby increased by $1,900,000, with the amount of the increase to be allocated to Training Devices.

(b) AVAILABILITY.—(1) Of the amount authorized to be appropriated by section 102(b) for procurement for the Marine Corps, as increased by subsection (a), $1,900,000 shall be available as follows:

(A) For upgrading live fire range target movers.

(B) To bring live fire range radio controls into compliance with Federal Communications Commission narrow band requirements.

(2) Amounts available under paragraph (1) for the purposes set forth in that paragraph are in addition to any other amounts available in this Act for such purposes.

(c) OFFSETTING REDUCTION.—The amount authorized to be appropriated by section 103(1) for the C–17 interim contractor support is reduced by $1,900,000.

Subtitle D—Air Force Programs

SEC. 131. C–130J AIRCRAFT PROGRAM.

(a) MULTIYEAR PROCUREMENT AUTHORITY.—Beginning with the fiscal year 2003 program year, the Secretary of the Air Force may, in accordance with section 2306b of title 10, United States Code, enter into a multiyear contract for the procurement of C–130J aircraft and variants of the C–130J aircraft, subject to subsection (b), and except that, notwithstanding subsection (k) of such section, such a contract may be for a period of six program years.

(b) LIMITATION.—The Secretary of the Air Force may not enter into a multiyear contract authorized by subsection (a) until the C–130J aircraft has been cleared for worldwide over-water capability.

SEC. 132. PATHFINDER PROGRAMS.

(a) SPIRAL DEVELOPMENT PLAN FOR SELECTED PATHFINDER PROGRAMS.—Not later than February 1, 2003, the Secretary of the Air Force shall—

(1) identify among the pathfinder programs listed in subsection (e) each pathfinder program that the Secretary shall conduct as a spiral development program; and

(2) submit to the Secretary of Defense for each pathfinder program identified under paragraph (1) a spiral development plan that meets the requirements of section 803(c).

(b) APPROVAL OR DISAPPROVAL OF SPIRAL DEVELOPMENT PLANS.—Not later than March 15, 2003, the Secretary of Defense shall—

(1) review each spiral development plan submitted under subsection (a)(2);

(2) approve or disapprove the conduct as a spiral development plan of the pathfinder program covered by each such spiral development plan; and

(3) submit to the congressional defense committees a copy of each spiral development plan approved under paragraph (2).

(c) ASSESSMENT OF PATHFINDER PROGRAMS NOT SELECTED OR APPROVED FOR SPIRAL DEVELOPMENT.—Not later than March 15, 2003, each official of the Department of Defense specified in subsection (d) shall submit to the congressional defense committees the assessment required of such official under that subsection for the acquisition plan for each pathfinder program as follows:

(1) Each pathfinder program that is not identified by the Secretary of the Air Force under subsection (a)(1) as a program that the Secretary shall conduct as a spiral development program.

(2) Each pathfinder program that is disapproved by the Secretary of Defense for conduct as a spiral development program under subsection (b)(2).

(d) OFFICIALS AND REQUIRED ASSESSMENTS FOR PROGRAMS OUTSIDE SPIRAL DEVELOPMENT.—The officials specified in this subsection, and the assessment required of such officials, are as follows:

(1) The Director of Operational Test and Evaluation, who shall assess the test contents of the acquisition plan for each pathfinder program covered by subsection (c).

(2) The Chairman of the Joint Requirements Oversight Council, who shall assess the extent to which the acquisition plan for each such pathfinder program addresses validated military requirements.

(3) The Under Secretary of Defense (Comptroller), in coordination with the Under Secretary of Defense for Acquisition, Technology, and Logistics, who shall conduct an independent programmatic evaluation of the acquisition plan for each such pathfinder program, including an analysis of the total cost, schedule, and technical risk associated with development of such program.

(e) PATHFINDER PROGRAMS.—The pathfinder programs listed in this subsection are the program as follows:

(1) Space Based Radar.
(2) Global Positioning System.
(3) Global Hawk.
(4) Combat Search and Rescue.
(5) B–2 Radar.
(6) Predator B.
(7) B–1 Defensive System Upgrade.
(8) Multi Mission Command and Control Constellation.
(9) Unmanned Combat Air Vehicle.
(10) Global Transportation Network.
(11) C–5 Avionics Modernization Program.
(12) Hunter/Killer.
(13) Tanker/Lease.
(14) Small Diameter Bomb.
(15) KC–767.
(16) AC–130 Gunship.

SEC. 133. OVERSIGHT OF ACQUISITION FOR DEFENSE SPACE PROGRAMS.

(a) IN GENERAL.—The Office of the Secretary of Defense shall maintain oversight of acquisition for defense space programs.

(b) REPORT ON OVERSIGHT.—(1) Not later than March 15, 2003, the Secretary of Defense shall submit to the congressional defense committees a detailed plan on how the Office of the Secretary of Defense shall provide oversight of acquisition for defense space programs.

(2) The plan shall set forth the following:

(A) The organizations in the Office of the Secretary of Defense, and the Joint Staff organizations, to be involved in oversight of acquisition for defense space programs.

(B) The process for the review of defense space programs by the organizations specified under subparagraph (A).

(C) The process for the provision by such organizations of technical, programmatic, scheduling, and budgetary advice on defense space programs to the Deputy Secretary of Defense and the Under Secretary of the Air Force.

(D) The process for the development of independent cost estimates for defense space programs, including the organization responsible for developing such cost estimates and when such cost estimates shall be required.

(E) The process for the development of the budget for acquisition for defense space programs.

(F) The process for the resolution of issues regarding acquisition for defense space programs that are raised by the organizations specified under subparagraph (A).

(c) DEFENSE SPACE PROGRAM DEFINED.—In this section, the term ''defense space program'' means any major defense acquisition program (as that term is defined in section 2430 of title 10, United States Code) for the acquisition of—

(1) space-based assets, space launch assets, or user equipment for such assets; or

(2) earth-based or spaced-based assets dedicated primarily to space surveillance or space control.

SEC. 134. LEASING OF TANKER AIRCRAFT.

The Secretary of the Air Force shall not enter into any lease for tanker aircraft until the Secretary submits the report required by section 8159(c)(6) of the Department of Defense Appropriations Act, 2002 (division A of Public Law 107–117; 115 Stat. 2284) and obtains authorization and appropriation of funds necessary to enter into a lease for such aircraft consistent with his publicly stated commitments to the Congress to do so.

SEC. 135. COMPASS CALL PROGRAM.

Of the amount authorized to be appropriated by section 103(1), $12,700,000 shall be available for the Compass Call program within classified projects and not within the Defense Airborne Reconnaissance Program.

SEC. 136. SENSE OF CONGRESS REGARDING ASSURED ACCESS TO SPACE.

(a) FINDINGS.—Congress makes the following findings:

(1) Assured access to space is a vital national security interest of the United States.

(2) The Evolved Expendable Launch Vehicle program of the Department of Defense is a critical element of the Department's plans for assuring United States access to space.

(3) Significant contractions in the commercial space launch marketplace have eroded the overall viability of the United States space launch industrial base and could hamper the ability of the Department of Defense to provide assured access to space in the future.

(4) The continuing viability of the United States space launch industrial base is a critical element of any strategy to ensure the long-term ability of the United States to assure access to space.

(5) The Under Secretary of the Air Force, as acquisition executive for space programs in the Department of Defense, has been authorized to develop a strategy to address United States space launch and assured access to space requirements.

(b) SENSE OF CONGRESS.—It is the sense of Congress that the Under Secretary of the Air Force should—

(1) evaluate all options for sustaining the United States space launch industrial base;

(2) develop an integrated, long-range, and adequately funded plan for assuring United States access to space; and

(3) submit to Congress a report on the plan at the earliest opportunity practicable.

SEC. 137. MOBILE EMERGENCY BROADBAND SYSTEM.

(a) AMOUNT FOR PROGRAM.—Of the total amount authorized to be appropriated by section 103(4), $1,000,000 may be available for the procurement of technical communications-electronics equipment for the Mobile Emergency Broadband System.

(b) OFFSETTING REDUCTION.—Of the total amount authorized to be appropriated by section 103(4), the amount available under such section for the Navy for other procurement for gun fire control equipment, SPQ–9B solid state transmitter, is hereby reduced by $1,000,000.

TITLE II—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

Subtitle A—Authorization of Appropriations

SEC. 201. AUTHORIZATION OF APPROPRIATIONS.

Funds are hereby authorized to be appropriated for fiscal year 2003 for the use of the Department of Defense for research, development, test, and evaluation as follows:

(1) For the Army, $7,297,033,000.
(2) For the Navy, $12,927,135,000.
(3) For the Air Force, $18,608,684,000.
(4) For Defense-wide activities, $17,543,927,000, of which $361,554,000 is authorized for the Director of Operational Test and Evaluation.

SEC. 202. AMOUNT FOR SCIENCE AND TECHNOLOGY.

(a) AMOUNT FOR PROJECTS.—Of the total amount authorized to be appropriated by section 201, $10,164,358,000 shall be available for science and technology projects.

(b) SCIENCE AND TECHNOLOGY DEFINED.—In this section, the term ''science and technology project'' means work funded in program elements for defense research, development, test, and evaluation under Department of Defense budget activities 1, 2, or 3.

SEC. 203. DEFENSE HEALTH PROGRAMS.

Funds are hereby authorized to be appropriated for fiscal year 2003 for the Department of Defense for research, development, test, and evaluation for carrying out health care programs, projects, and activities of the Department of Defense in the total amount of $67,214,000.

Subtitle B—Program Requirements, Restrictions, and Limitations

SEC. 211. BASIC SEISMIC RESEARCH PROGRAM FOR SUPPORT OF NATIONAL REQUIREMENTS FOR MONITORING NUCLEAR EXPLOSIONS.

(a) MANAGEMENT OF PROGRAM.—(1) The Secretary of the Air Force shall manage the Department of Defense program of basic seismic research in support of national requirements for monitoring nuclear explosions. The Secretary shall manage the program in the manner necessary to support Air Force mission requirements relating to the national requirements.

(2) The Secretary shall act through the Director of the Air Force Research Laboratory in carrying out paragraph (1).

(c) AMOUNT FOR PROGRAM.—Of the amount authorized to be appropriated by section 201(4), $20,000,000 shall be available for the program referred to in subsection (a).

SEC. 212. ADVANCED SEAL DELIVERY SYSTEM.

To the extent provided in appropriations Acts, the Secretary of Defense may use for research, development, test, and evaluation for the Advanced SEAL Delivery System any funds that were authorized to be appropriated to the Department of Defense for fiscal year 2002 for the procurement of that system, were appropriated pursuant to such authorization of appropriations, and are no longer needed for that purpose.

SEC. 213. ARMY EXPERIMENTATION PROGRAM REGARDING DESIGN OF THE OBJECTIVE FORCE.

(a) REQUIREMENT FOR REPORT.—Not later than March 30, 2003, the Secretary of the Army shall submit to Congress a report on the experimentation program regarding design of the objective force that is required by subsection (g) of section 113 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001, as added by section 113 of the National Defense Authorization Act for Fiscal Year 2002 (Public Law 107–107; 115 Stat. 1029).

(b) BUDGET DISPLAY.—Amounts provided for the experimentation program in the budget for fiscal year 2004 that is submitted to Congress under section 1105(a) of title 31, United States Code, shall be displayed as a distinct program element in that budget and in the supporting documentation submitted to Congress by the Secretary of Defense.

SEC. 214. REALLOCATION OF AMOUNT AVAILABLE FOR INDIRECT FIRE PROGRAMS.

(a) REDUCTION OF AMOUNT FOR CRUSADER.—Of the amount authorized to be appropriated by section 201(1) for the Army for research, development, test, and evaluation, the amount available for continued research and

development of the Crusader artillery system is hereby reduced by $475,600,000.

(b) INCREASE OF AMOUNT FOR FUTURE COMBAT SYSTEMS.—Of the amount authorized to be appropriated by section 201(1) for the Army for research, development, test, and evaluation, the amount available for research and development for the Objective Force indirect fire systems is hereby increased by $475,600,000. The amount of the increase shall be available only for meeting the needs of the Army for indirect fire capabilities, and may not be used under the authority of this section until 30 days after the date on which the Secretary of Defense submits to the congressional defense committees the report required by subsection (d), together with a notification of the Secretary's plan to use such funds to meet the needs of the Army for indirect fire capabilities.

(c) USE OF FUNDS.—Subject to subsection (b), the Secretary of Defense may use the amount available under such subsection for any program for meeting the needs of the Army for indirect fire capabilities.

(d) REPORTING REQUIREMENT.—(1) Not later than 30 days after the date of the enactment of this Act, the Chief of Staff of the Army shall complete a review of the full range of Army programs that could provide improved indirect fire for the Army over the next 20 years and shall submit to the Secretary of Defense a report containing the recommendation of the Chief of Staff on which alternative for improving indirect fire for the Army is the best alternative for that purpose. The report shall also include information on each of the following funding matters:

(A) The manner in which the amount available under subsection (b) should be best invested to support the improvement of indirect fire capabilities for the Army.

(B) The manner in which the amount provided for indirect fire programs of the Army in the future-years defense program submitted to Congress with respect to the budget for fiscal year 2003 under section 221 of title 10, United States Code, should be best invested to support improved indirect fire for the Army.

(C) The manner in which the amounts described in subparagraphs (A) and (B) should be best invested to support the improvement of indirect fire capabilities for the Army in the event of a termination of the Crusader artillery system program.

(D) The portion of the amount available under subsection (b) that should be reserved for paying costs associated with a termination of the Crusader artillery system program in the event of such a termination.

(2) The Secretary of Defense shall submit the report, together with any comments and recommendations that the Secretary considers appropriate, to the congressional defense committees.

(e) ANNUAL UPDATES.—(1) The Secretary shall submit to the congressional defense committees, at the same time that the President submits the budget for a fiscal year referred to in paragraph (4) to Congress under section 1105(a) of title 31, United States Code, a report on the investments proposed to be made in indirect fire programs for the Army.

(2) If the Crusader artillery system program has been terminated by the time the annual report is submitted in conjunction with the budget for a fiscal year, the report shall—

(A) identify the amount proposed for expenditure for the Crusader artillery system program for that fiscal year in the future-years defense program that was submitted to Congress in 2002 under section 221 of title 10, United States Code; and

(B) specify—

(i) the manner in which the amount provided in that budget would be expended for improved indirect fire capabilities for the Army; and

(ii) the extent to which the expenditures in that manner would improve indirect fire capabilities for the Army.

(3) The requirement to submit an annual report under paragraph (1) shall apply with respect to budgets for fiscal years 2004, 2005, 2006, 2007, and 2008.

SEC. 215. LASER WELDING AND CUTTING DEMONSTRATION.

(a) AMOUNT FOR PROGRAM.—Of the total amount authorized to be appropriated by section 201(2) for research, development, test, and evaluation for the Navy, $6,000,000 shall be available for the laser welding and cutting demonstration in force protection applied research (PE 0602123N).

(b) OFFSETTING REDUCTION.—Of the total amount authorized to be appropriated by section 201(2) for research, development, test, and evaluation for the Navy, the amount available for laser welding and cutting demonstration in surface ship and submarine HM&E advanced technology (PE 0603508N) is hereby reduced by $6,000,000.

SEC. 216. ANALYSIS OF EMERGING THREATS.

(a) INCREASE IN AUTHORIZATION OF APPROPRIATIONS.—The amount authorized to be appropriated by section 201(2) for research, development, test, and evaluation for the Navy is hereby increased by $2,000,000 with the amount of the increase to be allocated to Marine Corps Advanced Technology Demonstration (ATD) (PE 0603640M).

(b) AVAILABILITY.—(1) Of the amount authorized to be appropriated by section 201(2) for research, development, test, and evaluation for the Navy, as increased by subsection (a), $2,000,000 may be available for analysis of emerging threats.

(2) The amount available under paragraph (1) for analysis of emerging threats is in addition to any other amounts available under this Act for analysis of emerging threats.

(c) OFFSET.—The amount authorized to be appropriated by section 201(1) for research, development, test, and evaluation for the Army is hereby reduced by $2,000,000, with the amount of the reduction allocated as follows:

(1) $1,000,000 may be allocated to Weapons and Munitions Technology (PE 0602624A) and available for countermobility systems.

(2) $1,000,000 may be allocated to Warfighter Advanced Technology (PE 0603001A) and available for Objective Force Warrior technologies.

SEC. 217. PROHIBITION ON TRANSFER OF MEDICAL FREE ELECTRON LASER PROGRAM.

Notwithstanding any other provision of law, the Medical Free Electron Laser Program (PE 0602227D8Z) may not be transferred from the Department of Defense to the National Institutes of Health, or to any other department or agency of the Federal Government.

SEC. 218. DEMONSTRATION OF RENEWABLE ENERGY USE.

Of the amount authorized to be appropriated by section 201(2), $2,500,000 shall be available for the demonstration of renewable energy use program within the program element for the Navy energy program and not within the program element for facilities improvement.

SEC. 219A. RADAR POWER TECHNOLOGY FOR THE ARMY.

(a) INCREASE IN AUTHORIZATION OF APPROPRIATIONS.—The amount authorized to be appropriated by section 201(1) for the Department of Defense for research, development, test, and evaluation for the Army is hereby increased by $4,500,000, with the amount of the increase to be allocated to Army missile defense systems integration (DEM/VAL) (PE 0603308A).

(b) AVAILABILITY FOR RADAR POWER TECHNOLOGY.—(1) Of the amount authorized to be appropriated by section 201(1) for the Department of Defense for research, development, test, and evaluation for the Army, as increased by subsection (a), $4,500,000 shall be available for radar power technology.

(2) The amount available under paragraph (1) for radar power technology is in addition to any other amounts available under this Act for such technology.

(c) OFFSET.—The amount authorized to be appropriated by section 201(2) for research, development, test, and evaluation for the Navy is hereby reduced by $4,500,000, with the amount of the reduction to be allocated to common picture advanced technology (PE 0603235N).

SEC. 219B. CRITICAL INFRASTRUCTURE PROTECTION.

(a) AMOUNT FOR PROGRAM.—Of the amount authorized to be appropriated in section 201(4), $4,500,000 may be available for critical infrastructure protection (PE 35190D8Z).

(b) OFFSET.—Of the amount authorized to be appropriated by section 201(2), the amount for power projection advanced technology (PE 63114N) is hereby reduced by $4,500,000.

SEC. 219C. THEATER AEROSPACE COMMAND AND CONTROL SIMULATION FACILITY UPGRADES.

(a) AVAILABILITY OF FUNDS.—(1) The amount authorized to be appropriated by section 201(3) for the Air Force for wargaming and simulation centers (PE 0207605F) is increased by $2,500,000. The total amount of the increase may be available for Theater Aerospace Command and Control Simulation Facility (TACCSF) upgrades.

(2) The amount available under paragraph (1) for Theater Aerospace Command and Control Simulation Facility upgrades is in addition to any other amounts available under this Act for such upgrades.

(b) OFFSET.—The amount authorized to be appropriated by section 201(2) for the Navy for Mine and Expeditionary Warfare Applied Research (PE 0602782N) is reduced by $2,500,000.

SEC. 219D. DDG OPTIMIZED MANNING INITIATIVE.

(a) INCREASE IN AUTHORIZATION OF APPROPRIATIONS.—The amount authorized to be appropriated by section 201(2) for research, development, test, and evaluation for the Navy is hereby increased by $2,500,000, with the amount of the increase to be allocated to surface combatant combat system engineering (PE 0604307N).

(b) AVAILABILITY.—(1) Of the amount authorized to be appropriated by section 201(2) for research, development, test, and evaluation for the Navy, as increased by subsection (a), $2,500,000 may be available for the DDG optimized manning initiative.

(2) The amount available under paragraph (1) for the initiative referred to in that paragraph is in addition to any other amounts available under this Act for that initiative.

(c) OFFSET.—The amount authorized to be appropriated by section 201(1) for research, development, test, and evaluation for artillery systems DEM/VAL (PE 0603854A), by $2,500,000.

SEC. 219E. AGROTERRORIST ATTACKS.

(a) AVAILABILITY.—(1) Of the amount authorized to be appropriated by section 201(4) for research, development, test, and evaluation, defense-wide, the amount available for basic research for the Chemical and Biological Defense Program (PE 0601384BP) is hereby increased by $1,000,000, with the amount of such increase to be available for research, analysis, and assessment of efforts to counter potential agroterrorist attacks.

(2) The amount available under paragraph (1) for research, analysis, and assessment described in that paragraph is in addition to any other amounts available in this Act for such research, analysis, and assessment.

(b) OFFSET.—Of the amount authorized to be appropriated by section 201(4) for research, development, test, and evaluation, Defense-wide, the amount available for biological terrorism and agroterrorism risk assessment and prediction in the program element relating to the Chemical and Biological Defense Program (PE 0603384BP) is hereby reduced by $1,000,000.

SEC. 219F. VERY HIGH SPEED SUPPORT VESSEL FOR THE ARMY.

(a) INCREASE IN AUTHORIZATION OF APPROPRIATIONS.—The amount authorized to be appropriated by section 201(1) for research, development, test, and evaluation for the Army is hereby increased by $5,500,000, with the amount of the increase to be allocated to logistics and engineering equipment–advanced development (PE 0603804A).

(b) AVAILABILITY.—(1) Of the amount authorized to be appropriated by section 201(1) for research, development, test, and evaluation for the Army, as increased by subsection (a), $5,500,000 may be available for development of a prototype composite hull design to meet the theater support vessel requirement.

(2) The amount available under paragraph (1) for development of the hull design referred to in that paragraph is in addition to any other amounts available under this Act for development of that hull design.

(c) OFFSET.—The amount authorized to be appropriated by section 201(2) for research, development, test, and evaluation for the Navy is hereby decreased by $5,500,000, with the amount of the decrease to be allocated to submarine tactical warfare system (PE 0604562N) and amounts available under that program element for upgrades of combat control software to commercial architecture.

SEC. 219G. FULL-SCALE HIGH-SPEED PERMANENT MAGNET GENERATOR.

(a) INCREASE IN AUTHORIZATION OF APPROPRIATIONS.—The amount authorized to be appropriated by section 201(2) for research, development, test, and evaluation for the Navy is hereby increased by $1,000,000, with the amount of the increase to be allocated to Force Protection Advanced Technology (PE 0603123N).

(b) AVAILABILITY.—(1) Of the amount authorized to be appropriated by section 201(2) for research, development, test, and evaluation for the Navy, as increased by subsection (a), $1,000,000 may be available for development and demonstration of a full-scale high-speed permanent magnet generator.

(2) The amount available under paragraph (1) for development and demonstration of the generator described in that paragraph is in addition to any other amounts available in this Act for development and demonstration of that generator.

(c) OFFSET.—The amount authorized to be appropriated by section 201(1) for research, development, test, and evaluation for the Army is hereby reduced by $1,000,000, with the amount of the reduction to be allocated to Artillery Systems–Dem/Val (PE 0603854A).

SEC. 219H. AVIATION-SHIPBOARD INFORMATION TECHNOLOGY INITIATIVE.

Of the amount authorized to be appropriated by section 201(2) for shipboard aviation systems, up to $8,200,000 may be used for the aviation-shipboard information technology initiative.

SEC. 219I. AEROSPACE RELAY MIRROR SYSTEM (ARMS) DEMONSTRATION.

Of the amount authorized to be appropriated by section 201(3) for the Department of Defense for research, development, test, and evaluation for the Air Force, $6,000,000 may be available for the Aerospace Relay Mirror System (ARMS) Demonstration.

SEC. 219J. LITTORAL SHIP PROGRAM.

(a) AMOUNT FOR PROGRAM.—Of the amount authorized to be appropriated by section 201(2) for research and development, test and evaluation, Navy, $4,000,000 may be available for requirements development of a littoral ship in Ship Concept Advanced Design (PE 0603563N).

(b) OFFSETTING REDUCTION.—Of the total amount authorized to be appropriated by section 201(2) for research and development, test and evaluation, Navy, the amount available for FORCENET in Tactical Command System (PE 0604231N), is hereby reduced by an additional $4,000,000.

Subtitle C—Missile Defense Programs

SEC. 221. ANNUAL OPERATIONAL ASSESSMENTS AND REVIEWS OF BALLISTIC MISSILE DEFENSE PROGRAM.

(a) ANNUAL OPERATIONAL ASSESSMENT.—(1)(A) During the first quarter of each fiscal year, the Director of Operational Test and Evaluation shall conduct an operational assessment of the missile defense programs listed in paragraph (3).

(B) The annual assessment shall include—

(i) a detailed, quantitative evaluation of the potential operational effectiveness, reliability, and suitability of the system or systems under each program as the program exists during the fiscal year of the assessment;

(ii) an evaluation of the adequacy of testing through the end of the previous fiscal year to measure and predict the effectiveness of the systems; and

(iii) a determination of the threats, or type of threats, against which the systems would be expected to be effective and those against which the systems would not be expected to be effective.

(C) The first assessment under this paragraph shall be conducted during fiscal year 2003.

(2) Not later than January 15 of each year, the Director of Operational Test and Evaluation shall submit to the Secretary of Defense and the congressional defense committees a report on the assessment conducted during the preceding quarter-year. The report shall include the evaluation of the potential of the system or systems together with a discussion of the basis for the evaluation.

(3) The requirement for an annual operational assessment under paragraph (1) shall apply to programs under the United States Missile Defense Agency as follows:

(A) The Ground-based Midcourse Defense program.

(B) The Sea-based Midcourse Defense program.

(C) The Theater High Altitude Area Defense (THAAD) program.

(D) The Air-based Boost program (formerly known as the Airborne Laser Defense program).

(b) ANNUAL REQUIREMENTS REVIEWS.—(1) During the first quarter of each fiscal year, the Joint Requirements Oversight Council established under section 181 of title 10, United States Code, shall review the cost, schedule, and performance criteria for the missile defense programs under the United States Missile Defense Agency and assess the validity of the criteria in relation to military requirements. The first review shall be carried out in fiscal year 2003.

(2) Not later than January 15 of each year, the Chairman of the Joint Requirements Oversight Council shall submit to the Secretary of Defense and the congressional defense committees a report on the results of the review carried out under paragraph (1) during the preceding quarter-year.

SEC. 222. REPORT ON MIDCOURSE DEFENSE PROGRAM.

(a) REQUIREMENT FOR REPORT.—Not later than January 15, 2003, the Secretary of Defense shall submit to the congressional defense committees a report on the Midcourse Defense program of the United States Missile Defense Agency. The report shall include the following information:

(1) The development schedule, together with an estimate of the annual costs through the completion of development.

(2) The planned procurement schedule, together with the Secretary's best estimates of the annual costs of, and number of units to be procured under, the program through the completion of the procurement.

(3) The current program acquisition unit cost and the history of acquisition unit costs from the date the program (including its antecedent program) was first included in a Selected Acquisition Report under section 2432 of title 10, United States Code.

(4) The current procurement unit cost, and the history of procurement unit costs from the date the program (including any antecedent program) was first included in a Selected Acquisition Report under such section 2432.

(5) The reasons for any changes in program acquisition cost, program acquisition unit cost, procurement cost, or procurement unit cost, and the reasons for any changes in program schedule.

(6) The major contracts under the program and the reasons for any changes in cost or schedule variances under the contracts.

(7) The Test and Evaluation Master Plan developed for the program in accordance with the requirements and guidance of Department of Defense regulation 5000.2–R.

(b) SEGREGATION OF GROUND-BASED AND SEA-BASED EFFORTS.—The report under subsection (a) shall separately display the schedules, cost estimates, cost histories, contracts, and test plans for—

(1) the National Missile Defense/Ground-based Midcourse Defense program; and

(2) the Navy TheaterWide/Sea-based Midcourse Defense program.

SEC. 223. REPORT ON AIR-BASED BOOST PROGRAM.

Not later than January 15, 2003, the Secretary of Defense shall submit to the congressional defense committees a report on the Air-based Boost program (formerly known as the Airborne Laser program). The report shall contain the following information:

(1) The development schedule together with the estimated annual costs of the program through the completion of development.

(2) The planned procurement schedule, together with the Secretary's best estimates of the annual costs of, and number of units to be procured under, the program through the completion of the procurement.

(3) The current program acquisition unit cost, and the history of program acquisition unit costs from the date the program (including any antecedent program) was first included in a Selected Acquisition Report under section 2432 of title 10, United States Code.

(4) The current procurement unit cost, and the history of procurement unit costs from the date the program (including any antecedent program) was first included in a Selected Acquisition Report under such section 2432.

(5) The reasons for any changes in program acquisition cost, program acquisition unit cost, procurement cost, or procurement unit cost, and the reasons for any changes in program schedule.

(6) The major contracts under the program and the reasons for any changes in cost or schedule variances under the contracts.

(7) The Test and Evaluation Master Plan developed for the program in accordance with the requirements and guidance of Department of Defense regulation 5000.2–R.

SEC. 224. REPORT ON THEATER HIGH ALTITUDE AREA DEFENSE PROGRAM.

(a) REQUIREMENT FOR REPORT.—Not later than January 15, 2003, the Secretary of Defense shall submit to the congressional defense committees a report on the Theater High Altitude Area Defense program. The report shall contain the following information:

(1) The development schedule together with the estimated annual costs of the program through the completion of development.

(2) The planned procurement schedule, together with the Secretary's best estimates of the annual costs of, and number of units to be procured under, the program through the completion of the procurement.

(3) The current program acquisition unit cost and the history of program acquisition unit costs from the date the program (including any antecedent program) was first included in a Selected Acquisition Report under section 2432 of title 10, United States Code.

(4) The current procurement unit cost, and the history of procurement unit costs from the date the program (including any antecedent program) was first included in a Selected Acquisition Report under such section 2432.

(5) The reasons for any changes in program acquisition cost, program acquisition unit cost, procurement cost, or procurement unit cost, and the reasons for any changes in program schedule.

(6) The major contracts under the program and the reasons for any changes in cost or schedule variances under the contracts.

(7) The Test and Evaluation Master Plan developed for the program in accordance with the requirements and guidance of Department of Defense regulation 5000.2–R.

(b) FUNDING LIMITATION.—Not more than 50 percent of the amount authorized to be appropriated by this Act for the United States Missile Defense Agency for the Theater High Altitude Area Defense program may be expended until the submission of the report required under subsection (a).

SEC. 225. REFERENCES TO NEW NAME FOR BALLISTIC MISSILE DEFENSE ORGANIZATION.

(a) CONFORMING AMENDMENTS.—The following provisions of law are amended by striking ''Ballistic Missile Defense Organization'' each place it appears and inserting ''United States Missile Defense Agency'':

(1) Sections 223 and 224 of title 10, United States Code.

(2) Sections 232, 233, and 235 of the National Defense Authorization Act for Fiscal Year 2002 (Public Law 107–107).

(b) OTHER REFERENCES.—Any reference to the Ballistic Missile Defense Organization in any other provision of law or in any regulation, map, document, record, or other paper of the United States shall be considered to be a reference to the United States Missile Defense Agency.

SEC. 226. LIMITATION ON USE OF FUNDS FOR NUCLEAR ARMED INTERCEPTORS.

None of the funds authorized to be appropriated by this or any other Act may be used for research, development, test, evaluation, procurement, or deployment of nuclear armed interceptors of a missile defense system.

SEC. 227. REPORTS ON FLIGHT TESTING OF GROUND-BASED MIDCOURSE NATIONAL MISSILE DEFENSE SYSTEM.

(a) REQUIREMENT.—The Director of the United States Missile Defense Agency shall submit to the congressional defense committees a report on each flight test of the Ground-based Midcourse national missile defense system. The report shall be submitted not later than 120 days after the date of the test.

(b) CONTENT.—A report on a flight test under subsection (a) shall include the following matters:

(1) A thorough discussion of the content and objectives of the test.

(2) For each test objective, a statement regarding whether the objective was achieved.

(3) For any test objective not achieved—

(A) a thorough discussion describing the reasons for not achieving the objective; and

(B) a discussion of any plans for future tests to achieve the objective.

(c) FORMAT.—The reports required under subsection (a) shall be submitted in classified and unclassified form.

Subtitle D—Improved Management of Department of Defense Test and Evaluation Facilities

SEC. 231. DEPARTMENT OF DEFENSE TEST AND EVALUATION RESOURCE ENTERPRISE.

(a) ESTABLISHMENT.—Section 139 of title 10, United States Code, is amended by adding at the end the following new subsection:

''(k)(1) There is a Test and Evaluation Resource Enterprise within the Department of Defense. The head of the Test and Evaluation Resource Enterprise shall report to the Director of Operational Test and Evaluation.

''(2)(A) The head of the Test and Evaluation Resource Enterprise shall manage all funds available to the Department of Defense for the support of investment in, operation and maintenance of, development of, and management of the test and evaluation facilities and resources of the Major Range and Test Facility Base. All such funds shall be transferred to and placed under the control of the head of the Department of Defense Test and Evaluation Resource Enterprise.

''(B) Subparagraph (A) shall not be construed to authorize the head of the Test and Evaluation Enterprise, nor to impair the authority of the Secretary of a military department, to manage the funds available to that military department for the support of investment in, operation and maintenance of, development of, and management of the training facilities and resources of the Major Range and Test Facility Base.

''(3) The head of the Test and Evaluation Resource Enterprise shall—

''(A) ensure that the planning for and execution of the testing of a system within the Major Range and Test Facility Base is performed by the activity of a military department that is responsible for the testing;

''(B) ensure that the military department operating a facility or resource within the Major Range and Test Facility Base charges an organization using the facility or resource for testing only the incremental cost of the operation of the facility or resource that is attributable to the testing;

''(C) ensure that the military department operating a facility or resource within the Major Range and Test Facility Base comprehensively and consistently applies sound enterprise management practices in the management of the facility or resource;

''(D) make investments that are prudent for ensuring that Department of Defense test and evaluation facilities and resources are adequate to meet the current and future testing requirements of Department of Defense programs;

''(E) ensure that there is in place a simplified financial management and accounting system for Department of Defense test and evaluation facilities and resources and that the system is uniformly applied to the operation of such facilities and resources throughout the Department; and

''(F) ensure that unnecessary costs of owning and operating Department of Defense test and evaluation resources are not incurred.

''(4) In this section, the term 'Major Range and Test Facility Base' means the test and evaluation facilities and resources that are designated by the Director of Operational Test and Evaluation as facilities and resources comprising the Major Range and Test Facility Base.''.

(b) EFFECTIVE DATE AND TRANSITION REQUIREMENTS.—(1) The amendment made by paragraph (1) shall take effect one year after the date of the enactment of this Act.

(2)(A) The Secretary of Defense shall develop a transition plan to ensure that the head of the Test and Evaluation Resource Enterprise is prepared to assume the responsibilities under subsection (k) of section 139 of title 10, United States Code (as added by subsection (a)), on the effective date provided in paragraph (1).

(B) Until the Test and Evaluation Resource Enterprise has been established, all investments of $500,000 or more in the Major Range and Test Facility Base of the Department of Defense shall be subject to the approval of the Director of Operational Test and Evaluation.

(C) In this paragraph, the term ''Major Range and Test Facility Base'' has the meaning given that term in section 139(k)(4) of title 10, United States Code, as added by subsection (a).

SEC. 232. TRANSFER OF TESTING FUNDS FROM PROGRAM ACCOUNTS TO INFRASTRUCTURE ACCOUNTS.

(a) TRANSFER OF FUNDS.—Notwithstanding any other provision of this Act, amounts authorized to be appropriated by this title for demonstration and validation, engineering and manufacturing development, and operational systems development shall be transferred to the major test and evaluation investment programs of the military departments and to the Central Test and Evaluation Investment Program of the Department of Defense, as follows:

(1) For transfer to the major test and evaluation investment program of the Army, the amount equal to 0.625 percent of the total amount authorized to be appropriated by this title for the Army for demonstration and validation, engineering and manufacturing development, and operational systems development.

(2) For transfer to the major test and evaluation investment program of the Navy, the amount equal to 0.625 percent of the total amount authorized to be appropriated by this title for the Navy for demonstration and validation, engineering and manufacturing development, and operational systems development.

(3) For transfer to the major test and evaluation investment program of the Air Force, the amount equal to 0.625 percent of the total amount authorized to be appropriated by this title for the Air Force for demonstration and validation, engineering and manufacturing development, and operational systems development.

(4) For transfer to the Central Test and Evaluation Investment Program of the Department of Defense, the amount equal to 0.625 percent of the total amount authorized to be appropriated by this title for Defense-wide demonstration and validation, engineering and manufacturing development, and operational systems development.

(b) INSTITUTIONAL FUNDING OF TEST AND EVALUATION FACILITIES.—(1)(A) Chapter 433 of title 10, United States Code, is amended by inserting after the table of sections at the beginning of such chapter the following new section:

"§ 4531. Test and evaluation: use of facilities

''(a) CHARGES FOR USE.—The Secretary of the Army may charge an entity for using a facility or resource of the Army within the Major Range and Test Facility Base for testing. The amount charged may not exceed the incremental cost to the Army of the use of the facility or resource by that user for the testing.

''(b) INSTITUTIONAL AND OVERHEAD COSTS.—The institutional and overhead costs of a facility or resource of the Army that is within the Major Range and Test Facility Base shall be paid out of the major test and evaluation investment accounts of the Army, the Central Test and Evaluation Investment Program of the Department of Defense, and other appropriate appropriations made directly to the Army.

''(c) MAJOR RANGE AND TEST FACILITY BASE DEFINED.—In this section:

''(1) The term 'Major Range and Test Facility Base' has the meaning given the term in section 139(k)(4) of this title.

''(2) The term 'institutional and overhead costs', with respect to a facility or resource within the Major Range Test and Facility Base—

''(A) means the costs of maintaining, operating, upgrading, and modernizing the facility or resource; and

''(B) does not include an incremental cost of operating the facility or resource that is attributable to the use of the facility or resource for testing under a particular program.''.

(B) The table of section at the beginning of such chapter is amended by inserting before the item relating to section 7522 the following new item:

''4531. Test and evaluation: use of facilities.''.

(2)(A) Chapter 645 of title 10, United States Code, is amended by inserting after the table of sections at the beginning of such chapter the following new section:

"§ 7521. Test and evaluation: use of facilities

''(a) CHARGES FOR USE.—The Secretary of the Navy may charge an entity for using a facility or resource of the Navy within the Major Range and Test Facility Base for testing. The amount charged may not exceed the incremental cost to the Navy of the use of the facility or resource by that user for the testing.

''(b) INSTITUTIONAL AND OVERHEAD COSTS.—The institutional and overhead costs of a facility or resource of the Navy that is within the Major Range and Test Facility Base shall be paid out of the major test and evaluation investment accounts of the Navy, the Central Test and Evaluation Investment Program of the Department of Defense, and other appropriate appropriations made directly to the Navy.

''(c) MAJOR RANGE AND TEST FACILITY BASE DEFINED.—In this section:

''(1) The term 'Major Range and Test Facility Base' has the meaning given the term in section 139(k)(4) of this title.

''(2) The term 'institutional and overhead costs', with respect to a facility or resource within the Major Range Test and Facility Base—

''(A) means the costs of maintaining, operating, upgrading, and modernizing the facility or resource; and

''(B) does not include an incremental cost of operating the facility or resource that is attributable to the use of the facility or resource for testing under a particular program.''.

(B) The table of section at the beginning of such chapter is amended by inserting before the item relating to section 7522 the following new item:

''7521. Test and evaluation: use of facilities.''.

(3)(A) Chapter 933 of title 10, United States Code, is amended by inserting after the table of sections at the beginning of such chapter the following new section:

"§ 9531. Test and evaluation: use of facilities

''(a) CHARGES FOR USE.—The Secretary of the Air Force may charge an entity for using a facility or resource of the Air Force within the Major Range and Test Facility Base for testing. The amount charged may not exceed the incremental cost to the Air Force of the use of the facility or resource by that user for the testing.

''(b) INSTITUTIONAL AND OVERHEAD COSTS.—The institutional and overhead costs of a facility or resource of the Air Force that is within the Major Range and Test Facility Base shall be paid out of the major test and evaluation investment accounts of the Air Force, the Central Test and Evaluation Investment Program of the Department of Defense, and other appropriate appropriations made directly to the Air Force.

''(c) MAJOR RANGE AND TEST FACILITY BASE DEFINED.—In this section:

''(1) The term 'Major Range and Test Facility Base' has the meaning given the term in section 139(k)(4) of this title.

''(2) The term 'institutional and overhead costs', with respect to a facility or resource within the Major Range Test and Facility Base—

''(A) means the costs of maintaining, operating, upgrading, and modernizing the facility or resource; and

''(B) does not include an incremental cost of operating the facility or resource that is attributable to the use of the facility or resource for testing under a particular program.''.

(B) The table of section at the beginning of such chapter is amended by inserting before the item relating to section 9532 the following new item:

''9531. Test and evaluation: use of facilities.''.

(4) Not later than 30 days after the date of the enactment of this Act, the Under Secretary of Defense (Comptroller) shall review the funding policies of each military department to ensure that the Secretary of the military department has in place the policies necessary to comply with the Secretary's responsibilities under section 4531, 7521, or 9531 of title 10, United States Code (as added by this subsection), as the case may be. The Under Secretary shall consult with the Director of Operational Test and Evaluation in carrying out the review.

SEC. 233. INCREASED INVESTMENT IN TEST AND EVALUATION FACILITIES.

(a) AMOUNT.—Of the amount authorized to be appropriated under section 201(4), $251,276,000 shall be available for the Central Test and Evaluation Investment Program of the Department of Defense.

(b) ADDITIONAL AVAILABLE FUNDING.—In addition to the amount made available under subsection (a), amounts transferred pursuant to section 232(a)(4) shall be available for the Central Test and Evaluation Investment Program of the Department of Defense.

SEC. 234. UNIFORM FINANCIAL MANAGEMENT SYSTEM FOR DEPARTMENT OF DEFENSE TEST AND EVALUATION FACILITIES.

(a) REQUIREMENT FOR SYSTEM.—Not later than two years after the date of the enactment of this Act, the Secretary of Defense shall implement a single financial management and accounting system for all test and evaluation facilities of the Department of Defense.

(b) SYSTEM FEATURES.—The financial management and accounting system shall be designed to achieve, at a minimum, the following functional objectives:

(1) Enable managers within the Department of Defense to compare the costs of conducting test and evaluation activities in the various facilities of the military departments.

(2) Enable the Secretary of Defense—

(A) to make prudent investment decisions; and

(B) to reduce the extent to which unnecessary costs of owning and operating Department of Defense test and evaluation facilities are incurred.

(3) Enable the Department of Defense to track the total cost of test and evaluation activities.

(4) Comply with the financial management enterprise architecture developed by the Secretary of Defense under section 1006.

SEC. 235. TEST AND EVALUATION WORKFORCE IMPROVEMENTS.

(a) REPORT ON CAPABILITIES.—Not later than March 15, 2003, the Under Secretary of Defense for Acquisition, Technology, and Logistics shall submit to Congress a report on the capabilities of the test and evaluation workforce of the Department of Defense. The Under Secretary shall consult with the Under Secretary of Defense for Personnel and Readiness and the Director of Operational Test and Evaluation in preparing the report.

(b) REQUIREMENT FOR PLAN.—(1) The report shall contain a plan for taking the actions necessary to ensure that the test and evaluation workforce of the Department of Defense is of sufficient size and has the expertise necessary to timely and accurately identify issues of military suitability and effectiveness of Department of Defense systems through testing of the systems.

(2) The plan shall set forth objectives for the size, composition, and qualifications of the workforce, and shall specify the actions (including recruitment, retention, and training) and milestones for achieving the objectives.

(c) ADDITIONAL MATTERS.—The report shall also include the following matters:

(1) An assessment of the changing size and demographics of the test and evaluation workforce, including the impact of anticipated retirements among the most experienced personnel over the five-year period beginning with 2003, together with a discussion of the management actions necessary to address the changes.

(2) An assessment of the anticipated workloads and responsibilities of the test and evaluation workforce over the ten-year period beginning with 2003, together with the number and qualifications of military and civilian personnel necessary to carry out such workloads and responsibilities.

(3) The Secretary's specific plans for using the demonstration authority provided in section 4308 of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104–106; 10 U.S.C. 1701 note) and other special personnel management authorities of the Secretary to attract and retain qualified personnel in the test and evaluation workforce.

(4) Any recommended legislation or additional special authority that the Secretary considers appropriate for facilitating the recruitment and retention of qualified personnel for the test and evaluation workforce.

(5) Any other matters that are relevant to the capabilities of the test and evaluation workforce.

SEC. 236. COMPLIANCE WITH TESTING REQUIREMENTS.

(a) ANNUAL OT&E REPORT.—Subsection (g) of section 139 of title 10, United States Code, is amended by inserting after the fourth sentence the following: ''The report for a fiscal year shall also include an assessment of the waivers of and deviations from requirements in test and evaluation master plans and other testing requirements that occurred

during the fiscal year, any concerns raised by the waivers or deviations, and the actions that have been taken or are planned to be taken to address the concerns.''.

(b) REORGANIZATION OF PROVISION.—Subsection (g) of such section, as amended by subsection (a), is further amended—

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

(2) by designating the second sentence as paragraph (2);

(3) by designating the third sentence as paragraph (3);

(4) by designating the matter consisting of the fourth and fifth sentences as paragraph (4);

(5) by designating the sixth sentence as paragraph (5); and

(6) by realigning paragraphs (2), (3), (4), and (5), as so designated, two ems from the left margin.

SEC. 237. REPORT ON IMPLEMENTATION OF DEFENSE SCIENCE BOARD RECOMMENDATIONS.

(a) REQUIREMENT.—Not later than March 1, 2003, the Secretary of Defense shall submit to the congressional defense committees a report on the extent of the implementation of the recommendations set forth in the December 2000 Report of the Defense Science Board Task Force on Test and Evaluation Capabilities.

(b) CONTENT.—The report shall include the following:

(1) For each recommendation that is being implemented or that the Secretary plans to implement—

(A) a summary of all actions that have been taken to implement the recommendation; and

(B) a schedule, with specific milestones, for completing the implementation of the recommendation.

(2) For each recommendation that the Secretary does not plan to implement—

(A) the reasons for the decision not to implement the recommendation; and

(B) a summary of any alternative actions the Secretary plans to take to address the purposes underlying the recommendation.

(3) A summary of any additional actions the Secretary plans to take to address concerns raised in the December 2000 Report of the Defense Science Board Task Force on Test and Evaluation Capabilities about the state of the test and evaluation infrastructure of the Department of Defense.

Subtitle E—Other Matters

SEC. 241. PILOT PROGRAMS FOR REVITALIZING DEPARTMENT OF DEFENSE LABORATORIES.

(a) ADDITIONAL PILOT PROGRAM.—(1) The Secretary of Defense may carry out a pilot program to demonstrate improved efficiency in the performance of research, development, test, and evaluation functions of the Department of Defense.

(2) Under the pilot program, the Secretary of Defense shall provide the director of one science and technology laboratory, and the director of one test and evaluation laboratory, of each military department with authority for the following:

(A) To use innovative methods of personnel management appropriate for ensuring that the selected laboratories can—

(i) employ and retain a workforce appropriately balanced between permanent and temporary personnel and among workers with appropriate levels of skills and experience; and

(ii) effectively shape workforces to ensure that the workforces have the necessary sets of skills and experience to fulfill their organizational missions.

(B) To develop or expand innovative methods of entering into and expanding cooperative relationships and arrangements with private sector organizations, educational institutions (including primary and secondary schools), and State and local governments to facilitate the training of a future scientific and technical workforce that will contribute significantly to the accomplishment of organizational missions.

(C) To develop or expand innovative methods of establishing cooperative relationships and arrangements with private sector organizations and educational institutions to promote the establishment of the technological industrial base in areas critical for Department of Defense technological requirements.

(D) To waive any restrictions not required by law that apply to the demonstration and implementation of methods for achieving the objectives set forth in subparagraphs (A), (B), and (C).

(3) The Secretary may carry out the pilot program under this subsection at each selected laboratory for a period of three years beginning not later than March 1, 2003.

(b) RELATIONSHIP TO FISCAL YEARS 1999 AND 2000 REVITALIZATION PILOT PROGRAMS.—The pilot program under this section is in addition to, but may be carried out in conjunction with, the fiscal years 1999 and 2000 revitalization pilot programs.

(c) REPORTS.—(1) Not later than January 1, 2003, the Secretary shall submit to Congress a report on the experience under the fiscal years 1999 and 2000 revitalization pilot programs in exercising the authorities provided for the administration of those programs. The report shall include a description of—

(A) barriers to the exercise of the authorities that have been encountered;

(B) the proposed solutions for overcoming the barriers; and

(C) the progress made in overcoming the barriers.

(2) Not later than September 1, 2003, the Secretary of Defense shall submit to Congress a report on the implementation of the pilot program under subsection (a) and the fiscal years 1999 and 2000 revitalization pilot programs. The report shall include, for each such pilot program, the following:

(A) Each laboratory selected for the pilot program.

(B) To the extent practicable, a description of the innovative methods that are to be tested at each laboratory.

(C) The criteria to be used for measuring the success of each method to be tested.

(3) Not later than 90 days after the expiration of the period for the participation of a laboratory in a pilot program referred to in paragraph (2), the Secretary of Defense shall submit to Congress a final report on the participation of that laboratory in the pilot program. The report shall include the following:

(A) A description of the methods tested.

(B) The results of the testing.

(C) The lessons learned.

(D) Any proposal for legislation that the Secretary recommends on the basis of the experience at that laboratory under the pilot program.

(d) EXTENSION OF AUTHORITY FOR OTHER REVITALIZATION PILOT PROGRAMS.—(1) Section 246(a)(4) of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Public Law 105–261; 112 Stat. 1956; 10 U.S.C. 2358 note) is amended by striking ''a period of three years'' and inserting ''up to six years''.

(2) Section 245(a)(4) of the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106–65; 113 Stat. 553; 10 U.S.C. 2358 note) is amended by striking ''a period of three years'' and inserting ''up to five years''.

(e) PARTNERSHIPS UNDER PILOT PROGRAM.—(1) The Secretary of Defense may authorize one or more laboratories and test centers participating in the pilot program under subsection (a) or in one of the fiscal years 1999 and 2000 revitalization pilot programs to enter into a cooperative arrangement (in this subsection referred to as a ''public-private partnership'') with entities in the private sector and institutions of higher education for the performance of work.

(2) A competitive process shall be used for the selection of entities outside the Government to participate in a public-private partnership.

(3)(A) Not more than one public-private partnership may be established as a limited liability corporation.

(B) An entity participating in a limited liability corporation as a party to a public-private partnership under the pilot program may contribute funds to the corporation, accept contribution of funds for the corporation, and provide materials, services, and use of facilities for research, technology, and infrastructure of the corporation, if it is determined under regulations prescribed by the Secretary of Defense that doing so will improve the efficiency of the performance of research, test, and evaluation functions of the Department of Defense.

(f) EXCEPTED SERVICE UNDER PILOT PROGRAM.—(1) To facilitate recruitment of experts in science and engineering to improve the performance of research, test, and evaluation functions of the Department of Defense, the Secretary of Defense may—

(A) designate a total of not more than 30 scientific, engineering, and technology positions at the laboratories and test centers participating in the pilot program under subsection (a) or in any of the fiscal years 1999 and 2000 revitalization pilot programs as positions in the excepted service (as defined in section 2103(a) of title 5, United States Code);

(B) appoint individuals to such positions; and

(C) fix the compensation of such individuals.

(2) The maximum rate of basic pay for a position in the excepted service pursuant to a designation made under paragraph (1) may not exceed the maximum rate of basic pay authorized for senior-level positions under section 5376 of title 5, United States Code, notwithstanding any provision of such title governing the rates of pay or classification of employees in the executive branch.

(g) FISCAL YEARS 1999 AND 2000 REVITALIZATION PILOT PROGRAMS DEFINED.—In this section, the term ''fiscal years 1999 and 2000 revitalization pilot programs'' means the pilot programs authorized by—

(1) section 246 of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Public Law 105–261; 112 Stat. 1955; 10 U.S.C. 2358 note); and

(2) section 245 of the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106–65; 113 Stat. 552; 10 U.S.C. 2358 note).

SEC. 242. TECHNOLOGY TRANSITION INITIATIVE.

(a) ESTABLISHMENT AND CONDUCT.—(1) Chapter 139 of title 10, United States Code, is amended by inserting after section 2359 the following new section:

''§ 2359a. Technology Transition Initiative

''(a) REQUIREMENT FOR PROGRAM.—The Secretary of Defense shall carry out a Technology Transition Initiative to facilitate the rapid transition of new technologies from science and technology programs of the Department of Defense into acquisition programs for the production of the technologies.

''(b) OBJECTIVES.—The objectives of the Initiative are as follows:

''(1) To accelerate the introduction of new technologies into Department of Defense acquisition programs appropriate for the technologies.

''(2) To successfully demonstrate new technologies in relevant environments.

''(3) To ensure that new technologies are sufficiently mature for production.

''(c) MANAGEMENT.—(1) The Secretary of Defense shall designate a senior official in the Office of the Secretary of Defense to manage the Initiative.

''(2) In administering the Initiative, the Initiative Manager shall—

''(A) report directly to the Under Secretary of Defense for Acquisition, Technology, and Logistics; and

''(B) obtain advice and other assistance from the Technology Transition Council established under subsection (e).

''(3) The Initiative Manager shall—

''(A) in consultation with the Technology Transition Council established under subsection (e), identify promising technologies that have been demonstrated in science and technology programs of the Department of Defense;

''(B) develop a list of those technologies that have promising potential for transition into acquisition programs of the Department of Defense and transmit the list to the acquisition executive of each military department and to Congress;

''(C) identify potential sponsors in the Department of Defense to undertake the transition of such technologies into production;

''(D) work with the science and technology community and the acquisition community to develop memoranda of agreement, joint funding agreements, and other cooperative arrangements to provide for the transition of the technologies into production; and

''(E) provide funding support for selected projects under subsection (d).

''(d) JOINTLY FUNDED PROJECTS.—(1) The acquisition executive of each military department shall select technology projects of the military department to recommend for funding support under the Initiative and shall submit a list of the recommended projects, ranked in order of priority, to the Initiative Manager. The projects shall be selected, in a competitive process, on the basis of the highest potential benefits in areas of interest identified by the Secretary of that military department.

''(2) The Initiative Manager, in consultation with the Technology Transition Council established under subsection (e), shall select projects for funding support from among the projects on the lists submitted under paragraph (1). The Initiative Manager shall provide funds for each selected project. The total amount provided for a project shall be determined by agreement between the Initiative Manager and the acquisition executive of the military department concerned, but shall not be less than the amount equal to 50 percent of the total cost of the project.

''(3) The Initiative Manager shall not fund any one project under this subsection for more than 3 years.

''(4) The acquisition executive of the military department shall manage each project selected under paragraph (2) that is undertaken by the military department. Memoranda of agreement, joint funding agreements, and other cooperative arrangements between the science and technology community and the acquisition community shall be used in carrying out the project if the acquisition executive determines that it is appropriate to do so to achieve the objectives of the project.

''(e) TECHNOLOGY TRANSITION COUNCIL.—(1) There is a Technology Transition Council in the Department of Defense. The Council is composed of the following members:

''(A) The science and technology executives of the military departments and Defense Agencies.

''(B) The acquisition executives of the military departments.

''(C) The members of the Joint Requirements Oversight Council.

''(2) The Technology Transition Council shall provide advice and assistance to the Initiative Manager under this section.

''(f) DEFINITIONS.—In this section:

''(1) The term 'acquisition executive', with respect to a military department, means the official designated as the senior procurement executive for that military department under section 16(3) of the Office of Federal Procurement Policy Act (41 U.S.C. 414(3)).

''(2) The term 'Initiative' means the Technology Transition Initiative carried out under this section.

''(3) The term 'Initiative Manager' means the official designated to manage the Initiative under subsection (c).''.

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 2395 the following new item:

''2359a. Technology Transition Initiative.''.

(b) AUTHORIZATION OF APPROPRIATIONS.—Of the amount authorized to be appropriated under section 201(4), $50,000,000 shall be available for the Technology Transition Initiative under section 2359a of title 10, United States Code (as added by subsection (a)), and for other technology transition activities of the Department of Defense.

SEC. 243. ENCOURAGEMENT OF SMALL BUSINESSES AND NONTRADITIONAL DEFENSE CONTRACTORS TO SUBMIT PROPOSALS POTENTIALLY BENEFICIAL FOR COMBATING TERRORISM.

(a) ESTABLISHMENT OF OUTREACH PROGRAM.—During the 3-year period beginning on the date of the enactment of this Act, the Secretary of Defense shall carry out a program of outreach to small businesses and nontraditional defense contractors for the purpose set forth in subsection (b).

(b) PURPOSE.—The purpose of the outreach program is to provide a process for reviewing and evaluating research activities of, and new technologies being developed by, small businesses and nontraditional defense contractors that have the potential for meeting a defense requirement or technology development goal of the Department of Defense that relates to the mission of the Department of Defense to combat terrorism.

(c) GOALS.—The goals of the outreach program are as follows:

(1) To increase efforts within the Department of Defense to survey and identify technologies being developed outside the Department that have the potential described in subsection (b).

(2) To provide the Under Secretary of Defense for Acquisition, Technology, and Logistics with a source of expert advice on new technologies for combating terrorism.

(3) To increase efforts to educate nontraditional defense contractors on Department of Defense acquisition processes, including regulations, procedures, funding opportunities, military needs and requirements, and technology transfer so as to encourage such contractors to submit proposals regarding research activities and technologies described in subsection (b).

(4) To increase efforts to provide timely response by the Department of Defense to acquisition proposals (including unsolicited proposals) submitted to the Department by small businesses and by nontraditional defense contractors regarding research activities and technologies described in subsection (b), including through the use of electronic transactions to facilitate the processing of proposals.

(d) REVIEW PANEL.—(1) The Secretary shall appoint, under the outreach program, a panel for the review and evaluation of proposals described in subsection (c)(4).

(2) The panel shall be composed of qualified personnel from the military departments, relevant Defense Agencies, industry, academia, and other private sector organizations.

(3) The panel shall review and evaluate proposals that, as determined by the panel, may present a unique and valuable approach for meeting a defense requirement or technology development goal related to combating terrorism. In carrying out duties under this paragraph, the panel may act through representatives designated by the panel.

(4) The panel shall—

(A) within 60 days after receiving such a proposal, transmit to the source of the proposal a notification regarding whether the proposal has been selected for review by the panel;

(B) to the maximum extent practicable, complete the review of each selected proposal within 120 days after the proposal is selected for review by the panel; and

(C) after completing the review, transmit an evaluation of the proposal to the source of the proposal.

(5) The Secretary shall ensure that the panel, in reviewing and evaluating proposals under this subsection, has the authority to obtain assistance, to a reasonable extent, from the appropriate technical resources of the laboratories, research, development, and engineering centers, test and evaluation activities, and other elements of the Department of Defense.

(6) If, after completing the review of a proposal, the panel determines that the proposal represents a unique and valuable approach to meeting a defense requirement or technology development goal related to combating terrorism, the panel shall submit that determination to the Under Secretary of Defense for Acquisition, Technology, and Logistics together with any recommendations that the panel considers appropriate regarding the proposal.

(7) The Secretary of Defense shall ensure that there is no conflict of interest on the part of a member of the panel with respect to the review and evaluation of a proposal by the panel.

(e) DEFINITIONS.—In this section:

(1) The term ''nontraditional defense contractor'' means an entity that has not, for at least one year prior to the date of the enactment of this Act, entered into, or performed with respect to, any contract described in paragraph (1) or (2) of section 845(e) of the National Defense Authorization Act for Fiscal Year 1994 (10 U.S.C. 2371 note).

(2) The term ''small business'' means a business concern that meets the applicable size standards prescribed pursuant to section 3(a) of the Small Business Act (15 U.S.C. 632(a)).

SEC. 244. VEHICLE FUEL CELL PROGRAM.

(a) PROGRAM.—The Secretary of Defense shall carry out a vehicle fuel cell technology development program in cooperation with the Secretary of Energy, the heads of other Federal agencies appropriate for participation in the program, and industry.

(b) GOALS AND OBJECTIVES.—The goals and objectives of the program shall be as follows:

(1) To identify and support technological advances that are necessary for the development of fuel cell technology for use in vehicles of types to be used by the Department of Defense.

(2) To ensure that critical technology advances are shared among the various fuel cell technology programs within the Federal Government.

(3) To ensure maximum leverage of Federal Government funding for fuel cell technology development.

(c) CONTENT OF PROGRAM.—The program shall include—

(1) development of vehicle propulsion technologies and fuel cell auxiliary power units, together with pilot demonstrations of such technologies, as appropriate; and

(2) development of technologies necessary to address critical issues such as hydrogen storage and the need for a hydrogen fuel infrastructure.

(d) COOPERATION WITH INDUSTRY.—(1) The Secretary shall include the automobile and truck manufacturing industry and its systems and component suppliers in the cooperative involvement of industry in the program.

(2) The Secretary of Defense shall consider whether, in order to facilitate the cooperation of industry in the program, the Secretary and one or more companies in industry should enter into a cooperative agreement that establishes an entity to carry out activities required under subsection (c). An entity established by any such agreement shall be known as a defense industry fuel cell partnership.

(3) The Secretary of Defense shall provide for industry to bear, in cash or in kind, at least one-half of the total cost of carrying out the program.

(e) AMOUNT FOR PROGRAM.—Of the amount authorized to be appropriated by section 201(4), $10,000,000 shall be available for the program required by this section.

SEC. 245. DEFENSE NANOTECHNOLOGY RESEARCH AND DEVELOPMENT PROGRAM.

(a) ESTABLISHMENT.—The Secretary of Defense shall carry out a defense nanotechnology research and development program.

(b) PURPOSES.—The purposes of the program are as follows:

(1) To ensure United States global superiority in nanotechnology necessary for meeting national security requirements.

(2) To coordinate all nanoscale research and development within the Department of Defense, and to provide for interagency cooperation and collaboration on nanoscale research and development between the Department of Defense and other departments and agencies of the United States that are involved in nanoscale research and development.

(3) To develop and manage a portfolio of fundamental and applied nanoscience and engineering research initiatives that is stable, consistent, and balanced across scientific disciplines.

(4) To accelerate the transition and deployment of technologies and concepts derived from nanoscale research and development into the Armed Forces, and to establish policies, procedures, and standards for measuring the success of such efforts.

(5) To collect, synthesize, and disseminate critical information on nanoscale research and development.

(c) ADMINISTRATION.—In carrying out the program, the Secretary shall act through the Director of Defense Research and Engineering, who shall supervise the planning, management, and coordination of the program. The Director, in consultation with the Secretaries of the military departments and the heads of participating Defense Agencies and other departments and agencies of the United States, shall—

(1) prescribe a set of long-term challenges and a set of specific technical goals for the program;

(2) develop a coordinated and integrated research and investment plan for meeting the long-term challenges and achieving the specific technical goals; and

(3) develop memoranda of agreement, joint funding agreements, and other cooperative arrangements necessary for meeting the long-term challenges and achieving the specific technical goals.

(d) ANNUAL REPORT.—Not later than March 1 of each of 2004, 2005, 2006, and 2007, the Director of Defense Research and Engineering shall submit to the congressional defense committees a report on the program. The report shall contain the following matters:

(1) A review of—

(A) the long-term challenges and specific goals of the program; and

(B) the progress made toward meeting the challenges and achieving the goals.

(2) An assessment of current and proposed funding levels, including the adequacy of such funding levels to support program activities.

(3) A review of the coordination of activities within the Department of Defense and with other departments and agencies.

(4) An assessment of the extent to which effective technology transition paths have been established as a result of activities under the program.

(5) Recommendations for additional program activities to meet emerging national security requirements.

SEC. 246. ACTIVITIES AND ASSESSMENT OF THE DEFENSE EXPERIMENTAL PROGRAM TO STIMULATE COMPETITIVE RESEARCH.

(a) AUTHORIZED ACTIVITIES.—Subsection (c) of section 257 of the National Defense Authorization Act for Fiscal Year 1995 (Public Law 103–337; 10 U.S.C. 2358 note), is amended—

(1) in paragraph (1), by striking ''research grants'' and inserting ''grants for research and instrumentation to support such research''; and

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

''(3) Any other activities that are determined necessary to further the achievement of the objectives of the program.''.

(b) COORDINATION.—Subsection (e) of such section is amended by adding at the end the following:

''(4) The Secretary shall contract with the National Research Council to assess the effectiveness of the Defense Experimental Program to Stimulate Competitive Research in achieving the program objectives set forth in subsection (b). The assessment provided to the Secretary shall include the following:

''(A) An assessment of the eligibility requirements of the program and the relationship of such requirements to the overall research base in the States, the stability of research initiatives in the States, and the achievement of the program objectives, together with any recommendations for modification of the eligibility requirements.

''(B) An assessment of the program structure and the effects of that structure on the development of a variety of research activities in the States and the personnel available to carry out such activities, together with any recommendations for modification of program structure, funding levels, and funding strategy.

''(C) An assessment of the past and ongoing activities of the State planning committees in supporting the achievement of the program objectives.

''(D) An assessment of the effects of the various eligibility requirements of the various Federal programs to stimulate competitive research on the ability of States to develop niche research areas of expertise, exploit opportunities for developing interdisciplinary research initiatives, and achieve program objectives.''.

SEC. 247. FOUR-YEAR EXTENSION OF AUTHORITY OF DARPA TO AWARD PRIZES FOR ADVANCED TECHNOLOGY ACHIEVEMENTS.

(a) EXTENSION.—Section 2374a(f) of title 10, United States Code, is amended by striking ''September 30, 2003'' and inserting ''September 30, 2007''.

(b) REPORT ON ADMINISTRATION OF PROGRAM.—(1) Not later than December 31, 2002, the Director of the Defense Advanced Research Projects Agency shall submit to the congressional defense committees a report on the proposal of the Director for the administration of the program to award prizes for advanced technology achievements under section 2374a of title 10, United States Code.

(2) The report shall include the following:

(A) A description of the proposed goals of the competition under the program, including the technology areas to be promoted by the competition and the relationship of such area to military missions of the Department of Defense.

(B) The proposed rules of the competition under the program and a description of the proposed management of the competition.

(C) A description of the manner in which funds for cash prizes under the program will be allocated within the accounts of the Agency if a prize is awarded and claimed.

(D) A statement of the reasons why the competition is a preferable means of promoting basic, advanced, and applied research, technology development, or prototype projects than other means of promotion of such activities, including contracts, grants, cooperative agreements, and other transactions.

TITLE III—OPERATION AND MAINTENANCE

Subtitle A—Authorization of Appropriations

SEC. 301. OPERATION AND MAINTENANCE FUNDING.

(a) AUTHORIZATION OF APPROPRIATIONS.—Funds are hereby authorized to be appropriated for fiscal year 2003 for the use of the Armed Forces and other activities and agencies of the Department of Defense for expenses, not otherwise provided for, for operation and maintenance, in amounts as follows:

(1) For the Army, $24,180,742,000.

(2) For the Navy, $29,368,961,000.

(3) For the Marine Corps, $3,558,732,000.

(4) For the Air Force, $27,445,764,000.

(5) For Defense-wide activities, $14,492,266,000.

(6) For the Army Reserve, $1,962,610,000.

(7) For the Naval Reserve, $1,233,759,000.

(8) For the Marine Corps Reserve, $190,532,000.

(9) For the Air Force Reserve, $2,165,004,000.

(10) For the Army National Guard, $4,506,267,000.

(11) For the Air National Guard, $4,114,910,000.

(12) For the Defense Inspector General, $155,165,000.

(13) For the United States Court of Appeals for the Armed Forces, $9,614,000.

(14) For Environmental Restoration, Army, $395,900,000.

(15) For Environmental Restoration, Navy, $256,948,000.

(16) For Environmental Restoration, Air Force, $389,773,000.

(17) For Environmental Restoration, Defense-wide, $23,498,000.

(18) For Environmental Restoration, Formerly Used Defense Sites, $252,102,000.

(19) For Overseas Humanitarian, Disaster, and Civic Aid programs, $58,400,000.

(20) For Drug Interdiction and Counterdrug Activities, Defense-wide, $873,907,000.

(21) For the Kaho'olawe Island Conveyance, Remediation, and Environmental Restoration Trust Fund, $25,000,000.

(22) For Defense Health Program, $14,202,441,000.

(23) For Cooperative Threat Reduction programs, $416,700,000.

(24) For Overseas Contingency Operations Transfer Fund, $50,000,000.

(25) For Support for International Sporting Competitions, Defense, $19,000,000.

(b) ADJUSTMENT.—The total amount authorized to be appropriated pursuant to subsection (a) is reduced by—

(1) $159,790,000, which represents savings resulting from reduced travel; and

(2) $615,200,000, which represents savings resulting from foreign currency fluctuations.

SEC. 302. WORKING CAPITAL FUNDS.

Funds are hereby authorized to be appropriated for fiscal year 2003 for the use of the Armed Forces and other activities and agencies of the Department of Defense for providing capital for working capital and revolving funds in amounts as follows:

(1) For the Defense Working Capital Funds, $387,156,000.

(2) For the National Defense Sealift Fund, $934,129,000.

(3) For the Defense Commissary Agency Working Capital Fund, $969,200,000.

(4) For the Pentagon Reservation Maintenance Revolving Fund, $328,000,000.

SEC. 303. ARMED FORCES RETIREMENT HOME.

There is hereby authorized to be appropriated for fiscal year 2003 from the Armed Forces Retirement Home Trust Fund the sum of $69,921,000 for the operation of the Armed Forces Retirement Home, including the Armed Forces Retirement Home—Washington and the Armed Forces Retirement Home—Gulfport.

SEC. 304. RANGE ENHANCEMENT INITIATIVE FUND.

(a) AVAILABILITY OF FUNDS.—Of the amount authorized to be appropriated by section 301(a)(5) for operation and maintenance for defense-wide activities, $20,000,000 shall be available for the Range Enhancement Initiative Fund for the purpose specified in subsection (b).

(b) PURPOSE.—Subject to subsection (c), amounts authorized to be appropriated for the Range Enhancement Initiative Fund shall be available to the Secretary of Defense and the Secretaries of the military departments to purchase restrictive easements, including easements that implement agreements entered into under section 2697 of title 10, United States Code, as added by section 2811 of this Act.

(c) TRANSFER OF AMOUNTS.—(1) Amounts in the Range Enhancement Initiative Fund shall, subject to applicable limitations in appropriations Acts, be made available to the Secretary of a military department under subsection (b) by transfer from the Fund to the applicable operation and maintenance account of the military department, including the operation and maintenance account for the active component, or for a reserve component, of the military department.

(2) Authority to transfer amounts under paragraph (1) is in addition to any other authority to transfer funds under this Act.

SEC. 305. NAVY PILOT HUMAN RESOURCES CALL CENTER, CUTLER, MAINE.

Of the amount authorized to be appropriated by section 301(a)(2) for operation and maintenance for the Navy, $1,500,000 may be available for the Navy Pilot Human Resources Call Center, Cutler, Maine.

SEC. 306. NATIONAL ARMY MUSEUM, FORT BELVOIR, VIRGINIA.

(a) ACTIVATION EFFORTS.—The Secretary of the Army may carry out efforts to facilitate the commencement of development for the National Army Museum at Fort Belvoir, Virginia.

(b) FUNDING.—(1) The amount authorized to be appropriated by section 301(a)(1) for operation and maintenance for the Army is hereby increased by $100,000.

(2) Of the amount authorized to be appropriated by section 301(a)(1) for operation and maintenance for the Army, as increased by paragraph (1), $100,000 shall be available to carry out the efforts authorized by subsection (a).

(c) OFFSET.—The amount authorized to be appropriated by section 201(1) for research, development, test, and evaluation for the Army is hereby reduced by $100,000.

SEC. 307. DISPOSAL OF OBSOLETE VESSELS OF THE NATIONAL DEFENSE RESERVE FLEET.

Of the amount authorized to be appropriated by section 301(a)(2) for operation and maintenance for the Navy, $20,000,000 may be available, without fiscal year limitation if so provided in appropriations Acts, for expenses related to the disposal of obsolete vessels in the Maritime Administration National Defense Reserve Fleet.

Subtitle B—Environmental Provisions

SEC. 311. ENHANCEMENT OF AUTHORITY ON COOPERATIVE AGREEMENTS FOR ENVIRONMENTAL PURPOSES.

Section 2701(d) of title 10, United States Code, is amended—

(1) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively; and

(2) by inserting after paragraph (1) the following new paragraph (2):

''(2) CROSS-FISCAL YEAR AGREEMENTS.—An agreement with an agency under paragraph (1) may be for a period that begins in one fiscal year and ends in another fiscal year if (without regard to any option to extend the period of the agreement) the period of the agreement does not exceed two years.''.

SEC. 312. MODIFICATION OF AUTHORITY TO CARRY OUT CONSTRUCTION PROJECTS FOR ENVIRONMENTAL RESPONSES.

(a) RESTATEMENT AND MODIFICATION OF AUTHORITY.—(1) Chapter 160 of title 10, United States Code, is amended by adding at the end the following new section:

''§ 2711. Environmental restoration projects for environmental responses

''(a) The Secretary of Defense or the Secretary of a military department may carry out an environmental restoration project if that Secretary determines that the project is necessary to carry out a response under this chapter or CERCLA.

''(b) Any construction, development, conversion, or extension of a structure or installation of equipment that is included in an environmental restoration project may not be considered military construction (as that term is defined in section 2801(a) of this title).

''(c) Funds authorized for deposit in an account established by section 2703(a) of this title shall be the only source of funds to conduct an environmental restoration project under this section.

''(d) In this section, the term 'environmental restoration project' includes construction, development, conversion, or extension of a structure or installation of equipment in direct support of a response.''.

(2) The table of sections at the beginning of that chapter is amended by adding at the end the following new item:

''2711. Environmental restoration projects for environmental responses.''.

(b) REPEAL OF SUPERSEDED PROVISION.—(1) Section 2810 of title 10, United States Code, is repealed.

(2) The table of sections at the beginning of chapter 169 of that title is amended by striking the item relating to section 2810.

SEC. 313. INCREASED PROCUREMENT OF ENVIRONMENTALLY PREFERABLE PRODUCTS.

(a) PROCUREMENT GOALS.—(1) The Secretary of Defense shall establish goals for the increased procurement by the Department of Defense of procurement items that are environmentally preferable or are made with recovered materials.

(2) The goals established under paragraph (1) shall be consistent with the requirements of section 6002 of the Solid Waste Disposal Act (42 U.S.C. 6962).

(3) In establishing goals under paragraph (1), the Secretary shall review the Comprehensive Procurement Guidelines and Guidance on Acquisition of Environmentally Preferable Products and Services developed pursuant to Executive Order 13101 and products identified as environmentally preferable in the Federal Logistics Information System.

(4) In establishing goals under paragraph (1), the Secretary shall establish a procurement goal for each category of procurement items that is environmentally preferable or is made with recovered materials.

(5) The goals established under paragraph (1) shall apply to Department purchases in each category of procurement items designated by the Secretary for purposes of paragraph (4), but shall not apply to—

(A) products or services purchased by Department contractors and subcontractors, even if such products or services are incorporated into procurement items purchased by the Department; or

(B) credit card purchases or other local purchases that are made outside the requisitioning process of the Department.

(b) ASSESSMENT OF TRAINING AND EDUCATION.—The Secretary shall assess the need to establish a program, or enhance existing programs, for training and educating Department of Defense procurement officials and contractors to ensure that they are aware of Department requirements, preferences, and goals for the procurement of items that are environmentally preferable or are made with recovered materials.

(c) TRACKING SYSTEM.—The Secretary shall develop a tracking system to identify the extent to which the Department of Defense is procuring items that are environmentally preferable or are made with recovered materials. The tracking system shall separately track procurement of each category of procurement items for which a goal has been established under subsection (a)(4).

(d) INITIAL REPORT.—Not later than 120 days after the date of the enactment of this Act, the Secretary shall submit to the congressional defense committees a report that sets forth—

(1) the initial goals the Secretary plans to establish under subsection (a); and

(2) the findings of the Secretary as a result of the assessment under subsection (b), together with any recommendations of the Secretary as a result of the assessment.

(e) IMPLEMENTATION.—Not later than 180 days after the date of the enactment of this Act, the Secretary shall—

(1) establish an initial set of goals in accordance subsection (a);

(2) begin the implementation of any recommendations of the Secretary under subsection (d)(2) as a result of the assessment under subsection (b); and

(3) implement the tracking system required by subsection (c).

(f) ANNUAL REPORT.—Not later than March 1 of each year from 2004 through 2007, the Secretary shall submit to Congress a report on the progress made in the implementation of this section. Each report shall—

(1) identify each category of procurement items for which a goal has been established under subsection (a) as of the end of such year; and

(2) provide information from the tracking system required by subsection (b) that indicates the extent to which the Department has met the goal for the category of procurement items as of the end of such year.

(g) DEFINITIONS.—In this section:

(1) ENVIRONMENTALLY PREFERABLE.—The term ''environmentally preferable'', in the case of a procurement item, means that the

item has a lesser or reduced effect on human health and the environment when compared with competing procurement items that serve the same purpose. The comparison may be based upon consideration of raw materials acquisition, production, manufacturing, packaging, distribution, reuse, operation, maintenance, or disposal of the procurement item, or other appropriate matters.

(2) PROCUREMENT ITEM.—The term ''procurement item'' has the meaning given that term in section 1004(16) of the Solid Waste Disposal Act (40 U.S.C. 6903(16)).

(3) RECOVERED MATERIALS.—The term ''recovered materials'' means waste materials and by-products that have been recovered or diverted from solid waste, but does not include materials and by-products generated from, and commonly used within, an original manufacturing process.

SEC. 314. CLEANUP OF UNEXPLODED ORDNANCE ON KAHO'OLAWE ISLAND, HAWAII.

(a) LEVEL OF CLEANUP REQUIRED.—The Secretary of the Navy shall continue activities for the clearance and removal of unexploded ordnance on the Island of Kaho'olawe, Hawaii, and related remediation activities, until the later of the following dates:

(1) The date on which the Kaho'olawe Island access control period expires.

(2) The date on which the Secretary achieves each of the following objectives:

(A) The inspection and assessment of all of Kaho'olawe Island in accordance with current procedures.

(B) The clearance of 75 percent of Kaho'olawe Island to the degree specified in the Tier One standards in the memorandum of understanding.

(C) The clearance of 25 percent of Kaho'olawe Island to the degree specified in the Tier Two standards in the memorandum of understanding.

(b) DEFINITIONS.—In this section:

(1) The term ''Kaho'olawe Island access control period'' means the period for which the Secretary of the Navy is authorized to retain the control of access to the Island of Kaho'olawe, Hawaii, under title X of the Department of Defense Appropriations Act, 1994 (Public Law 103–139; 107 Stat. 1480).

(2) The term ''memorandum of understanding'' means the Memorandum of Understanding Between the United States Department of the Navy and the State of Hawaii Concerning the Island of Kaho'olawe, Hawaii.

Subtitle C—Defense Dependents' Education

SEC. 331. ASSISTANCE TO LOCAL EDUCATIONAL AGENCIES THAT BENEFIT DEPENDENTS OF MEMBERS OF THE ARMED FORCES AND DEPARTMENT OF DEFENSE CIVILIAN EMPLOYEES.

(a) CONTINUATION OF DEPARTMENT OF DEFENSE PROGRAM FOR FISCAL YEAR 2003.—Of the amount authorized to be appropriated pursuant to section 301(a)(5) for operation and maintenance for Defense-wide activities, $30,000,000 shall be available only for the purpose of providing educational agencies assistance to local educational agencies.

(b) NOTIFICATION.—Not later than June 30, 2003, the Secretary of Defense shall notify each local educational agency that is eligible for assistance or a payment under subsection (a) for fiscal year 2003 of—

(1) that agency's eligibility for the assistance or payment; and

(2) the amount of the assistance or payment for which that agency is eligible.

(c) DISBURSEMENT OF FUNDS.—The Secretary of Defense shall disburse funds made available under subsection (a) not later than 30 days after the date on which notification to the eligible local educational agencies is provided pursuant to subsection (b).

(d) DEFINITIONS.—In this section:

(1) The term ''educational agencies assistance'' means assistance authorized under section 386(b) of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102–484; 20 U.S.C. 7703 note).

(2) The term ''local educational agency'' has the meaning given that term in section 8013(9) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7713(9)).

SEC. 332. IMPACT AID FOR CHILDREN WITH SEVERE DISABILITIES.

Of the amount authorized to be appropriated pursuant to section 301(a)(5) for operation and maintenance for Defense-wide activities, $5,000,000 shall be available for payments under section 363 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (as enacted into law by Public Law 106–398; 114 Stat. 1654A–77; 20 U.S.C. 7703a).

SEC. 333. OPTIONS FOR FUNDING DEPENDENT SUMMER SCHOOL PROGRAMS.

Section 1402(d)(2) of the Defense Dependents' Education Act of 1978 (20 U.S.C. 921(d)(2)) is amended to read as follows:

''(2) The Secretary shall provide any summer school program under this subsection on the same financial basis as programs offered during the regular school year, except that the Secretary may charge reasonable fees for all or portions of such summer school programs to the extent that the Secretary determines appropriate.''.

SEC. 334. COMPTROLLER GENERAL STUDY OF ADEQUACY OF COMPENSATION PROVIDED FOR TEACHERS IN THE DEPARTMENT OF DEFENSE OVERSEAS DEPENDENTS' SCHOOLS.

(a) ADDITIONAL CONSIDERATION FOR STUDY.—Subsection (b) of section 354 of the National Defense Authorization Act for Fiscal Year 2002 (Public Law 107–107; 115 Stat. 1064) is amended by inserting after paragraph (2) the following new paragraph:

''(3) Whether the process for setting teacher compensation is efficient and cost effective.''.

(b) EXTENSION OF TIME FOR REPORTING.—Subsection (c) of such section is amended by striking ''May 1, 2002'' and inserting ''December 12, 2002''.

Subtitle D—Other Matters

SEC. 341. USE OF HUMANITARIAN AND CIVIC ASSISTANCE FUNDS FOR RESERVE COMPONENT MEMBERS OF SPECIAL OPERATIONS COMMAND ENGAGED IN ACTIVITIES RELATING TO CLEARANCE OF LANDMINES.

Section 401(c) of title 10, United States Code, is amended by adding at the end the following new paragraph (5):

''(5) Up to 10 percent of the amount available for a fiscal year for activities described in subsection (e)(5) may be expended for the pay and allowances of reserve component members of the Special Operations Command performing duty in connection with training and activities related to the clearing of landmines for humanitarian purposes.''.

SEC. 342. CALCULATION OF FIVE-YEAR PERIOD OF LIMITATION FOR NAVY-MARINE CORPS INTRANET CONTRACT.

(a) COMMENCEMENT OF PERIOD.—The five-year period of limitation that is applicable to the multiyear Navy-Marine Corps Intranet contract under section 2306c of title 10, United States Code, shall be deemed to have begun on the date on which the Under Secretary of Defense for Acquisition, Technology, and Logistics and the Chief Information Officer of the Department of Defense approved the ordering of additional workstations under such contract in accordance with subsection (c) of section 814 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001, as added by section 362(a) of the National Defense Authorization Act for Fiscal Year 2002 (Public Law 107–107; 115 Stat. 1065).

(b) DEFINITION.—In this section, the term ''Navy-Marine Corps Intranet contract'' has the meaning given such term in section 814(i)(1) of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (as amended by section 362(c) of Public Law 107–107 (115 Stat. 1067)).

SEC. 343. REIMBURSEMENT FOR RESERVE COMPONENT INTELLIGENCE SUPPORT.

(a) SOURCE OF FUNDS.—Chapter 1003 of title 10, United States Code, is amended by adding at the end the following new section:

''§ 10115. Reimbursement for reserve component intelligence support

''(a) AUTHORITY.—Funds appropriated or otherwise made available to a military department, Defense Agency, or combatant command for operation and maintenance shall be available for the pay, allowances, and other costs that would be charged to appropriations for a reserve component for the performance of duties by members of that reserve component in providing intelligence or counterintelligence support to—

''(1) such military department, Defense Agency, or combatant command; or

''(2) a joint intelligence activity, including any such activity for which funds are authorized to be appropriated within the National Foreign Intelligence Program, the Joint Military Intelligence Program, or the Tactical Intelligence and Related Activities aggregate (or any successor to such program or aggregate).

''(b) CONSTRUCTION OF PROVISION.—Nothing in this section shall be construed to authorize deviation from established reserve component personnel or training procedures.''.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

''10115. Reimbursement for reserve component intelligence support.''.

SEC. 344. REBATE AGREEMENTS UNDER THE SPECIAL SUPPLEMENTAL FOOD PROGRAM.

(a) APPLICABILITY TO NAVY EXCHANGE MARKETS.—Paragraph (1)(A) of section 1060a(e) of title 10, United States Code, is amended by inserting ''or Navy Exchange Markets'' after ''commissary stores''.

(b) INCREASED MAXIMUM PERIOD OF AGREEMENT.—Paragraph (3) of such section 1060a(e) is amended by striking ''subsection may not exceed one year'' in the first sentence and inserting ''subsection, including any period of extension of the contract by modification of the contract, exercise of an option, or other cause, may not exceed three years''.

SEC. 345. LOGISTICS SUPPORT AND SERVICES FOR WEAPON SYSTEMS CONTRACTORS.

(a) AUTHORITY.—The Secretary of Defense may make available, in accordance with this section and the regulations prescribed under subsection (e), logistics support and logistics services to a contractor in support of the performance by the contractor of a contract for the construction, modification, or maintenance of a weapon system that is entered into by an official of the Department of Defense.

(b) SUPPORT CONTRACTS.—Any logistics support and logistics services that is to be provided under this section to a contractor in support of the performance of a contract shall be provided under a separate contract that is entered into by the Director of the Defense Logistics Agency with that contractor.

(c) SCOPE OF SUPPORT AND SERVICES.—The logistics support and logistics services that may be provided under this section in support of the performance of a contract described in subsection (a) are the distribution,

disposal, and cataloging of materiel and repair parts necessary for the performance of that contract.

(d) LIMITATIONS.—(1) The number of contracts described in subsection (a) for which the Secretary makes logistics support and logistics services available under the authority of this section may not exceed five contracts. The total amount of the estimated costs of all such contracts for which logistics support and logistics services are made available under this section may not exceed $100,000,000.

(2) No contract entered into by the Director of the Defense Logistics Agency under subsection (b) may be for a period in excess of five years, including periods for which the contract is extended under options to extend the contract.

(e) REGULATIONS.—Before exercising the authority under this section, the Secretary of Defense shall prescribe in regulations such requirements, conditions, and restrictions as the Secretary determines appropriate to ensure that logistics support and logistics services are provided under this section only when it is in the best interests of the United States to do so. The regulations shall include, at a minimum, the following:

(1) A requirement for the authority under this section to be used only for providing logistics support and logistics services in support of the performance of a contract that is entered into using competitive procedures (as defined in section 4 of the Office of Federal Procurement Policy Act (41 U.S.C. 403)).

(2) A requirement for the solicitation of offers for a contract described in subsection (a), for which logistics support and logistics services are to be made available under this section, to include—

(A) a statement that the logistics support and logistics services are to be made available under the authority of this section to any contractor awarded the contract, but only on a basis that does not require acceptance of the support and services; and

(B) a description of the range of the logistics support and logistics services that are to be made available to the contractor.

(3) A requirement for the rates charged a contractor for logistics support and logistics services provided to a contractor under this section to reflect the full cost to the United States of the resources used in providing the support and services, including the costs of resources used, but not paid for, by the Department of Defense.

(4) A requirement to credit to the General Fund of the Treasury amounts received by the Department of Defense from a contractor for the cost of logistics support and logistics services provided to the contractor by the Department of Defense under this section but not paid for out of funds available to the Department of Defense.

(5) With respect to a contract described in subsection (a) that is being performed for a department or agency outside the Department of Defense, a prohibition, in accordance with applicable contracting procedures, on the imposition of any charge on that department or agency for any effort of Department of Defense personnel or the contractor to correct deficiencies in the performance of such contract.

(6) A prohibition on the imposition of any charge on a contractor for any effort of the contractor to correct a deficiency in the performance of logistics support and logistics services provided to the contractor under this section.

(f) RELATIONSHIP TO TREATY OBLIGATIONS.—The Secretary shall ensure that the exercise of authority under this section does not conflict with any obligation of the United States under any treaty or other international agreement.

(g) TERMINATION OF AUTHORITY.—(1) The authority provided in this section shall expire on September 30, 2007, subject to paragraph (2).

(2) The expiration of the authority under this section does not terminate—

(A) any contract that was entered into by the Director of the Defense Logistics Agency under subsection (b) before the expiration of the authority or any obligation to provide logistics support and logistics services under that contract; or

(B) any authority—

(i) to enter into a contract described in subsection (a) for which a solicitation of offers was issued in accordance with the regulations prescribed pursuant to subsection (e)(2) before the date of the expiration of the authority; or

(ii) to provide logistics support and logistics services to the contractor with respect to that contract in accordance with this section.

SEC. 346. CONTINUATION OF ARSENAL SUPPORT PROGRAM INITIATIVE.

(a) EXTENSION THROUGH FISCAL YEAR 2004.—Subsection (a) of section 343 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (as enacted into law by Public Law 106–398; 114 Stat. 1654A–65) is amended by striking ''and 2002'' and inserting ''through 2004''.

(b) REPORTING REQUIREMENTS.—Subsection (g) of such section is amended—

(1) in paragraph (1), by striking ''2002'' and inserting ''2004''; and

(2) in paragraph (2), by striking the first sentence and inserting the following new sentence: ''Not later than July 1, 2003, the Secretary of the Army shall submit to the congressional defense committees a report on the results of the demonstration program since its implementation, including the Secretary's views regarding the benefits of the program for Army manufacturing arsenals and the Department of the Army and the success of the program in achieving the purposes specified in subsection (b).''.

SEC. 347. TWO-YEAR EXTENSION OF AUTHORITY OF THE SECRETARY OF DEFENSE TO ENGAGE IN COMMERCIAL ACTIVITIES AS SECURITY FOR INTELLIGENCE COLLECTION ACTIVITIES ABROAD.

Section 431(a) of title 10, United States Code, is amended by striking ''December 31, 2002'' in the second sentence and inserting ''December 31, 2004''.

SEC. 348. INSTALLATION AND CONNECTION POLICY AND PROCEDURES REGARDING DEFENSE SWITCH NETWORK.

(a) ESTABLISHMENT OF POLICY AND PROCEDURES.—Not later than 180 days after the date of the enactment of this Act, the Secretary of Defense shall establish clear and uniform policy and procedures, applicable to the military departments and Defense Agencies, regarding the installation and connection of telecom switches to the Defense Switch Network.

(b) ELEMENTS OF POLICY AND PROCEDURES.—The policy and procedures shall address at a minimum the following:

(1) Clear interoperability and compatibility requirements for procuring, certifying, installing, and connecting telecom switches to the Defense Switch Network.

(2) Current, complete, and enforceable testing, validation, and certification procedures needed to ensure the interoperability and compatibility requirements are satisfied.

(c) EXCEPTIONS.—(1) The Secretary of Defense may specify certain circumstances in which—

(A) the requirements for testing, validation, and certification of telecom switches may be waived; or

(B) interim authority for the installation and connection of telecom switches to the Defense Switch Network may be granted.

(2) Only the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence, after consultation with the Chairman of the Joint Chiefs of Staff, may approve a waiver or grant of interim authority under paragraph (1).

(d) INVENTORY OF DEFENSE SWITCH NETWORK.—The Secretary of Defense shall prepare and maintain an inventory of all telecom switches that, as of the date on which the Secretary issues the policy and procedures—

(1) are installed or connected to the Defense Switch Network; but

(2) have not been tested, validated, and certified by the Defense Information Systems Agency (Joint Interoperability Test Center).

(e) INTEROPERABILITY RISKS.—(1) The Secretary of Defense shall, on an ongoing basis—

(A) identify and assess the interoperability risks that are associated with the installation or connection of uncertified switches to the Defense Switch Network and the maintenance of such switches on the Defense Switch Network; and

(B) develop and implement a plan to eliminate or mitigate such risks as identified.

(2) The Secretary shall initiate action under paragraph (1) upon completing the initial inventory of telecom switches required by subsection (d).

(f) TELECOM SWITCH DEFINED.—In this section, the term ''telecom switch'' means hardware or software designed to send and receive voice, data, or video signals across a network that provides customer voice, data, or video equipment access to the Defense Switch Network or public switched telecommunications networks.

SEC. 349. ENGINEERING STUDY AND ENVIRONMENTAL ANALYSIS OF ROAD MODIFICATIONS IN VICINITY OF FORT BELVOIR, VIRGINIA.

(a) STUDY AND ANALYSIS.—(1) The Secretary of the Army shall conduct a preliminary engineering study and environmental analysis to evaluate the feasibility of establishing a connector road between Richmond Highway (United States Route 1) and Telegraph Road in order to provide an alternative to Beulah Road (State Route 613) and Woodlawn Road (State Route 618) at Fort Belvoir, Virginia, which were closed as a force protection measure.

(2) It is the sense of Congress that the study and analysis should consider as one alternative the extension of Old Mill Road between Richmond Highway and Telegraph Road.

(b) CONSULTATION.—The study required by subsection (a) shall be conducted in consultation with the Department of Transportation of the Commonwealth of Virginia and Fairfax County, Virginia.

(c) REPORT.—The Secretary shall submit to Congress a summary report on the study and analysis required by subsection (a). The summary report shall be submitted together with the budget justification materials in support of the budget of the President for fiscal year 2006 that is submitted to Congress under section 1105(a) of title 31, United States Code.

(d) FUNDING.—Of the amount authorized to be appropriated by section 301(a)(1) for the Army for operation and maintenance, $5,000,000 may be available for the study and analysis required by subsection (a).

SEC. 350. EXTENSION OF WORK SAFETY DEMONSTRATION PROGRAM.

Section 1112 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (as enacted into law by Public Law 106–398; 114 Stat. 1654A–313) is amended—

(1) in subsection (d), by striking ''September 30, 2002'' and inserting ''September 30, 2003''; and

(2) in subsection (e)(2), by striking ''December 1, 2002'' and inserting ''December 1, 2003''.

SEC. 351. LIFT SUPPORT FOR MINE WARFARE SHIPS AND OTHER VESSELS.

(a) AMOUNT.—Of the amount authorized to be appropriated by section 302(2), $10,000,000 shall be available for implementing the recommendations resulting from the Navy's Non-Self Deployable Watercraft (NDSW) Study and the Joint Chiefs of Staff Focused Logistics Study, which are to determine the requirements of the Navy for providing lift support for mine warfare ships and other vessels.

(b) OFFSETTING REDUCTION.—Of the amount authorized to be appropriated by section 302(2), the amount provided for the procurement of mine countermeasures ships cradles is hereby reduced by $10,000,000.

SEC. 352. NAVY DATA CONVERSION ACTIVITIES.

(a) AMOUNT FOR ACTIVITIES.—The amount authorized to be appropriated by section 301(a)(2) is hereby increased by $1,500,000. The total amount of such increase may be available for the Navy Data Conversion and Management Laboratory to support data conversion activities for the Navy.

(b) OFFSET.—The amount authorized to be appropriated by section 301(a)(1) is hereby reduced by $1,500,000 to reflect a reduction in the utilities privatization efforts previously planned by the Army.

TITLE IV—MILITARY PERSONNEL AUTHORIZATIONS

Subtitle A—Active Forces

SEC. 401. END STRENGTHS FOR ACTIVE FORCES.

The Armed Forces are authorized strengths for active duty personnel as of September 30, 2003, as follows:

(1) The Army, 485,000.

(2) The Navy, 379,200.

(3) The Marine Corps, 175,000.

(4) The Air Force, 362,500.

SEC. 402. AUTHORITY TO INCREASE STRENGTH AND GRADE LIMITATIONS TO ACCOUNT FOR RESERVE COMPONENT MEMBERS ON ACTIVE DUTY IN SUPPORT OF A CONTINGENCY OPERATION.

(a) ACTIVE DUTY STRENGTH.—Section 115(c)(1) of title 10, United States Code, is amended to read as follows:

''(1) increase the end strength authorized pursuant to subsection (a)(1)(A) for a fiscal year for any of the armed forces by—

''(A) a number equal to not more than 2 percent of that end strength;

''(B) a number equal to the number of members of the reserve components of that armed force on active duty under section 12301(d) of this title in support of a contingency operation in that fiscal year; or

''(C) a number not greater than the sum of the numbers authorized by subparagraphs (A) and (B).''.

(b) AUTHORIZED DAILY AVERAGE FOR MEMBERS IN PAY GRADES E–8 AND E–9 ON ACTIVE DUTY.—Section 517 of such title is amended by adding at the end the following new paragraph:

''(d) The Secretary of Defense may increase the authorized daily average number of enlisted members on active duty in an armed force in pay grades E–8 and E–9 in a fiscal year under subsection (a) by the number of enlisted members of reserve components of that armed force in pay grades E–8 and E–9, respectively, that are on active duty in that fiscal year under section 12301(d) of this title in support of a contingency operation.''.

(c) AUTHORIZED STRENGTHS FOR COMMISSIONED OFFICERS IN PAY GRADES O–4, O–5, AND O–6 ON ACTIVE DUTY.—Section 523 of such title is amended—

(1) in subsection (a), by striking ''subsection (c)'' in paragraphs (1) and (2) and inserting ''subsections (c) and (e)''; and

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

''(e) The Secretary of Defense may increase the authorized total number of commissioned officers serving on active duty in the Army, Navy, Air Force, or Marine Corps in a grade referred to in subsection (c) at the end of any fiscal year under that subsection by the number of commissioned officers of reserve components of the Army, Navy, Air Force, or Marine Corps, respectively, that are then serving on active duty in that grade under section 12301(d) of this title in support of a contingency operation.''.

(d) AUTHORIZED STRENGTHS FOR GENERAL AND FLAG OFFICERS ON ACTIVE DUTY.—Section 526(a) of such title is amended—

(1) by redesignating paragraphs (1), (2), (3), and (4) as subparagraphs (A), (B), (C), and (D), respectively;

(2) by striking ''LIMITATIONS.—The'' and inserting ''LIMITATIONS.—(1) Except as provided in paragraph (2), the''; and

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

''(2) The Secretary of Defense may increase the number of general and flag officers authorized to be on active duty in the Army, Navy, Air Force, or Marine Corps under paragraph (1) by the number of reserve general or flag officers of reserve components of the Army, Navy, Air Force, or Marine Corps, respectively, that are on active duty under section 12301(d) of this title in support of a contingency operation.''.

SEC. 403. INCREASED ALLOWANCE FOR NUMBER OF MARINE CORPS GENERAL OFFICERS ON ACTIVE DUTY IN GRADES ABOVE MAJOR GENERAL.

Section 525(b)(2)(B) of title 10, United States Code, is amended by striking ''16.2 percent'' and inserting ''17.5 percent''.

SEC. 404. INCREASE IN AUTHORIZED STRENGTHS FOR MARINE CORPS OFFICERS ON ACTIVE DUTY IN THE GRADE OF COLONEL.

The table in section 523(a)(1) of title 10, United States Code, is amended by striking the figures under the heading ''Colonel'' in the portion of the table relating to the Marine Corps and inserting the following:

''571
632
653
673
694
715
735''.

Subtitle B—Reserve Forces

SEC. 411. END STRENGTHS FOR SELECTED RESERVE.

(a) IN GENERAL.—The Armed Forces are authorized strengths for Selected Reserve personnel of the reserve components as of September 30, 2003, as follows:

(1) The Army National Guard of the United States, 350,000.

(2) The Army Reserve, 205,000.

(3) The Naval Reserve, 87,800.

(4) The Marine Corps Reserve, 39,558.

(5) The Air National Guard of the United States, 106,600.

(6) The Air Force Reserve, 75,600.

(7) The Coast Guard Reserve, 9,000.

(b) ADJUSTMENTS.—The end strengths prescribed by subsection (a) for the Selected Reserve of any reserve component shall be proportionately reduced by—

(1) the total authorized strength of units organized to serve as units of the Selected Reserve of such component which are on active duty (other than for training) at the end of the fiscal year; and

(2) the total number of individual members not in units organized to serve as units of the Selected Reserve of such component who are on active duty (other than for training or for unsatisfactory participation in training) without their consent at the end of the fiscal year.

Whenever such units or such individual members are released from active duty during any fiscal year, the end strength prescribed for such fiscal year for the Selected Reserve of such reserve component shall be proportionately increased by the total authorized strengths of such units and by the total number of such individual members.

SEC. 412. END STRENGTHS FOR RESERVES ON ACTIVE DUTY IN SUPPORT OF THE RESERVES.

Within the end strengths prescribed in section 411(a), the reserve components of the Armed Forces are authorized, as of September 30, 2003, the following number of Reserves to be serving on full-time active duty or full-time duty, in the case of members of the National Guard, for the purpose of organizing, administering, recruiting, instructing, or training the reserve components:

(1) The Army National Guard of the United States, 24,492.

(2) The Army Reserve, 13,888.

(3) The Naval Reserve, 14,572.

(4) The Marine Corps Reserve, 2,261.

(5) The Air National Guard of the United States, 11,727.

(6) The Air Force Reserve, 1,498.

SEC. 413. END STRENGTHS FOR MILITARY TECHNICIANS (DUAL STATUS).

The minimum number of military technicians (dual status) as of the last day of fiscal year 2003 for the reserve components of the Army and the Air Force (notwithstanding section 129 of title 10, United States Code) shall be the following:

(1) For the Army Reserve, 6,599.

(2) For the Army National Guard of the United States, 24,102.

(3) For the Air Force Reserve, 9,911.

(4) For the Air National Guard of the United States, 22,495.

SEC. 414. FISCAL YEAR 2003 LIMITATIONS ON NON-DUAL STATUS TECHNICIANS.

(a) LIMITATIONS.—(1) Within the limitation provided in section 10217(c)(2) of title 10, United States Code, the number of non-dual status technicians employed by the National Guard as of September 30, 2003, may not exceed the following:

(A) For the Army National Guard of the United States, 1,600.

(B) For the Air National Guard of the United States, 350.

(2) The number of non-dual status technicians employed by the Army Reserve as of September 30, 2003, may not exceed 995.

(3) The Air Force Reserve may not employ any person as a non-dual status technician during fiscal year 2003.

(b) NON-DUAL STATUS TECHNICIANS DEFINED.—In this section, the term ''non-dual status technician'' has the meaning given the term in section 10217(a) of title 10, United States Code.

Subtitle C—Authorization of Appropriations

SEC. 421. AUTHORIZATION OF APPROPRIATIONS FOR MILITARY PERSONNEL.

There is hereby authorized to be appropriated to the Department of Defense for military personnel for fiscal year 2003 a total of $94,352,208,000. The authorization in the preceding sentence supersedes any other authorization of appropriations (definite or indefinite) for such purpose for fiscal year 2003.

TITLE V—MILITARY PERSONNEL POLICY

Subtitle A—Officer Personnel Policy

SEC. 501. EXTENSION OF CERTAIN REQUIREMENTS AND EXCLUSIONS APPLICABLE TO SERVICE OF GENERAL AND FLAG OFFICERS ON ACTIVE DUTY IN CERTAIN JOINT DUTY ASSIGNMENTS.

(a) RECOMMENDATIONS FOR ASSIGNMENT TO SENIOR JOINT OFFICER POSITIONS.—Section 604(c) of title 10, United States Code, is amended by striking ''September 30, 2003'' and inserting ''December 31, 2003''.

(b) INAPPLICABILITY OF GRADE DISTRIBUTION REQUIREMENTS.—Section 525(b)(5)(C) of such title is amended by striking ''September 30, 2003'' and inserting ''December 31, 2003''.

(c) EXCLUSION FROM STRENGTH LIMITATION.—Section 526(b)(3) of such title is amended by striking ''October 1, 2002'' and inserting ''December 31, 2003''.

SEC. 502. EXTENSION OF AUTHORITY TO WAIVE REQUIREMENT FOR SIGNIFICANT JOINT DUTY EXPERIENCE FOR APPOINTMENT AS A CHIEF OF A RESERVE COMPONENT OR A NATIONAL GUARD DIRECTOR.

(a) CHIEF OF ARMY RESERVE.—Section 3038(b)(4) of title 10, United States Code, is amended by striking ''October 1, 2003'' and inserting ''December 31, 2003''.

(b) CHIEF OF NAVAL RESERVE.—Section 5143(b)(4) of such title is amended by striking ''October 1, 2003'' and inserting ''December 31, 2003''.

(c) COMMANDER, MARINE FORCES RESERVE.—Section 5144(b)(4) of such title is amended by striking ''October 1, 2003'' and inserting ''December 31, 2003''.

(d) CHIEF OF AIR FORCE RESERVE.—Section 8038(b)(4) of such title 10, United States Code, is amended by striking ''October 1, 2003'' and inserting ''December 31, 2003''.

(e) DIRECTORS OF THE NATIONAL GUARD.—Section 10506(a)(3)(D) of such title is amended by striking ''October 1, 2003'' and inserting ''December 31, 2003''.

SEC. 503. REPEAL OF LIMITATION ON AUTHORITY TO GRANT CERTAIN OFFICERS A WAIVER OF REQUIRED SEQUENCE FOR JOINT PROFESSIONAL MILITARY EDUCATION AND JOINT DUTY ASSIGNMENT.

Section 661(c)(3)(D) of title 10, United States Code, is amended by striking ''In the case of officers in grades below brigadier general'' and all that follows through ''selected for the joint specialty during that fiscal year.''.

SEC. 504. EXTENSION OF TEMPORARY AUTHORITY FOR RECALL OF RETIRED AVIATORS.

Section 501(e) of the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106–65; 113 Stat. 589) is amended by striking ''September 30, 2002'' and inserting ''September 30, 2008''.

SEC. 505. INCREASED GRADE FOR HEADS OF NURSE CORPS.

(a) ARMY.—Section 3069(b) of title 10, United States Code, is amended by striking ''brigadier general'' in the second sentence and inserting ''major general''.

(b) NAVY.—The first sentence of section 5150(c) of such title is amended—

(1) by inserting ''rear admiral (upper half) in the case of an officer in the Nurse Corps or'' after ''for promotion to the grade of''; and

(2) by inserting ''in the case of an officer in the Medical Service Corps'' after ''rear admiral (lower half)''.

(c) AIR FORCE.—Section 8069(b) of such title is amended by striking ''brigadier general'' in the second sentence and inserting ''major general''.

SEC. 506. REINSTATEMENT OF AUTHORITY TO REDUCE SERVICE REQUIREMENT FOR RETIREMENT IN GRADES ABOVE O–4.

(a) OFFICERS ON ACTIVE DUTY.—Subsection (a)(2)(A) of section 1370 of title 10, United States Code, is amended—

(1) by striking ''may authorize'' and all that follows and inserting ''may, in the case of retirements effective during the period beginning on September 1, 2002, and ending on December 31, 2004, authorize—''; and

(2) by adding at the end the following:

''(1) the Deputy Under Secretary of Defense for Personnel and Readiness to reduce such 3-year period of required service to a period not less than two years for retirements in grades above colonel or, in the case of the Navy, captain; and

''(2) the Secretary of a military department or the Assistant Secretary of a military department having responsibility for manpower and reserve affairs to reduce such 3-year period to a period of required service not less than two years for retirements in grades of lieutenant colonel and colonel or, in the case of the Navy, commander and captain.''.

(b) RESERVE OFFICERS.—Subsection (d)(5) of such section is amended—

(1) in the first sentence—

(A) by striking ''may authorize'' and all that follows and inserting ''may, in the case of retirements effective during the period beginning on September 1, 2002, and ending on December 31, 2004, authorize—''; and

(B) by adding at the end the following:

''(A) the Deputy Under Secretary of Defense for Personnel and Readiness to reduce such 3-year period of required service to a period not less than two years for retirements in grades above colonel or, in the case of the Navy, captain; and

''(B) the Secretary of a military department or the Assistant Secretary of a military department having responsibility for manpower and reserve affairs to reduce such 3-year period of required service to a period not less than two years for retirements in grades of lieutenant colonel and colonel or, in the case of the Navy, commander and captain.'';

(2) by designating the second sentence as paragraph (6) and realigning such paragraph, as so redesignated 2 ems from the left margin; and

(3) in paragraph (6), as so redesignated, by striking ''this paragraph'' and inserting ''paragraph (5)''.

(c) ADVANCE NOTICE TO THE PRESIDENT AND CONGRESS.—Such section is further amended by adding at the end the following new subsection:

''(e) ADVANCE NOTICE TO CONGRESS.—(1) The Secretary of Defense shall notify the Committees on Armed Services of the Senate and House of Representatives of—

''(A) an exercise of authority under paragraph (2)(A) of subsection (a) to reduce the 3-year minimum period of required service on active duty in a grade in the case of an officer to whom such paragraph applies before the officer is retired in such grade under such subsection without having satisfied that 3-year service requirement; and

''(B) an exercise of authority under paragraph (5) of subsection (d) to reduce the 3-year minimum period of service in grade required under paragraph (3)(A) of such subsection in the case of an officer to whom such paragraph applies before the officer is credited with satisfactory service in such grade under subsection (d) without having satisfied that 3-year service requirement.

''(2) The requirement for a notification under paragraph (1) is satisfied in the case of an officer to whom subsection (c) applies if the notification is included in the certification submitted with respect to such officer under paragraph (1) of such subsection.

''(3) The notification requirement under paragraph (1) does not apply to an officer being retired in the grade of lieutenant colonel or colonel or, in the case of the Navy, commander or captain.''.

Subtitle B—Reserve Component Personnel Policy

SEC. 511. TIME FOR COMMENCEMENT OF INITIAL PERIOD OF ACTIVE DUTY FOR TRAINING UPON ENLISTMENT IN RESERVE COMPONENT.

Section 12103(d) of title 10, United States Code, is amended by striking ''270 days'' in the second sentence and inserting ''one year''.

SEC. 512. AUTHORITY FOR LIMITED EXTENSION OF MEDICAL DEFERMENT OF MANDATORY RETIREMENT OR SEPARATION OF RESERVE COMPONENT OFFICER.

(a) AUTHORITY.—Chapter 1407 of title 10, United States Code, is amended by adding at the end the following new section:

''§ 14519. Deferment of retirement or separation for medical reasons

''(a) AUTHORITY.—If, in the case of an officer required to be retired or separated under this chapter or chapter 1409 of this title, the Secretary concerned determines that the evaluation of the physical condition of the officer and determination of the officer's entitlement to retirement or separation for physical disability require hospitalization or medical observation and that such hospitalization or medical observation cannot be completed with confidence in a manner consistent with the officer's well being before the date on which the officer would otherwise be required to retire or be separated, the Secretary may defer the retirement or separation of the officer.

''(b) PERIOD OF DEFERMENT.—A deferral of retirement or separation under subsection (a) may not extend for more than 30 days after the completion of the evaluation requiring hospitalization or medical observation.''.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

''14519. Deferment of retirement or separation for medical reasons.''.

SEC. 513. REPEAL OF PROHIBITION ON USE OF AIR FORCE RESERVE AGR PERSONNEL FOR AIR FORCE BASE SECURITY FUNCTIONS.

(a) REPEAL.—Section 12551 of title 10, United States Code, is repealed.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 1215 of such title is amended by striking the item relating to section 12551.

Subtitle C—Education and Training

SEC. 521. INCREASE IN AUTHORIZED STRENGTHS FOR THE SERVICE ACADEMIES.

(a) UNITED STATES MILITARY ACADEMY.—Section 4342 of title 10, United States Code, is amended—

(1) in subsection (a), by striking ''4,000'' in the first sentence and inserting ''4,400''; and

(2) in subsection (i), by striking ''variance in that limitation'' and inserting ''variance above that limitation''.

(b) UNITED STATES NAVAL ACADEMY.—Section 6954 of title 10, United States Code, is amended—

(1) in subsection (a), by striking ''4,000'' in the first sentence and inserting ''4,400'; and

(2) in subsection (g), by striking ''variance in that limitation'' and inserting ''variance above that limitation''.

(c) UNITED STATES AIR FORCE ACADEMY.—Section 9342 of title 10, United States Code, is amended—

(1) in subsection (a), by striking ''4,000'' in the first sentence and inserting ''4,400''; and

(2) in subsection (i), by striking ''variance in that limitation'' and inserting ''variance above that limitation''.

Subtitle D—Decorations, Awards, and Commendations

SEC. 531. WAIVER OF TIME LIMITATIONS FOR AWARD OF CERTAIN DECORATIONS TO CERTAIN PERSONS.

(a) WAIVER.—Any limitation established by law or policy for the time within which a recommendation for the award of a military decoration or award must be submitted shall not apply to awards of decorations described in this section, the award of each such decoration having been determined by the Secretary concerned to be warranted in accordance with section 1130 of title 10, United States Code.

(b) DISTINGUISHED-SERVICE CROSS OF THE ARMY.—Subsection (a) applies to the award of the Distinguished-Service Cross of the Army as follows:

(1) To Henry Johnson of Albany, New York, for extraordinary heroism in France during the period of May 13 to 15, 1918, while serving as a member of the Army.

(2) To Hilliard Carter of Jackson, Mississippi, for extraordinary heroism in actions near Troung Loung, Republic of Vietnam, on September 28, 1966, while serving as a member of the Army.

(3) To Albert C. Welch of Highland Ranch, Colorado, for extraordinary heroism in actions in Ong Thanh, Binh Long Province, Republic of Vietnam, on October 17, 1967, while serving as a member of the Army.

(c) DISTINGUISHED FLYING CROSS OF THE NAVY.—Subsection (a) applies to the award of the Distinguished Flying Cross of the Navy as follows:

(1) To Eduguardo Coppola of Falls Church, Virginia, for extraordinary achievement while participating in aerial flight during World War II, while serving as a member of the Navy.

(2) To James Hoisington, Jr., of Stillman Valley, Illinois, for extraordinary achievement while participating in aerial flight during World War II, while serving as a member of the Navy.

(3) To William M. Melvin of Lawrenceburg, Tennessee, for extraordinary achievement while participating in aerial flight during World War II, while serving as a member of the Navy.

(4) To Vincent Urbank of Tom River, New Jersey, for extraordinary achievement while participating in aerial flight during World War II, while serving as a member of the Navy.

SEC. 532. KOREA DEFENSE SERVICE MEDAL.

(a) FINDINGS.—Congress makes the following findings:

(1) More than 40,000 members of the United States Armed Forces have served on the Korean Peninsula each year since the signing of the cease-fire agreement in July 1953 ending the Korean War.

(2) An estimated 1,200 members of the United States Armed Forces died as a direct result of their service in Korea since the cease-fire agreement in July 1953.

(b) ARMY.—(1) Chapter 357 of title 10, United States Code, is amended by adding at the end the following new section:

"§ 3755. Korea Defense Service Medal

''(a) The Secretary of the Army shall issue a campaign medal, to be known as the Korea Defense Service Medal, to each person who while a member of the Army served in the Republic of Korea or the waters adjacent thereto during the KDSM eligibility period and met the service requirements for the award of that medal prescribed under subsection (c).

''(b) In this section, the term 'KDSM eligibility period' means the period beginning on July 28, 1954, and ending on such date after the date of the enactment of this section as may be determined by the Secretary of Defense to be appropriate for terminating eligibility for the Korea Defense Service Medal.

''(c) The Secretary of the Army shall prescribe service requirements for eligibility for the Korea Defense Service Medal. Those requirements shall not be more stringent than the service requirements for award of the Armed Forces Expeditionary Medal for instances in which the award of that medal is authorized.''.

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

''3755. Korea Defense Service Medal.''.

(c) NAVY AND MARINE CORPS.—(1) Chapter 567 of title 10, United States Code, is amended by adding at the end the following new section:

"§ 6257. Korea Defense Service Medal

''(a) The Secretary of the Navy shall issue a campaign medal, to be known as the Korea Defense Service Medal, to each person who while a member of the Navy or Marine Corps served in the Republic of Korea or the waters adjacent thereto during the KDSM eligibility period and met the service requirements for the award of that medal prescribed under subsection (c).

''(b) In this section, the term 'KDSM eligibility period' means the period beginning on July 28, 1954, and ending on such date after the date of the enactment of this section as may be determined by the Secretary of Defense to be appropriate for terminating eligibility for the Korea Defense Service Medal.

''(c) The Secretary of the Navy shall prescribe service requirements for eligibility for the Korea Defense Service Medal. Those requirements shall not be more stringent than the service requirements for award of the Armed Forces Expeditionary Medal for instances in which the award of that medal is authorized.''.

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

''6257. Korea Defense Service Medal.''.

(d) AIR FORCE.—(1) Chapter 857 of title 10, United States Code, is amended by adding at the end the following new section:

"§ 8755. Korea Defense Service Medal

''(a) The Secretary of the Air Force shall issue a campaign medal, to be known as the Korea Defense Service Medal, to each person who while a member of the Air Force served in the Republic of Korea or the waters adjacent thereto during the KDSM eligibility period and met the service requirements for the award of that medal prescribed under subsection (c).

''(b) In this section, the term 'KDSM eligibility period' means the period beginning on July 28, 1954, and ending on such date after the date of the enactment of this section as may be determined by the Secretary of Defense to be appropriate for terminating eligibility for the Korea Defense Service Medal.

''(c) The Secretary of the Air Force shall prescribe service requirements for eligibility for the Korea Defense Service Medal. Those requirements shall not be more stringent than the service requirements for award of the Armed Forces Expeditionary Medal for instances in which the award of that medal is authorized.''.

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

''8755. Korea Defense Service Medal.''.

(e) AWARD FOR SERVICE BEFORE DATE OF ENACTMENT.—The Secretary of the military department concerned shall take appropriate steps to provide in a timely manner for the issuance of the Korea Defense Service Medal, upon application therefor, to persons whose eligibility for that medal is by reason of service in the Republic of Korea or the waters adjacent thereto before the date of the enactment of this Act.

Subtitle E—National Call to Service

SEC. 541. ENLISTMENT INCENTIVES FOR PURSUIT OF SKILLS TO FACILITATE NATIONAL SERVICE.

(a) AUTHORITY.—(1) Chapter 5 of title 37, United States Code, is amended by adding at the end the following new section:

"§ 326. Enlistment incentives for pursuit of skills to facilitate national service

''(a) INCENTIVES AUTHORIZED.—The Secretary of Defense may carry out a program in accordance with the provisions of this section under which program a National Call to Service participant described in subsection (b) shall be entitled to an incentive specified in subsection (d).

''(b) NATIONAL CALL TO SERVICE PARTICIPANT.—In this section, the term 'National Call to Service participant' means a person who first enlists in the armed forces pursuant to a written agreement (prescribed by the Secretary of the military department concerned) under which agreement the person shall—

''(1) upon completion of initial entry training (as prescribed by the Secretary of Defense), serve on active duty in the armed forces in a military occupational specialty designated by the Secretary of Defense under subsection (c) for a period of 15 months; and

''(2) upon completion of such service on active duty, and without a break in service, serve the minimum period of obligated service specified in the agreement under this section—

''(A) on active duty in the armed forces;

''(B) in the Selected Reserve;

''(C) in the Individual Ready Reserve;

''(D) in the Peace Corps, Americorps, or another national service program jointly designated by the Secretary of Defense and the head of such program for purposes of this section; or

''(E) in any combination of service referred to in subparagraphs (A) through (D) that is approved by the Secretary of the military department concerned pursuant to regulations prescribed by the Secretary of Defense.

''(c) DESIGNATED MILITARY OCCUPATIONAL SPECIALTIES.—The Secretary of Defense shall designate military occupational specialties for purposes of subsection (b)(1). Such military occupational specialties shall be military occupational specialties that will facilitate, as determined by the Secretary, pursuit of national service by National Call to Service participants during and after their completion of duty or service under an agreement under subsection (b).

''(d) INCENTIVES.—The incentives specified in this subsection are as follows:

''(1) Payment of a bonus in the amount of $5,000.

''(2) Payment of outstanding principal and interest on qualifying student loans of the National Call to Service participant in an amount not to exceed $18,000.

''(3) Entitlement to an allowance for educational assistance at the monthly rate equal to the monthly rate payable for basic educational assistance allowances under section 3015(a)(1) of title 38 for a total of 12 months.

''(4) Entitlement to an allowance for educational assistance at the monthly rate equal to ⅔ of the monthly rate payable for basic educational assistance allowances under section 3015(b)(1) of title 38 for a total of 36 months.

''(e) ELECTION OF INCENTIVES.—A National Call to Service participant shall elect in the

agreement under subsection (b) which incentive under subsection (d) to receive. An election under this subsection is irrevocable.

''(f) PAYMENT OF BONUS AMOUNTS.—(1) Payment to a National Call to Service participant of the bonus elected by the National Call to Service participant under subsection (d)(1) shall be made in such time and manner as the Secretary of Defense shall prescribe.

''(2)(A) Payment of outstanding principal and interest on the qualifying student loans of a National Call to Service participant, as elected under subsection (d)(2), shall be made in such time and manner as the Secretary of Defense shall prescribe.

''(B) Payment under this paragraph of the outstanding principal and interest on the qualifying student loans of a National Call to Service participant shall be made to the holder of such student loans, as identified by the National Call to Service participant to the Secretary of the military department concerned for purposes of such payment.

''(3) Payment of a bonus or incentive in accordance with this subsection shall be made by the Secretary of the military department concerned.

''(g) COORDINATION WITH MONTGOMERY GI BILL BENEFITS.—(1) A National Call to Service participant who elects an incentive under paragraph (3) or (4) of subsection (d) is not entitled to educational assistance under chapter 1606 of title 10 or basic educational assistance under subchapter II of chapter 30 of title 38.

''(2)(A) The Secretary of Defense shall, to the maximum extent practicable, administer the receipt by National Call to Service participants of incentives under paragraph (3) or (4) of subsection (d) as if such National Call to Service participants were, in receiving such incentives, receiving educational assistance for members of the Selected Reserve under chapter 1606 of title 10.

''(B) The Secretary of Defense shall, in consultation with the Secretary of Veterans Affairs, prescribe regulations for purposes of subparagraph (A). Such regulations shall, to the maximum extent practicable, take into account the administrative provisions of chapters 30 and 36 of title 38 that are specified in section 16136 of title 10.

''(3) Except as provided in paragraph (1), nothing in this section shall prohibit a National Call to Service participant who satisfies through service under subsection (b) the eligibility requirements for educational assistance under chapter 1606 of title 10 or basic educational assistance under chapter 30 of title 38 from an entitlement to such educational assistance under chapter 1606 of title 10 or basic educational assistance under chapter 30 of title 38, as the case may be.

''(h) REPAYMENT.—(1) If a National Call to Service participant who has entered into an agreement under subsection (b) and received or benefited from an incentive under subsection (d)(1) or (d)(2) fails to complete the total period of service specified in such agreement, the National Call to Service participant shall refund to the United States the amount that bears the same ratio to the amount of the incentive as the uncompleted part of such service bears to the total period of such service.

''(2) Subject to paragraph (3), an obligation to reimburse the United States imposed under paragraph (1) is for all purposes a debt owed to the United States.

''(3) The Secretary concerned may waive, in whole or in part, a reimbursement required under paragraph (1) if the Secretary concerned determines that recovery would be against equity and good conscience or would be contrary to the best interests of the United States.

''(4) A discharge in bankruptcy under title 11 that is entered into less than 5 years after the termination of an agreement entered into under subsection (b) does not discharge the person signing the agreement from a debt arising under the agreement or under paragraph (1).

''(i) FUNDING.—Amounts for payment of incentives under subsection (d), including payment of allowances for educational assistance under that subsection, shall be derived from amounts available to the Secretary of the military department concerned for payment of pay, allowances, and other expenses of the members of the armed force concerned.

''(j) REGULATIONS.—The Secretary of Defense and the Secretaries of the military departments shall prescribe regulations for purposes of the program under this section.

''(k) DEFINITIONS.—In this section:

''(1) The term 'Americorps' means the Americorps program carried out under subtitle C of title I of the National and Community Service Act of 1990 (42 U.S.C. 12571 et seq.).

''(2) The term 'qualifying student loan' means a loan, the proceeds of which were used to pay the cost of attendance (as defined in section 472 of the Higher Education Act of 1965 (20 U.S.C. 10871l) at an institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001).

''(3) The term 'Secretary of a military department' includes the Secretary of Transportation, with respect to matters concerning the Coast Guard when it is not operating as a service in the Navy.''.

(2) The table of sections at the beginning of that chapter is amended by inserting after the item relating to section 325 the following new item:

''326. Enlistment incentives for pursuit of skills to facilitate national service.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on October 1, 2002. No individual entering into an enlistment before that date may participate in the program under section 326 of title 37, United States Code, as added by that subsection.

SEC. 542. MILITARY RECRUITER ACCESS TO INSTITUTIONS OF HIGHER EDUCATION.

(a) ACCESS TO INSTITUTIONS OF HIGHER EDUCATION.—Section 503 of title 10, United States Code, is amended—

(1) by redesignating subsection (d) as subsection (e); and

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

''(d) ACCESS TO INSTITUTIONS OF HIGHER EDUCATION.—(1) Each institution of higher education receiving assistance under the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.)—

''(A) shall provide to military recruiters the same access to students at the institution as is provided generally to prospective employers of those students; and

''(B) shall, upon a request made by military recruiters for military recruiting purposes, provide access to the names, addresses, and telephone listings of students at the institution, notwithstanding section 444(a)(5)(B) of the General Education Provisions Act (20 U.S.C. 1232g(a)(5)(B)).

''(2) An institution of higher education may not release a student's name, address, and telephone listing under paragraph (1)(B) without the prior written consent of the student or the parent of the student (in the case of a student under the age of 18) if the student, or a parent of the student, as appropriate, has submitted a request to the institution of higher education that the student's information not be released for a purpose covered by that subparagraph without prior written consent. Each institution of higher education shall notify students and parents of the rights provided under the preceding sentence.

''(3) In this subsection, the term 'institution of higher education' has the meaning given the term in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001).''.

(b) NOTIFICATION.—The Secretary of Education shall provide to institutions of higher education notice of the provisions of subsection (d) of section 503 of title 10, United States Code, as amended by subsection (a) of this section. Such notice shall be provided not later than 120 days after the date of the enactment of this Act, and shall be provided in consultation with the Secretary of Defense.

Subtitle F—Other Matters

SEC. 551. BIENNIAL SURVEYS ON RACIAL, ETHNIC, AND GENDER ISSUES.

(a) DIVISION OF ANNUAL SURVEY INTO TWO BIENNIAL SURVEYS.—Section 481 of title 10, United States Code, is amended to read as follows:

''§ 481. Racial, ethnic, and gender issues: biennial surveys

''(a) IN GENERAL.—The Secretary of Defense shall carry out two separate biennial surveys in accordance with this section to identify and assess racial, ethnic, and gender issues and discrimination among members of the armed forces serving on active duty and the extent (if any) of activity among such members that may be seen as so-called 'hate group' activity.

''(b) BIENNIAL SURVEY ON RACIAL AND ETHNIC ISSUES.—One of the surveys conducted every two years under this section shall solicit information on racial and ethnic issues and the climate in the armed forces for forming professional relationships among members of the armed forces of the various racial and ethnic groups. The information solicited shall include the following:

''(1) Indicators of positive and negative trends for professional and personal relationships among members of all racial and ethnic groups.

''(2) The effectiveness of Department of Defense policies designed to improve relationships among all racial and ethnic groups.

''(3) The effectiveness of current processes for complaints on and investigations into racial and ethnic discrimination.

''(c) BIENNIAL SURVEY ON GENDER ISSUES.—One of the surveys conducted every two years under this section shall solicit information on gender issues, including issues relating to gender-based harassment and discrimination, and the climate in the armed forces for forming professional relationships between male and female members of the armed forces. The information solicited shall include the following:

''(1) Indicators of positive and negative trends for professional and personal relationships between male and female members of the armed forces.

''(2) The effectiveness of Department of Defense policies designed to improve professional relationships between male and female members of the armed forces.

''(3) The effectiveness of current processes for complaints on and investigations into gender-based discrimination.

''(d) SURVEYS TO ALTERNATE EVERY YEAR.—The biennial survey under subsection (b) shall be conducted in odd-numbered years. The biennial survey under subsection (c) shall be conducted in even-numbered years.

''(e) IMPLEMENTING ENTITY.—The Secretary shall carry out the biennial surveys through entities in the Department of Defense as follows:

''(1) The biennial review under subsection (b), through the Armed Forces Survey on Racial and Ethnic Issues.

''(2) The biennial review under subsection (c), through the Armed Forces Survey on Gender Issues.

''(f) REPORTS TO CONGRESS.—Upon the completion of a biennial survey under this section, the Secretary shall submit to Congress a report containing the results of the survey.

''(g) INAPPLICABILITY TO COAST GUARD.—The requirements for surveys under this section do not apply to the Coast Guard.''.

(b) CLERICAL AMENDMENT.—The item relating to such section in the table of sections at the beginning of chapter 23 of such title is amended to read as follows:

''481. Racial, ethnic, and gender issues: biennial surveys.''.

SEC. 552. LEAVE REQUIRED TO BE TAKEN PENDING REVIEW OF A RECOMMENDATION FOR REMOVAL BY A BOARD OF INQUIRY.

(a) REQUIREMENT.—Section 1182(c) of title 10, United States Code, is amended—

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

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

''(2) Under regulations prescribed by the Secretary concerned, an officer referred to in paragraph (1) may be required to take leave pending the completion of the action under this chapter in the case of that officer. The officer may be required to begin such leave at any time following the officer's receipt of the report of the board of inquiry, including the board's recommendation for removal from active duty, and the expiration of any period allowed for submission by the officer of a rebuttal to that report. The leave may be continued until the date on which action by the Secretary concerned under this chapter is completed in the case of the officer or may be terminated at any earlier time.''.

(b) PAYMENT FOR MANDATORY EXCESS LEAVE UPON DISAPPROVAL OF CERTAIN INVOLUNTARY SEPARATION RECOMMENDATIONS.—Chapter 40 of such title is amended by inserting after section 707 the following new section:

''§ 707a. Payment upon disapproval of certain board of inquiry recommendations for excess leave required to be taken

''(a) An officer—

''(1) who is required to take leave under section 1182(c)(2) of this title, any period of which is charged as excess leave under section 706(a) of this title, and

''(2) whose recommendation for removal from active duty in a report of a board of inquiry is not approved by the Secretary concerned under section 1184 of this title,

shall be paid, as provided in subsection (b), for the period of leave charged as excess leave.

''(b)(1) An officer entitled to be paid under this section shall be deemed, for purposes of this section, to have accrued pay and allowances for each day of leave required to be taken under section 1182(c)(2) of this title that is charged as excess leave (except any day of accrued leave for which the officer has been paid under section 706(b)(1) of this title and which has been charged as excess leave).

''(2) The officer shall be paid the amount of pay and allowances that is deemed to have accrued to the officer under paragraph (1), reduced by the total amount of his income from wages, salaries, tips, other personal service income, unemployment compensation, and public assistance benefits from any Government agency during the period the officer is deemed to have accrued pay and allowances. Except as provided in paragraph (3), such payment shall be made within 60 days after the date on which the Secretary concerned decides not to remove the officer from active duty.

''(3) If an officer is entitled to be paid under this section, but fails to provide sufficient information in a timely manner regarding the officer's income when such information is requested under regulations prescribed under subsection (c), the period of time prescribed in paragraph (2) shall be extended until 30 days after the date on which the member provides the information requested.

''(c) This section shall be administered under uniform regulations prescribed by the Secretaries concerned. The regulations may provide for the method of determining an officer's income during any period the officer is deemed to have accrued pay and allowances, including a requirement that the officer provide income tax returns and other documentation to verify the amount of the officer's income.''.

(c) CONFORMING AMENDMENTS.—(1) Section 706 of such title is amended by inserting ''or 1182(c)(2)'' after ''section 876a'' in subsections (a), (b), and (c).

(2) The heading for such section is amended to read as follows:

''§ 706. Administration of required leave''.

(d) CLERICAL AMENDMENTS.—The table of sections at the beginning of chapter 40 of title 10, United States Code, is amended—

(1) by striking the item relating to section 706 and inserting the following:

''706. Administration of required leave.'';

and

(2) by inserting after the item relating to section 707 the following new item:

''707a. Payment upon disapproval of certain board of inquiry recommendations for excess leave required to be taken.''.

SEC. 553. STIPEND FOR PARTICIPATION IN FUNERAL HONORS DETAILS.

Section 1491(d) of title 10, United States Code, is amended—

(1) by striking paragraph (1) and inserting the following:

''(A) For a participant in the funeral honors detail who is a member or former member of the armed forces in a retired status or is not a member of the armed forces (other than a former member in a retired status) and not an employee of the United States, either—

''(i) transportation; or

''(ii) a daily stipend prescribed annually by the Secretary of Defense at a single rate that is designed to defray the costs for transportation and other expenses incurred by the participant in connection with participation in the funeral honors detail.'';

(2) by inserting ''(1)'' after ''(d) SUPPORT.—'';

(3) by redesignating paragraph (2) as subparagraph (B);

(4) in subparagraph (B), as so redesignated, by inserting ''members of the armed forces in a retired status and'' after ''training for''; and

(5) by adding at the end the following:

''(2) A stipend paid under paragraph (1)(A) to a member or former member of the armed forces in a retired status shall be in addition to any other compensation to which the retired member may be entitled.''.

SEC. 554. WEAR OF ABAYAS BY FEMALE MEMBERS OF THE ARMED FORCES IN SAUDI ARABIA.

(a) PROHIBITIONS RELATING TO WEAR OF ABAYAS.—No member of the Armed Forces having authority over a member of the Armed Forces and no officer or employee of the United States having authority over a member of the Armed Forces may—

(1) require or encourage that member to wear the abaya garment or any part of the abaya garment while the member is in the Kingdom of Saudi Arabia pursuant to a permanent change of station or orders for temporary duty; or

(2) take any adverse action, whether formal or informal, against the member for choosing not to wear the abaya garment or any part of the abaya garment while the member is in the Kingdom of Saudi Arabia pursuant to a permanent change of station or orders for temporary duty.

(b) INSTRUCTION.—(1) The Secretary of Defense shall provide each female member of the Armed Forces ordered to a permanent change of station or temporary duty in the Kingdom of Saudi Arabia with instructions regarding the prohibitions in subsection (a) immediately upon the arrival of the member at a United States military installation within the Kingdom of Saudi Arabia. The instructions shall be presented orally and in writing. The written instruction shall include the full text of this section.

(2) In carrying out paragraph (1), the Secretary shall act through the Commander in Chief, United States Central Command and Joint Task Force Southwest Asia, and the commanders of the Army, Navy, Air Force, and Marine Corps components of the United States Central Command and Joint Task Force Southwest Asia.

(c) PROHIBITION ON USE OF FUNDS FOR PROCUREMENT OF ABAYAS.—Funds appropriated or otherwise made available to the Department of Defense may not be used to procure abayas for regular or routine issuance to members of the Armed Forces serving in the Kingdom of Saudi Arabia or for any personnel of contractors accompanying the Armed Forces in the Kingdom of Saudi Arabia in the performance of contracts entered into with such contractors by the United States.

TITLE VI—COMPENSATION AND OTHER PERSONNEL BENEFITS

Subtitle A—Pay and Allowances

SEC. 601. INCREASE IN BASIC PAY FOR FISCAL YEAR 2003.

(a) WAIVER OF SECTION 1009 ADJUSTMENT.—The adjustment to become effective during fiscal year 2003 required by section 1009 of title 37, United States Code, in the rates of monthly basic pay authorized members of the uniformed services shall not be made.

(b) INCREASE IN BASIC PAY.—Effective on January 1, 2003, the rates of monthly basic pay for members of the uniformed services within each pay grade are as follows:

COMMISSIONED OFFICERS [1]

Years of service computed under section 205 of title 37, United States Code

Pay Grade	2 or less	Over 2	Over 3	Over 4	Over 6
0–10 [2]	$0.00	$0.00	$0.00	$0.00	$0.00
0–9	0.00	0.00	0.00	0.00	0.00
0–8	7,474.50	7,719.30	7,881.60	7,927.20	8,129.40

COMMISSIONED OFFICERS [1]—Continued

Years of service computed under section 205 of title 37, United States Code

Pay Grade	2 or less	Over 2	Over 3	Over 4	Over 6
O–7	6,210.90	6,499.20	6,633.00	6,739.20	6,930.90
O–6	4,603.20	5,057.10	5,388.90	5,388.90	5,409.60
O–5	3,837.60	4,323.00	4,622.40	4,678.50	4,864.80
O–4	3,311.10	3,832.80	4,088.70	4,145.70	4,383.00
O–3 [3]	2,911.20	3,300.30	3,562.20	3,883.50	4,069.50
O–2 [3]	2,515.20	2,864.70	3,299.40	3,410.70	3,481.20
O–1 [3]	2,183.70	2,272.50	2,746.80	2,746.80	2,746.80
	Over 8	Over 10	Over 12	Over 14	Over 16
O–10 [2]	$0.00	$0.00	$0.00	$0.00	$0.00
O–9	0.00	0.00	0.00	0.00	0.00
O–8	8,468.70	8,547.30	8,868.90	8,961.30	9,238.20
O–7	7,120.80	7,340.40	7,559.40	7,779.00	8,468.70
O–6	5,641.20	5,672.10	5,672.10	5,994.60	6,564.30
O–5	4,977.00	5,222.70	5,403.00	5,635.50	5,991.90
O–4	4,637.70	4,954.50	5,201.40	5,372.70	5,471.10
O–3 [3]	4,273.50	4,405.80	4,623.30	4,736.10	4,736.10
O–2 [3]	3,481.20	3,481.20	3,481.20	3,481.20	3,481.20
O–1 [3]	2,746.80	2,746.80	2,746.80	2,746.80	2,746.80
	Over 18	Over 20	Over 22	Over 24	Over 26
O–10 [2]	$0.00	$12,077.70	$12,137.10	$12,389.40	$12,829.20
O–9	0.00	10,563.60	10,715.70	10,935.60	11,319.60
O–8	9,639.00	10,008.90	10,255.80	10,255.80	10,255.80
O–7	9,051.30	9,051.30	9,051.30	9,051.30	9,096.90
O–6	6,898.80	7,233.30	7,423.50	7,616.10	7,989.90
O–5	6,161.70	6,329.10	6,519.60	6,519.60	6,519.60
O–4	5,528.40	5,528.40	5,528.40	5,528.40	5,528.40
O–3 [3]	4,736.10	4,736.10	4,736.10	4,736.10	4,736.10
O–2 [3]	3,481.20	3,481.20	3,481.20	3,481.20	3,481.20
O–1 [3]	2,746.80	2,746.80	2,746.80	2,746.80	2,746.80

[1] Notwithstanding the basic pay rates specified in this table, the actual rate of basic pay for commissioned officers in pay grades O–7 through O–10 may not exceed the rate of pay for level III of the Executive Schedule and the actual rate of basic pay for all other officers may not exceed the rate of pay for level V of the Executive Schedule.

[2] Subject to the preceding footnote, while serving as Chairman or Vice Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, Commandant of the Marine Corps, or Commandant of the Coast Guard, the rate of basic pay for this grade is $14,155.50, regardless of cumulative years of service computed under section 205 of title 37, United States Code.

[3] This table does not apply to commissioned officers in pay grade O–1, O–2, or O–3 who have been credited with over 4 years of active duty service as an enlisted member or warrant officer.

COMMISSIONED OFFICERS WITH OVER 4 YEARS OF ACTIVE DUTY SERVICE AS AN ENLISTED MEMBER OR WARRANT OFFICER

Years of service computed under section 205 of title 37, United States Code

Pay Grade	2 or less	Over 2	Over 3	Over 4	Over 6
O–3E	$0.00	$0.00	$0.00	$3,883.50	$4,069.50
O–2E	0.00	0.00	0.00	3,410.70	3,481.20
O–1E	0.00	0.00	0.00	2,746.80	2,933.70
	Over 8	Over 10	Over 12	Over 14	Over 16
O–3E	$4,273.50	$4,405.80	$4,623.30	$4,806.30	$4,911.00
O–2E	3,591.90	3,778.80	3,923.40	4,031.10	4,031.10
O–1E	3,042.00	3,152.70	3,261.60	3,410.70	3,410.70
	Over 18	Over 20	Over 22	Over 24	Over 26
O–3E	$5,054.40	$5,054.40	$5,054.40	$5,054.40	$5,054.40
O–2E	4,031.10	4,031.10	4,031.10	4,031.10	4,031.10
O–1E	3,410.70	3,410.70	3,410.70	3,410.70	3,410.70

WARRANT OFFICERS [1]

Years of service computed under section 205 of title 37, United States Code

Pay Grade	2 or less	Over 2	Over 3	Over 4	Over 6
W–5	$0.00	$0.00	$0.00	$0.00	$0.00
W–4	3,008.10	3,236.10	3,329.10	3,420.60	3,578.10
W–3	2,747.10	2,862.00	2,979.30	3,017.70	3,141.00
W–2	2,416.50	2,554.50	2,675.10	2,763.00	2,838.30
W–1	2,133.90	2,308.50	2,425.50	2,501.10	2,662.50
	Over 8	Over 10	Over 12	Over 14	Over 16
W–5	$0.00	$0.00	$0.00	$0.00	$0.00
W–4	3,733.50	3,891.00	4,044.60	4,203.60	4,356.00
W–3	3,281.70	3,467.40	3,580.50	3,771.90	3,915.60
W–2	2,993.10	3,148.50	3,264.00	3,376.50	3,453.90
W–1	2,782.20	2,888.40	3,006.90	3,085.20	3,203.40
	Over 18	Over 20	Over 22	Over 24	Over 26
W–5	$0.00	$5,169.30	$5,346.60	$5,524.50	$5,703.30
W–4	4,512.00	4,664.40	4,822.50	4,978.20	5,137.50

WARRANT OFFICERS [1]—Continued

Years of service computed under section 205 of title 37, United States Code

Pay Grade	2 or less	Over 2	Over 3	Over 4	Over 6
W–3	4,058.40	4,201.50	4,266.30	4,407.00	4,548.00
W–2	3,579.90	3,705.90	3,831.00	3,957.30	3,957.30
W–1	3,320.70	3,409.50	3,409.50	3,409.50	3,409.50

[1] Notwithstanding the basic pay rates specified in this table, the actual rate of basic pay for warrant officers may not exceed the rate of pay for level V of the Executive Schedule.

ENLISTED MEMBERS [1]

Years of service computed under section 205 of title 37, United States Code

Pay Grade	2 or less	Over 2	Over 3	Over 4	Over 6
E–9 [2]	$0.00	$0.00	$0.00	$0.00	$0.00
E–8	0.00	0.00	0.00	0.00	0.00
E–7	2,068.50	2,257.80	2,343.90	2,428.20	2,516.40
E–6	1,770.60	1,947.60	2,033.70	2,117.10	2,204.10
E–5	1,625.40	1,733.70	1,817.40	1,903.50	2,037.00
E–4	1,502.70	1,579.80	1,665.30	1,749.30	1,824.00
E–3	1,356.90	1,442.10	1,528.80	1,528.80	1,528.80
E–2	1,290.00	1,290.00	1,290.00	1,290.00	1,290.00
E–1 [3]	1,150.80	1,150.80	1,150.80	1,150.80	1,150.80
	Over 8	Over 10	Over 12	Over 14	Over 16
E–9 [2]	$0.00	$3,564.30	$3,645.00	$3,747.00	$3,867.00
E–8	2,975.40	3,061.20	3,141.30	3,237.60	3,342.00
E–7	2,667.90	2,753.40	2,838.30	2,990.40	3,066.30
E–6	2,400.90	2,477.40	2,562.30	2,636.70	2,663.10
E–5	2,151.90	2,236.80	2,283.30	2,283.30	2,283.30
E–4	1,824.00	1,824.00	1,824.00	1,824.00	1,824.00
E–3	1,528.80	1,528.80	1,528.80	1,528.80	1,528.80
E–2	1,290.00	1,290.00	1,290.00	1,290.00	1,290.00
E–1 [3]	1,150.80	1,150.80	1,150.80	1,150.80	1,150.80
	Over 18	Over 20	Over 22	Over 24	Over 26
E–9 [2]	$3,987.30	$4,180.80	$4,344.30	$4,506.30	$4,757.40
E–8	3,530.10	3,625.50	3,787.50	3,877.50	4,099.20
E–7	3,138.60	3,182.70	3,331.50	3,427.80	3,671.40
E–6	2,709.60	2,709.60	2,709.60	2,709.60	2,709.60
E–5	2,283.30	2,283.30	2,283.30	2,283.30	2,283.30
E–4	1,824.00	1,824.00	1,824.00	1,824.00	1,824.00
E–3	1,528.80	1,528.80	1,528.80	1,528.80	1,528.80
E–2	1,290.00	1,290.00	1,290.00	1,290.00	1,290.00
E–1 [3]	1,150.80	1,150.80	1,150.80	1,150.80	1,150.80

[1] Notwithstanding the basic pay rates specified in this table, the actual rate of basic pay for enlisted members may not exceed the rate of pay for level V of the Executive Schedule.
[2] Subject to the preceding footnote, while serving as Sergeant Major of the Army, Master Chief Petty Officer of the Navy, Chief Master Sergeant of the Air Force, Sergeant Major of the Marine Corps, or Master Chief Petty Officer of the Coast Guard, the rate of basic pay for this grade is $5,732.70, regardless of cumulative years of service computed under section 205 of title 37, United States Code.
[3] In the case of members in pay grade E–1 who have served less than 4 months on active duty, the rate of basic pay is $1,064.70.

SEC. 602. RATE OF BASIC ALLOWANCE FOR SUBSISTENCE FOR ENLISTED PERSONNEL OCCUPYING SINGLE GOVERNMENT QUARTERS WITHOUT ADEQUATE AVAILABILITY OF MEALS.

(a) AUTHORITY TO PAY INCREASED RATE.—Section 402(d) of title 37, United States Code, is amended to read as follows:

''(d) SPECIAL RATE FOR ENLISTED MEMBERS OCCUPYING SINGLE QUARTERS WITHOUT ADEQUATE AVAILABILITY OF MEALS.—The Secretary of Defense, and the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy, may pay an enlisted member the basic allowance for subsistence under this section at a monthly rate that is twice the amount in effect under subsection (b)(2) while—

''(1) the member is assigned to single Government quarters which have no adequate food storage or preparation facility in the quarters; and

''(2) there is no Government messing facility serving those quarters that is capable of making meals available to the occupants of the quarters.''.

(b) EFFECTIVE DATE.—Subsection (a) and the amendment made by such subsection shall take effect on October 1, 2002.

SEC. 603. BASIC ALLOWANCE FOR HOUSING IN CASES OF LOW-COST OR NO-COST MOVES.

Section 403 of title 37, United States Code, is amended—

(1) by transferring paragraph (7) of subsection (b) to the end of the section; and

(2) in such paragraph—

(A) by striking ''(7)'' and all that follows through ''circumstances of which make it necessary that the member be'' and inserting ''(o) TREATMENT OF LOW-COST AND NO-COST MOVES AS NOT BEING REASSIGNMENTS.—In the case of a member who is assigned to duty at a location or under circumstances that make it necessary for the member to be''; and

(B) by inserting ''for the purposes of this section'' after ''may be treated''.

SEC. 604. TEMPORARY AUTHORITY FOR HIGHER RATES OF PARTIAL BASIC ALLOWANCE FOR HOUSING FOR CERTAIN MEMBERS ASSIGNED TO HOUSING UNDER ALTERNATIVE AUTHORITY FOR ACQUISITION AND IMPROVEMENT OF MILITARY HOUSING.

(a) AUTHORITY.—The Secretary of Defense may prescribe and, under section 403(n) of title 37, United States Code, pay for members of the Armed Forces (without dependents) in privatized housing higher rates of partial basic allowance for housing than those that are authorized under paragraph (2) of such section 403(n).

(b) MEMBERS IN PRIVATIZED HOUSING.—For the purposes of this section, a member of the Armed Forces (without dependents) is a member of the Armed Forces (without dependents) in privatized housing while the member is assigned to housing that is acquired or constructed under the authority of subchapter IV of chapter 169 of title 10, United States Code.

(c) TREATMENT OF HOUSING AS GOVERNMENT QUARTERS.—For purposes of section 403 of title 37, United States Code, a member of the Armed Forces (without dependents) in privatized housing shall be treated as residing in quarters of the United States or a housing facility under the jurisdiction of the Secretary of a military department while a higher rate of partial allowance for housing is paid for the member under this section.

(d) PAYMENT TO PRIVATE SOURCE.—The partial basic allowance for housing paid for a member at a higher rate under this section may be paid directly to the private sector source of the housing to whom the member is obligated to pay rent or other charge for residing in such housing if the private sector source credits the amount so paid against the amount owed by the member for the rent or other charge.

(e) TERMINATION OF AUTHORITY.—Rates prescribed under subsection (a) may not be paid under the authority of this section in connection with contracts that are entered into after December 31, 2007, for the construction or acquisition of housing under the authority of subchapter IV of chapter 169 of title 10, United States Code.

Subtitle B—Bonuses and Special and Incentive Pays

SEC. 611. ONE-YEAR EXTENSION OF CERTAIN BONUS AND SPECIAL PAY AUTHORITIES FOR RESERVE FORCES.

(a) SELECTED RESERVE REENLISTMENT BONUS.—Section 308b(f) of title 37, United States Code, is amended by striking ''December 31, 2002'' and inserting ''December 31, 2003''.

(b) SELECTED RESERVE ENLISTMENT BONUS.—Section 308c(e) of such title is amended by striking ''December 31, 2002'' and inserting ''December 31, 2003''.

(c) SPECIAL PAY FOR ENLISTED MEMBERS ASSIGNED TO CERTAIN HIGH PRIORITY UNITS.—Section 308d(c) of such title is amended by striking ''December 31, 2002'' and inserting ''December 31, 2003''.

(d) SELECTED RESERVE AFFILIATION BONUS.—Section 308e(e) of such title is amended by striking ''December 31, 2002'' and inserting ''December 31, 2003''.

(e) READY RESERVE ENLISTMENT AND REENLISTMENT BONUS.—Section 308h(g) of such title is amended by striking ''December 31, 2002'' and inserting ''December 31, 2003''.

(f) PRIOR SERVICE ENLISTMENT BONUS.—Section 308i(f) of such title is amended by striking ''December 31, 2002'' and inserting ''December 31, 2003''.

SEC. 612. ONE-YEAR EXTENSION OF CERTAIN BONUS AND SPECIAL PAY AUTHORITIES FOR CERTAIN HEALTH CARE PROFESSIONALS.

(a) NURSE OFFICER CANDIDATE ACCESSION PROGRAM.—Section 2130a(a)(1) of title 10, United States Code, is amended by striking ''December 31, 2002'' and inserting ''December 31, 2003''.

(b) REPAYMENT OF EDUCATION LOANS FOR CERTAIN HEALTH PROFESSIONALS WHO SERVE IN THE SELECTED RESERVE.—Section 16302(d) of such title is amended by striking ''January 1, 2003'' and inserting ''January 1, 2004''.

(c) ACCESSION BONUS FOR REGISTERED NURSES.—Section 302d(a)(1) of title 37, United States Code, is amended by striking ''December 31, 2002'' and inserting ''December 31, 2003''.

(d) INCENTIVE SPECIAL PAY FOR NURSE ANESTHETISTS.—Section 302e(a)(1) of such title is amended by striking ''December 31, 2002'' and inserting ''December 31, 2003''.

(e) SPECIAL PAY FOR SELECTED RESERVE HEALTH PROFESSIONALS IN CRITICALLY SHORT WARTIME SPECIALTIES.—Section 302g(f) of such title is amended by striking ''December 31, 2002'' and inserting ''December 31, 2003''.

(f) ACCESSION BONUS FOR DENTAL OFFICERS.—Section 302h(a)(1) of such title is amended by striking ''December 31, 2002'' and inserting ''December 31, 2003''.

SEC. 613. ONE-YEAR EXTENSION OF SPECIAL PAY AND BONUS AUTHORITIES FOR NUCLEAR OFFICERS.

(a) SPECIAL PAY FOR NUCLEAR-QUALIFIED OFFICERS EXTENDING PERIOD OF ACTIVE SERVICE.—Section 312(e) of title 37, United States Code, is amended by striking ''December 31, 2002'' and inserting ''December 31, 2003''.

(b) NUCLEAR CAREER ACCESSION BONUS.—Section 312b(c) of such title is amended by striking ''December 31, 2002'' and inserting ''December 31, 2003''.

(c) NUCLEAR CAREER ANNUAL INCENTIVE BONUS.—Section 312c(d) of such title is amended by striking ''December 31, 2002'' and inserting ''December 31, 2003''.

SEC. 614. ONE-YEAR EXTENSION OF OTHER BONUS AND SPECIAL PAY AUTHORITIES.

(a) AVIATION OFFICER RETENTION BONUS.—Section 301b(a) of title 37, United States Code, is amended by striking ''December 31, 2002'' and inserting ''December 31, 2003''.

(b) REENLISTMENT BONUS FOR ACTIVE MEMBERS.—Section 308(g) of such title is amended by striking ''December 31, 2002'' and inserting ''December 31, 2003''.

(c) ENLISTMENT BONUS FOR ACTIVE MEMBERS.—Section 309(e) of such title is amended by striking ''December 31, 2002'' and inserting ''December 31, 2003''.

(d) RETENTION BONUS FOR MEMBERS WITH CRITICAL MILITARY SKILLS.—Section 323(i) of such title is amended by striking ''December 31, 2002'' and inserting ''December 31, 2003''.

(e) ACCESSION BONUS FOR NEW OFFICERS IN CRITICAL SKILLS.—Section 324(g) of such title is amended by striking ''December 31, 2002'' and inserting ''December 31, 2003''.

SEC. 615. INCREASED MAXIMUM AMOUNT PAYABLE AS MULTIYEAR RETENTION BONUS FOR MEDICAL OFFICERS OF THE ARMED FORCES.

Section 301d(a)(2) of title 37, United States Code, is amended by striking ''$14,000'' and inserting ''$25,000''.

SEC. 616. INCREASED MAXIMUM AMOUNT PAYABLE AS INCENTIVE SPECIAL PAY FOR MEDICAL OFFICERS OF THE ARMED FORCES.

Section 302(b)(1) of title 37, United States Code, is amended—

(1) by striking ''fiscal year 1992, and'' in the second sentence and inserting ''fiscal year 1992,''; and

(2) by inserting before the period at the end of such sentence the following: ''and before fiscal year 2003, and $50,000 for any twelve-month period beginning after fiscal year 2002''.

SEC. 617. ASSIGNMENT INCENTIVE PAY.

(a) AUTHORITY.—(1) Chapter 5 of title 37, United States Code, is amended by inserting after section 305a the following new section:

''§ 305b. Special pay: assignment incentive pay

''(a) AUTHORITY.—The Secretary concerned, with the concurrence of the Secretary of Defense, may pay monthly incentive pay under this section to a member of a uniformed service for a period that the member performs service, while entitled to basic pay, in an assignment that is designated by the Secretary concerned.

''(b) MAXIMUM RATE.—The maximum monthly rate of incentive pay payable to a member under this section is $1,500.

''(c) RELATIONSHIP TO OTHER PAY AND ALLOWANCES.—Incentive pay paid to a member under this section is in addition to any other pay and allowances to which the member is entitled.

''(d) STATUS NOT AFFECTED BY TEMPORARY DUTY OR LEAVE.—The service of a member in an assignment referred to in subsection (a) shall not be considered discontinued during any period that the member is not performing service in such assignment by reason of temporary duty performed by the member pursuant to orders or absence of the member for authorized leave.

''(e) TERMINATION OF AUTHORITY.—No assignment incentive pay may be paid under this section for months beginning more than three years after the date of the enactment of the National Defense Authorization Act for Fiscal Year 2003.''.

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 305a the following new item:

''305b. Special pay: assignment incentive pay.''.

(b) ANNUAL REPORT.—Not later than February 28 of each of 2004 and 2005, the Secretary of Defense shall submit to the Committees on Armed Services of the Senate and the House of Representatives a report on the administration of the authority under section 305b of title 37, United States Code, as added by subsection (a). The report shall include an assessment of the utility of that authority.

SEC. 618. INCREASED MAXIMUM AMOUNTS FOR PRIOR SERVICE ENLISTMENT BONUS.

Section 308i(b)(1) of title 37, United States Code, is amended—

(1) in subparagraph (A), by striking ''$5,000'' and inserting ''$8,000'';

(2) in subparagraph (B), by striking ''$2,500'' and inserting ''$4,000''; and

(3) in subparagraph (C), by striking ''$2,000'' and inserting ''$3,500''.

Subtitle C—Travel and Transportation Allowances

SEC. 631. DEFERRAL OF TRAVEL IN CONNECTION WITH LEAVE BETWEEN CONSECUTIVE OVERSEAS TOURS.

(a) DATE TO WHICH TRAVEL MAY BE DEFERRED.—Section 411b(a)(2) of title 37, United States Code, is amended by striking ''not more than one year'' in the first sentence and all that follows through ''operation ends.'' in the second sentence and inserting the following: ''the date on which the member departs the duty station in termination of the consecutive tour of duty at that duty station or reports to another duty station under the order involved, as the case may be.''.

(b) EFFECTIVE DATE AND SAVINGS PROVISION.—(1) The amendment made by subsection (a) shall take effect on October 1, 2002.

(2) Section 411b(a) of title 37, United States Code, as in effect on September 30, 2002, shall continue to apply with respect to travel described in subsection (a)(2) of such title (as in effect on such date) that commences before October 1, 2002.

SEC. 632. TRANSPORTATION OF MOTOR VEHICLES FOR MEMBERS REPORTED MISSING.

(a) AUTHORITY TO SHIP TWO MOTOR VEHICLES.—Subsection (a) of section 554 of title 37, United States Code, is amended by striking ''one privately owned motor vehicle'' both places it appears and inserting ''two privately owned motor vehicles''.

(b) PAYMENTS FOR LATE DELIVERY.—Subsection (i) of such section is amended by adding at the end the following: ''In a case in which two motor vehicles of a member (or the dependent or dependents of a member) are transported at the expense of the United States, no reimbursement is payable under this subsection unless both motor vehicles do not arrive at the authorized destination of the vehicles by the designated delivery date.''.

(c) APPLICABILITY.—The amendments made by subsection (a) shall apply with respect to members whose eligibility for benefits under section 554 of title 37, United States Code, commences on or after the date of the enactment of this Act.

SEC. 633. DESTINATIONS AUTHORIZED FOR GOVERNMENT PAID TRANSPORTATION OF ENLISTED PERSONNEL FOR REST AND RECUPERATION UPON EXTENDING DUTY AT DESIGNATED OVERSEAS LOCATIONS.

Section 705(b)(2) of title 10, United States Code, is amended by inserting before the period at the end the following: '', or to an alternative destination at a cost not to exceed the cost of the round-trip transportation from the location of the extended tour of duty to such nearest port and return''.

SEC. 634. VEHICLE STORAGE IN LIEU OF TRANSPORTATION TO CERTAIN AREAS OF THE UNITED STATES OUTSIDE CONTINENTAL UNITED STATES.

Section 2634(b) of title 10, United States Code, is amended:

(1) by redesignating paragraphs (2), (3), and (4) as paragraphs (3), (4), and (5), respectively; and

(2) by inserting after paragraph (1) the following new paragraph (2):

''(2) In lieu of transportation authorized by this section, if a member is ordered to make a change of permanent station to Alaska, Hawaii, Puerto Rico, the Northern Mariana Islands, Guam, or any territory or possession of the United States and laws, regulations, or other restrictions preclude transportation of a motor vehicle described in subsection (a) to the new station, the member may elect to have the vehicle stored at the expense of the United States at a location approved by the Secretary concerned.''.

Subtitle D—Retirement and Survivor Benefit Matters

SEC. 641. PAYMENT OF RETIRED PAY AND COMPENSATION TO DISABLED MILITARY RETIREES.

(a) IN GENERAL.—Section 1414 of title 10, United States Code, is amended to read as follows:

''§ 1414. Members eligible for retired pay who have service-connected disabilities: payment of retired pay and veterans' disability compensation

''(a) PAYMENT OF BOTH RETIRED PAY AND COMPENSATION.—Except as provided in subsection (b), a member or former member of the uniformed services who is entitled to retired pay (other than as specified in subsection (c)) and who is also entitled to veterans' disability compensation is entitled to be paid both without regard to sections 5304 and 5305 of title 38.

''(b) SPECIAL RULE FOR CHAPTER 61 CAREER RETIREES.—The retired pay of a member retired under chapter 61 of this title with 20 years or more of service otherwise creditable under section 1405 of this title at the time of the member's retirement is subject to reduction under sections 5304 and 5305 of title 38, but only to the extent that the amount of the member's retired pay under chapter 61 of this title exceeds the amount of retired pay to which the member would have been entitled under any other provision of law based upon the member's service in the uniformed services if the member had not been retired under chapter 61 of this title.

''(c) EXCEPTION.—Subsection (a) does not apply to a member retired under chapter 61 of this title with less than 20 years of service otherwise creditable under section 1405 of this title at the time of the member's retirement.

''(d) DEFINITIONS.—In this section:

''(1) The term 'retired pay' includes retainer pay, emergency officers' retirement pay, and naval pension.

''(2) The term 'veterans' disability compensation' has the meaning given the term 'compensation' in section 101(13) of title 38.''.

(b) REPEAL OF SPECIAL COMPENSATION PROGRAM.—Section 1413 of such title is repealed.

(c) CONFORMING AMENDMENT.—Section 641(d) of the National Defense Authorization Act for Fiscal Year 2002 (Public Law 107–107; 115 Stat. 1150; 10 U.S.C. 1414 note) is repealed.

(d) CLERICAL AMENDMENTS.—The table of sections at the beginning of chapter 71 of title 10, United States Code, is amended by striking the items relating to sections 1413 and 1414 and inserting the following new item:

''1414. Members eligible for retired pay who have service-connected disabilities: payment of retired pay and veterans' disability compensation.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect on—

(1) the first day of the first month that begins after the date of the enactment of this Act; or

(2) the first day of the fiscal year that begins in the calendar year in which this Act is enacted, if later than the date specified in paragraph (1).

(f) PROHIBITION ON RETROACTIVE BENEFITS.—No benefits may be paid to any person by reason of section 1414 of title 10, United States Code, as amended by subsection (a), for any period before the effective date specified in subsection (e).

SEC. 642. INCREASED RETIRED PAY FOR ENLISTED RESERVES CREDITED WITH EXTRAORDINARY HEROISM.

(a) AUTHORITY.—Section 12739 of title 10, United States Code, is amended—

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

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

''(b) If an enlisted member retired under section 12731 of this title has been credited by the Secretary concerned with extraordinary heroism in the line of duty, the member's retired pay shall be increased by 10 percent of the amount determined under subsection (a). The Secretary's determination as to extraordinary heroism is conclusive for all purposes.''; and

(3) in subsection (c), as redesignated by paragraph (1), by striking ''amount computed under subsection (a),'' and inserting ''total amount of the monthly retired pay computed under subsections (a) and (b)''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on October 1, 2002, and shall apply with respect to retired pay for months beginning on or after that date.

SEC. 643. EXPANDED SCOPE OF AUTHORITY TO WAIVE TIME LIMITATIONS ON CLAIMS FOR MILITARY PERSONNEL BENEFITS.

(a) AUTHORITY.—Section 3702(e)(1) of title 31, United States Code, is amended by striking ''a claim for pay, allowances, or payment for unused accrued leave under title 37 or a claim for retired pay under title 10'' and inserting ''a claim referred to in subsection (a)(1)(A)''.

(b) APPLICABILITY.—The amendment made by subsection (a) shall apply with respect to claims presented to the Secretary of Defense under section 3702 of title 31, United States Code, on or after the date of the enactment of this Act.

Subtitle E—Other Matters

SEC. 651. ADDITIONAL AUTHORITY TO PROVIDE ASSISTANCE FOR FAMILIES OF MEMBERS OF THE ARMED FORCES.

(a) AUTHORITY.—(1) Subchapter I of chapter 88 of title 10, United States Code, is amended by adding at the end the following new section:

''§ 1788. Additional family assistance

''(a) AUTHORITY.—The Secretary of Defense may provide for the families of members of the armed forces serving on active duty, in addition to any other assistance available for such families, any assistance that the Secretary considers appropriate to ensure that the children of such members obtain needed child care, education, and other youth services.

''(b) PRIMARY PURPOSE OF ASSISTANCE.—The assistance authorized by this section should be directed primarily toward providing needed family support, including child care, education, and other youth services, for children of members of the Armed Forces who are deployed, assigned to duty, or ordered to active duty in connection with a contingency operation.''.

(2) The table of sections at the beginning of such subchapter is amended by adding at the end the following new item:

''1788. Additional family assistance.''.

(b) EFFECTIVE DATE.—Section 1788 of title 10, United States Code, as added by subsection (a), shall take effect on October 1, 2002.

SEC. 652. TIME LIMITATION FOR USE OF MONTGOMERY GI BILL ENTITLEMENT BY MEMBERS OF THE SELECTED RESERVE.

(a) EXTENSION OF LIMITATION PERIOD.—Section 16133(a)(1) of title 10, United States Code, is amended by striking ''10-year'' and inserting ''14-year''.

(b) EFFECTIVE DATE AND APPLICABILITY.—The amendment made by subsection (a) shall take effect on October 1, 2002, and shall apply with respect to periods of entitlement to educational assistance under chapter 1606 of title 10, United States Code, that begin on or after October 1, 1992.

SEC. 653. STATUS OF OBLIGATION TO REFUND EDUCATIONAL ASSISTANCE UPON FAILURE TO PARTICIPATE SATISFACTORILY IN SELECTED RESERVE.

Section 16135 of title 10, United States Code, is amended by adding at the end the following new subsection:

''(c)(1) An obligation to pay a refund to the United States under subsection (a)(1)(B) in an amount determined under subsection (b) is, for all purposes, a debt owed to the United States.

''(2) A discharge in bankruptcy under title 11 that is entered for a person less than five years after the termination of the person's enlistment or other service described in subsection (a) does not discharge the person from a debt arising under this section with respect to that enlistment or other service.''.

SEC. 654. PROHIBITION ON ACCEPTANCE OF HONORARIA BY PERSONNEL AT CERTAIN DEPARTMENT OF DEFENSE SCHOOLS.

(a) REPEAL OF EXEMPTION.—Section 542 of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102–484; 106 Stat. 2413; 10 U.S.C. prec. 2161 note) is repealed.

(b) EFFECTIVE DATE AND APPLICABILITY.—The amendment made by subsection (a) shall take effect on October 1, 2002, and shall apply with respect to appearances made, speeches presented, and articles published on or after that date.

SEC. 655. RATE OF EDUCATIONAL ASSISTANCE UNDER MONTGOMERY GI BILL OF DEPENDENTS TRANSFERRED ENTITLEMENT BY MEMBERS OF THE ARMED FORCES WITH CRITICAL SKILLS.

(a) CLARIFICATION.—Section 3020(h) of title 38, United States Code, is amended—

(1) in paragraph (2)—

(A) by striking ''paragraphs (4) and (5)'' and inserting ''paragraphs (5) and (6)''; and

(B) by striking ''and at the same rate'';

(2) by redesignating paragraphs (3) through (6) as paragraphs (4) through (7), respectively; and

(3) by inserting after paragraph (2) the following new paragraph (3):

''(3)(A) Subject to subparagraph (B), the monthly rate of educational assistance payable to a dependent to whom entitlement is transferred under this section shall be the monthly amount payable under sections 3015 and 3022 of this title to the individual making the transfer.

''(B) The monthly rate of assistance payable to a dependent under subparagraph (A) shall be subject to the provisions of section 3032 of this title, except that the provisions of subsection (a)(1) of that section shall not apply even if the individual making the transfer to the dependent under this section is on active duty during all or any part of enrollment period of the dependent in which such entitlement is used.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect as if included in the enactment of the National Defense Authorization Act for Fiscal Year 2002 (Public Law 107–107), to which such amendments relate.

SEC. 656. PAYMENT OF INTEREST ON STUDENT LOANS.

(a) AUTHORITY.—(1) Chapter 109 of title 10, United States Code, is amended by adding at the end the following new section:

"§ 2174. Interest payment program: members on active duty

''(a) AUTHORITY.—(1) The Secretary concerned may pay in accordance with this section the interest and any special allowances that accrue on one or more student loans of an eligible member of the armed forces.

''(2) The Secretary of a military department may exercise the authority under paragraph (1) only if approved by the Secretary of Defense and subject to such requirements, conditions, and restrictions as the Secretary of Defense may prescribe.

''(b) ELIGIBLE PERSONNEL.—A member of the armed forces is eligible for the benefit under subsection (a) while the member—

''(1) is serving on active duty in fulfillment of the member's first enlistment in the armed forces or, in the case of an officer, is serving on active duty and has not completed more than three years of service on active duty;

''(2) is the debtor on one or more unpaid loans described in subsection (c); and

''(3) is not in default on any such loan.

''(c) STUDENT LOANS.—The authority to make payments under subsection (a) may be exercised with respect to the following loans:

''(1) A loan made, insured, or guaranteed under part B of title IV of the Higher Education Act of 1965 (20 U.S.C. 1071 et seq.).

''(2) A loan made under part D of such title (20 U.S.C. 1087a et seq.).

''(3) A loan made under part E of such title (20 U.S.C. 1087aa et seq.).

''(d) MAXIMUM BENEFIT.—The months for which interest and any special allowance may be paid on behalf of a member of the armed forces under this section are any 36 consecutive months during which the member is eligible under subsection (b).

''(e) FUNDS FOR PAYMENTS.—Appropriations available for the pay and allowances of military personnel shall be available for payments under this section.

''(f) COORDINATION.—(1) The Secretary of Defense and, with respect to the Coast Guard when it is not operating as a service in the Navy, the Secretary of Transportation shall consult with the Secretary of Education regarding the administration of the authority under this section.

''(2) The Secretary concerned shall transfer to the Secretary of Education the funds necessary—

''(A) to pay interest and special allowances on student loans under this section (in accordance with sections 428(o) and 464(j) of the Higher Education Act of 1965 (20 U.S.C. 1078(o) and 1087dd(j)); and

''(B) to reimburse the Secretary of Education for any reasonable administrative costs incurred by the Secretary in coordinating the program under this section with the administration of the student loan programs under parts B, D, and E of title IV of the Higher Education Act of 1965.

''(g) SPECIAL ALLOWANCE DEFINED.—In this section, the term 'special allowance' means a special allowance that is payable under section 438 of the Higher Education Act of 1965 (20 U.S.C. 1087–1).''.

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

''2174. Interest payment program: members on active duty.''.

(b) FEDERAL FAMILY EDUCATION LOANS AND DIRECT LOANS.—(1) Subsection (c)(3) of section 428 of the Higher Education Act of 1965 (20 U.S.C. 1078) is amended—

(A) in clause (i) of subparagraph (A)—

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

(ii) by inserting ''or'' at the end of subclause (III); and

(iii) by adding at the end the following new subclause:

''(IV) is eligible for interest payments to be made on such loan for service in the Armed Forces under section 2174 of title 10, United States Code, and, pursuant to that eligibility, the interest is being paid on such loan under subsection (o);'';

(B) in clause (ii)(II) of subparagraph (A), by inserting ''or (i)(IV)'' after ''clause (i)(II)''; and

(C) by striking subparagraph (C) and inserting the following:

''(C) shall contain provisions that specify that—

''(i) the form of forbearance granted by the lender pursuant to this paragraph, other than subparagraph (A)(i)(IV), shall be temporary cessation of payments, unless the borrower selects forbearance in the form of an extension of time for making payments, or smaller payments than were previously scheduled; and

''(ii) the form of forbearance granted by the lender pursuant to subparagraph (A)(i)(IV) shall be the temporary cessation of all payments on the loan other than payments of interest on the loan, and payments of any special allowance payable with respect to the loan under section 438 of this Act, that are made under subsection (o); and''.

(2) Section 428 of such Act is further amended by adding at the end the following new subsection:

''(o) ARMED FORCES STUDENT LOAN INTEREST PAYMENT PROGRAM.—

''(1) AUTHORITY.—Using funds received by transfer to the Secretary under section 2174 of title 10, United States Code, for the payment of interest and any special allowance on a loan to a member of the Armed Forces that is made, insured, or guaranteed under this part, the Secretary shall pay the interest and special allowance on such loan as due for a period not in excess of 36 consecutive months. The Secretary may not pay interest or any special allowance on such a loan out of any funds other than funds that have been so transferred.

''(2) FORBEARANCE.—During the period in which the Secretary is making payments on a loan under paragraph (1), the lender shall grant the borrower forbearance in accordance with the guaranty agreement under subsection (c)(3)(A)(i)(IV).

''(3) SPECIAL ALLOWANCE DEFINED.—For the purposes of this subsection, the term 'special allowance', means a special allowance that is payable with respect to a loan under section 438 of this Act.''.

(c) FEDERAL PERKINS LOANS.—Section 464 of the Higher Education Act of 1965 (20 U.S.C. 1087dd) is amended—

(1) in subsection (e)—

(A) by striking ''or'' at the end of paragraph (1);

(B) by striking the period at the end of paragraph (2) and inserting ''; or''; and

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

''(3) the borrower is eligible for interest payments to be made on such loan for service in the Armed Forces under section 2174 of title 10, United States Code, and, pursuant to that eligibility, the interest on such loan is being paid under subsection (j), except that the form of a forbearance under this paragraph shall be a temporary cessation of all payments on the loan other than payments of interest on the loan that are made under subsection (j).''; and

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

''(j) ARMED FORCES STUDENT LOAN INTEREST PAYMENT PROGRAM.—

''(1) AUTHORITY.—Using funds received by transfer to the Secretary under section 2174 of title 10, United States Code, for the payment of interest on a loan made under this part to a member of the Armed Forces, the Secretary shall pay the interest on the loan as due for a period not in excess of 36 consecutive months. The Secretary may not pay interest on such a loan out of any funds other than funds that have been so transferred.

''(2) FORBEARANCE.—During the period in which the Secretary is making payments on a loan under paragraph (1), the institution of higher education shall grant the borrower forbearance in accordance with subsection (e)(3).''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to interest, and any special allowance under section 438 of the Higher Education Act of 1965, that accrue for months beginning on or after October 1, 2003, on student loans described in subsection (c) of section 2174 of title 10, United States Code (as added by subsection (a)), that were made before, on, or after such date to members of the Armed Forces who are on active duty (as defined in section 101(d) of title 10, United States Code) on or after that date.

SEC. 657. MODIFICATION OF AMOUNT OF BACK PAY FOR MEMBERS OF NAVY AND MARINE CORPS SELECTED FOR PROMOTION WHILE INTERNED AS PRISONERS OF WAR DURING WORLD WAR II TO TAKE INTO ACCOUNT CHANGES IN CONSUMER PRICE INDEX.

(a) MODIFICATION.—Section 667(c) of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (as enacted into law by Public Law 106–398; 114 Stat. 1654A–170) is amended by adding at the end the following new paragraph:

''(3) The amount determined for a person under paragraph (1) shall be increased to reflect increases in cost of living since the basic pay referred to in paragraph (1)(B) was paid to or for that person, calculated on the basis of the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics.''.

(b) RECALCULATION OF PREVIOUS PAYMENTS.—In the case of any payment of back pay made to or for a person under section 667 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 before the date of the enactment of this Act, the Secretary of the Navy shall—

(1) recalculate the amount of back pay to which the person is entitled by reason of the amendment made by subsection (a); and

(2) if the amount of back pay, as so recalculated, exceeds the amount of back pay so paid, pay the person, or the surviving spouse of the person, an amount equal to the excess.

TITLE VII—HEALTH CARE

SEC. 701. ELIGIBILITY OF SURVIVING DEPENDENTS FOR TRICARE DENTAL PROGRAM BENEFITS AFTER DISCONTINUANCE OF FORMER ENROLLMENT.

Section 1076a(k)(2) of title 10, United States Code, is amended by striking ''if the dependent is enrolled on the date of the death of the members in a dental benefits plan established under subsection (a)'' and inserting ''if, on the date of the death of the member, the dependent is enrolled in a dental benefits plan established under subsection (a) or is not enrolled in such a plan by reason of a discontinuance of a former enrollment under subsection (f)''.

SEC. 702. ADVANCE AUTHORIZATION FOR INPATIENT MENTAL HEALTH SERVICES.

Section 1079(i)(3) of title 10, United States Code, is amended—

(1) by inserting ''(A)'' after ''(3)'';

(2) by striking ''Except in the case of an emergency,'' and inserting ''Except as provided in subparagraphs (B) and (C),''; and

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

''(B) Preadmission authorization for inpatient mental health services is not required under subparagraph (A) in the case of an emergency.

''(C) Preadmission authorization for inpatient mental health services is not required under subparagraph (A) in a case in which any benefits are payable for such services under part A of title XVIII of the Social Security Act (42 U.S.C. 1395c et seq.). The Secretary shall require, however, advance authorization for the continued provision of the inpatient mental health services after benefits cease to be payable for such services under part A of such title in such case.''.

SEC. 703. CONTINUED TRICARE ELIGIBILITY OF DEPENDENTS RESIDING AT REMOTE LOCATIONS AFTER DEPARTURE OF SPONSORS FOR UNACCOMPANIED ASSIGNMENTS.

Section 1079(p) of title 10, United States Code, is amended—

(1) in paragraph (1), by striking ''dependents referred to in subsection (a) of a member of the uniformed services referred to in section 1074(c)(3) of this title who are residing with the member'' and inserting ''dependents described in paragraph (3)'';

(2) by redesignating paragraph (3) as paragraph (4); and

(3) by inserting after paragraph (2), the following new paragraph (3):

''(3) This subsection applies with respect to a dependent referred to in subsection (a) who—

''(A) is a dependent of a member of the uniformed services referred to in section 1074(c)(3) of this title and is residing with the member; or

''(B) is a dependent of a member who, after having served in a duty assignment described in section 1074(c)(3) of this title, has relocated without the dependent pursuant to orders for a permanent change of duty station from a remote location described in subparagraph (B)(ii) of such section where the member and the dependent resided together while the member served in such assignment, if the orders do not authorize dependents to accompany the member to the new duty station at the expense of the United States and the dependent continues to reside at the same remote location.''.

SEC. 704. APPROVAL OF MEDICARE PROVIDERS AS TRICARE PROVIDERS.

Section 1079 of title 10, United States Code, is amended by adding at the end the following new subsection:

''(q) A physician or other health care practitioner who is eligible to receive reimbursement for services provided under the Medicare Program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) shall be considered approved to provide medical care under this section and section 1086 of this title.''.

SEC. 705. CLAIMS INFORMATION.

(a) CORRESPONDENCE TO MEDICARE CLAIMS INFORMATION REQUIREMENTS.—Section 1095c of title 10, United States Code, is amended by adding at the end the following new subsection:

''(d) CORRESPONDENCE TO MEDICARE CLAIMS INFORMATION REQUIREMENTS.—The Secretary of Defense, in consultation with the other administering Secretaries, shall limit the requirements for information in support of claims for payment for health care items and services provided under the TRICARE program so that the information required under the program is substantially the same as the information that would be required for claims for reimbursement for those items and services under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.).''.

(b) APPLICABILITY.—The Secretary of Defense, in consultation with the other administering Secretaries referred to in section 1072(3) of title 10, United States Code, shall apply the limitations required under subsection (d) of section 1095c of such title (as added by subsection (a)) with respect to contracts entered into under the TRICARE program on or after October 1, 2002.

SEC. 706. DEPARTMENT OF DEFENSE MEDICARE-ELIGIBLE RETIREE HEALTH CARE FUND.

(a) SOURCE OF FUNDS FOR MONTHLY ACCRUAL PAYMENTS INTO THE FUND.—Section 1116(c) of title 10, United States Code, is amended by striking ''health care programs'' and inserting ''pay of members''.

(b) MANDATORY PARTICIPATION OF OTHER UNIFORMED SERVICES.—Section 1111(c) of such title is amended—

(1) in the first sentence, by striking ''may enter into an agreement with any other administering Secretary'' and inserting ''shall enter into an agreement with each other administering Secretary''; and

(2) in the second sentence, by striking ''Any such'' and inserting ''The''.

SEC. 707. TECHNICAL CORRECTIONS RELATING TO TRANSITIONAL HEALTH CARE FOR MEMBERS SEPARATED FROM ACTIVE DUTY.

(a) CONTINUED APPLICABILITY TO DEPENDENTS.—Subsection (a)(1) of section 736 of the National Defense Authorization Act for Fiscal Year 2002 (Public Law 107–107; 115 Stat. 1172) is amended to read as follows:

''(1) in paragraph (1), by striking 'paragraph (2), a member' and all that follows through 'of the member),' and inserting 'paragraph (3), a member of the armed forces who is separated from active duty as described in paragraph (2) (and the dependents of the member)';''.

(b) CLARIFICATION REGARDING THE COAST GUARD.—Subsection (b)(2) of such section is amended to read as follows:

''(2) in subsection (e)—

''(A) by striking the first sentence; and

''(B) by striking 'the Coast Guard' in the second sentence and inserting 'the members of the Coast Guard and their dependents'.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as of December 28, 2001, and as if included in the National Defense Authorization Act for Fiscal Year 2002 as enacted.

SEC. 708. EXTENSION OF TEMPORARY AUTHORITY FOR ENTERING INTO PERSONAL SERVICES CONTRACTS FOR THE PERFORMANCE OF HEALTH CARE RESPONSIBILITIES FOR THE ARMED FORCES AT LOCATIONS OTHER THAN MILITARY MEDICAL TREATMENT FACILITIES.

Section 1091(a)(2) of title 10, United States Code, is amended by striking ''December 31, 2002'' and inserting ''December 31, 2003''.

SEC. 709. RESTORATION OF PREVIOUS POLICY REGARDING RESTRICTIONS ON USE OF DEPARTMENT OF DEFENSE MEDICAL FACILITIES.

Section 1093 of title 10, United States Code, is amended—

(1) by striking subsection (b); and

(2) in subsection (a), by striking ''RESTRICTION ON USE OF FUNDS.—''.

SEC. 710. HEALTH CARE UNDER TRICARE FOR TRICARE BENEFICIARIES RECEIVING MEDICAL CARE AS VETERANS FROM THE DEPARTMENT OF VETERANS AFFAIRS.

Section 1097 of title 10, United States Code, is amended by adding at the end the following new subsection:

''(f) PERSONS RECEIVING MEDICAL CARE FROM THE DEPARTMENT OF VETERANS AFFAIRS.—A covered beneficiary who is enrolled in and seeks care under the TRICARE program may not be denied such care on the ground that the covered beneficiary is receiving health care from the Department of Veterans Affairs on an ongoing basis if the Department of Veterans Affairs cannot provide the covered beneficiary with the particular care sought by the covered beneficiary within the maximum period provided in the access to care standards that are applicable to that particular care under TRICARE program policy.''.

TITLE VIII—ACQUISITION POLICY, ACQUISITION MANAGEMENT, AND RELATED MATTERS

Subtitle A—Major Defense Acquisition Programs

SEC. 801. BUY-TO-BUDGET ACQUISITION OF END ITEMS.

(a) AUTHORITY.—(1) Chapter 131 of title 10, United States Code, is amended by adding at the end the following new section:

''§ 2228. Buy-to-budget acquisition: end items

''(a) AUTHORITY TO ACQUIRE ADDITIONAL END ITEMS.—Using funds available to the Department of Defense for the acquisition of an end item, the head of agency making the acquisition may acquire a higher quantity of the end item than the quantity specified for the end item in a law providing for the funding of that acquisition if that head of an agency makes each of the following findings:

''(1) The agency has an established requirement for the end item that is expected to remain substantially unchanged throughout the period of the acquisition.

''(2) It is possible to acquire the higher quantity of the end item without additional funding because of production efficiencies or other cost reductions.

''(3) The amount of the funds used for the acquisition of the higher quantity of the end item will not exceed the amount provided under that law for the acquisition of the end item.

''(4) The amount so provided is sufficient to ensure that each unit of the end item acquired within the higher quantity is fully funded as a complete end item.

''(b) REGULATIONS.—The Secretary of Defense shall prescribe regulations for the administration of this section. The regulations shall include, at a minimum, the following:

''(1) The level of approval within the Department of Defense that is required for a decision to acquire a higher quantity of an end item under subsection (a).

''(2) Authority to exceed by up to 10 percent the quantity of an end item approved in a justification and approval of the use of procedures other than competitive procedures for the acquisition of the end item under section 2304 of this title, but only to the extent necessary to acquire a quantity of the end item permitted in the exercise of authority under subsection (a).

''(c) NOTIFICATION OF CONGRESS.—The head of an agency is not required to notify Congress in advance regarding a decision under the authority of this section to acquire a higher quantity of an end item than is specified in a law described in subsection (a), but shall notify the congressional defense committees of the decision not later than 30 days after the date of the decision.

''(d) WAIVER BY OTHER LAW.—A provision of law may not be construed as prohibiting the acquisition of a higher quantity of an end item under this section unless that provision of law—

''(1) specifically refers to this section; and

''(2) specifically states that the acquisition of the higher quantity of the end item is prohibited notwithstanding the authority provided in this section.

''(e) DEFINITIONS.—(1) For the purposes of this section, a quantity of an end item shall be considered specified in a law if the quantity is specified either in a provision of that law or in any related representation that is set forth separately in a table, chart, or explanatory text included in a joint explanatory statement or governing committee report accompanying the law.

''(2) In this section:

''(A) The term 'congressional defense committees' means—

''(i) the Committee on Armed Services and the Committee on Appropriations of the Senate; and

''(ii) the Committee on Armed Services and the Committee on Appropriations of the House of Representatives.

''(B) The term 'head of an agency' means the Secretary of Defense, the Secretary of the Army, the Secretary of the Navy, and the Secretary of the Air Force.''.

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

''2228. Buy-to-budget acquisition: end items.''.

(b) TIME FOR ISSUANCE OF FINAL REGULATIONS.—The Secretary of Defense shall issue the final regulations under section 2228(b) of title 10, United States Code (as added by subsection (a)), not later than 120 days after the date of the enactment of this Act.

SEC. 802. REPORT TO CONGRESS ON INCREMENTAL ACQUISITION OF MAJOR SYSTEMS.

(a) REPORT REQUIRED.—Not later than 120 days after the date of the enactment of this Act, the Secretary of Defense shall submit to the congressional defense committees a report on the approach that the Secretary plans to take to applying the requirements of chapter 144 of title 10, United States Code, sections 139, 181, 2366, 2399, and 2400 of such title, Department of Defense Directive 5000.1, Department of Defense Instruction 5000.2, and Chairman of the Joint Chiefs of Staff Instruction 3170.01B, and other provisions of law and regulations applicable to incremental acquisition programs.

(b) CONTENT OF REPORT.—The report shall, at a minimum, address the following matters:

(1) The manner in which the Secretary plans to establish and approve, for each increment of an incremental acquisition program—

(A) operational requirements; and

(B) cost and schedule goals.

(2) The manner in which the Secretary plans, for each increment of an incremental acquisition program—

(A) to meet requirements for operational testing and live fire testing;

(B) to monitor cost and schedule performance; and

(C) to comply with laws requiring reports to Congress on results testing and on cost and schedule performance.

(3) The manner in which the Secretary plans to ensure that each increment of an incremental acquisition program is designed—

(A) to achieve interoperability within and among United States forces and United States coalition partners; and

(B) to optimize total system performance and minimize total ownership costs by giving appropriate consideration to—

(i) logistics planning;

(ii) manpower, personnel, and training;

(iii) human, environmental, safety, occupational health, accessibility, survivability, operational continuity, and security factors;

(iv) protection of critical program information; and

(v) spectrum management.

(c) DEFINITIONS.—In this section:

(1) The term ''incremental acquisition program'' means an acquisition program that is to be conducted in discrete phases or blocks, with each phase or block consisting of the planned production and acquisition of one or more units of a major system.

(2) The term ''increment'' refers to one of the discrete phases or blocks of an incremental acquisition program.

(3) The term ''major system'' has the meaning given such term in section 2302(5) of title 10, United States Code.

SEC. 803. PILOT PROGRAM FOR SPIRAL DEVELOPMENT OF MAJOR SYSTEMS.

(a) AUTHORITY.—The Secretary of Defense is authorized to conduct a pilot program for the spiral development of major systems and to designate research and development programs of the military departments and Defense Agencies to participate in the pilot program.

(b) DESIGNATION OF PARTICIPATING PROGRAMS.—(1) A research and development program for a major system of a military department or Defense Agency may be conducted as a spiral development program only if the Secretary of Defense approves a spiral development plan submitted by the Secretary of that military department or head of that Defense Agency, as the case may be, and designates the program as a participant in the pilot program under this section.

(2) The Secretary of Defense shall submit a copy of each spiral development plan approved under this section to the congressional defense committees.

(c) SPIRAL DEVELOPMENT PLANS.—A spiral development plan for a participating program shall, at a minimum, include the following matters:

(1) A rationale for dividing the program into separate spirals, together with a preliminary identification of the spirals to be included.

(2) A program strategy, including overall cost, schedule, and performance goals for the total program.

(3) Specific cost, schedule, and performance parameters, including measurable exit criteria, for the first spiral to be conducted.

(4) A testing plan to ensure that performance goals, parameters, and exit criteria are met.

(5) An appropriate limitation on the number of prototype units that may be produced under the program.

(6) Specific performance parameters, including measurable exit criteria, that must be met before the program proceeds into production of units in excess of the limitation on the number of prototype units.

(d) GUIDANCE.—Not later than 120 days after the date of the enactment of this Act, the Secretary of Defense shall issue guidance for the implementation of the spiral development pilot program authorized by this section. The guidance shall, at a minimum, include the following matters:

(1) A process for the development, review, and approval of each spiral development plan submitted by the Secretary of a military department or head of a Defense Agency.

(2) A process for establishing and approving specific cost, schedule, and performance parameters, including measurable exit criteria, for spirals to be conducted after the first spiral.

(3) Appropriate planning, testing, reporting, oversight, and other requirements to ensure that the spiral development program—

(A) satisfies realistic and clearly-defined performance standards, cost objectives, and schedule parameters (including measurable exit criteria for each spiral);

(B) achieve interoperability within and among United States forces and United States coalition partners; and

(C) optimize total system performance and minimize total ownership costs by giving appropriate consideration to—

(i) logistics planning;

(ii) manpower, personnel, and training;

(iii) human, environmental, safety, occupational health, accessibility, survivability, operational continuity, and security factors;

(iv) protection of critical program information; and

(v) spectrum management.

(4) A process for independent validation of the satisfaction of exit criteria and other relevant requirements.

(5) A process for operational testing of fieldable prototypes to be conducted before or in conjunction with the fielding of the prototypes.

(e) REPORTING REQUIREMENT.—The Secretary shall submit to Congress at the end of each quarter of a fiscal year a status report on each research and development program that is a participant in the pilot program. The report shall contain information on unit costs that is similar to the information on unit costs under major defense acquisition programs that is required to be provided to Congress under chapter 144 of title 10, United States Code, except that the information on unit costs shall address projected prototype costs instead of production costs.

(f) APPLICABILITY OF EXISTING LAW.—Nothing in this section shall be construed to exempt any program of the Department of Defense from the application of any provision of chapter 144 of title 10, United States Code, section 139, 181, 2366, 2399, or 2400 of such title, or any requirement under Department of Defense Directive 5000.1, Department of Defense Instruction 5000.2, or Chairman of the Joint Chiefs of Staff Instruction 3170.01B in accordance with the terms of such provision or requirement.

(g) TERMINATION OF PROGRAM PARTICIPATION.—The conduct of a participating program as a spiral development program under the pilot program shall terminate when the decision is made for the participating program to proceed into the production of units in excess of the number of prototype units permitted under the limitation provided in spiral development plan for the program pursuant to subsection (c)(5).

(h) TERMINATION OF PILOT PROGRAM.—(1) The authority to conduct a pilot program under this section shall terminate three years after the date of the enactment of this Act.

(2) The termination of the pilot program shall not terminate the authority of the Secretary of a military department or head of a Defense Agency to continue to conduct, as a spiral development program, any research and development program that was designated to participate in the pilot program before the date on which the pilot program terminates. In the continued conduct of such a research and development program as a spiral development program on and after such date, the spiral development plan approved for the program, the guidance issued under subsection (d), and subsections (e), (f), and (g) shall continue to apply.

(i) DEFINITIONS.—In this section:

(1) The term ''spiral development program'' means a research and development program that—

(A) is conducted in discrete phases or blocks, each of which will result in the development of fieldable prototypes; and

(B) will not proceed into acquisition until specific performance parameters, including measurable exit criteria, have been met.

(2) The term ''spiral'' means one of the discrete phases or blocks of a spiral development program.

(3) The term ''major system'' has the meaning given such term in section 2302(5) of title 10, United States Code.

(4) The term ''participating program'' means a research and development program that is designated to participate in the pilot program under subsection (b).

SEC. 804. IMPROVEMENT OF SOFTWARE ACQUISITION PROCESSES.

(a) ESTABLISHMENT OF PROGRAMS.—(1) The Secretary of each military department shall establish a program to improve the software acquisition processes of that military department.

(2) The head of each Defense Agency that manages a major defense acquisition program with a substantial software component shall establish a program to improve the software acquisition processes of that Defense Agency.

(3) The programs required by this subsection shall be established not later than 120 days after the date of the enactment of this Act.

(b) PROGRAM REQUIREMENTS.—A program to improve software acquisition processes under this section shall, at a minimum, include the following:

(1) A documented process for software acquisition planning, requirements development and management, project management and oversight, and risk management.

(2) Efforts to develop systems for performance measurement and continual process improvement.

(3) A system for ensuring that each program office with substantial software responsibilities implements and adheres to established processes and requirements.

(c) DEPARTMENT OF DEFENSE GUIDANCE.—The Assistant Secretary of Defense for Command, Control, Communications, and Intelligence, in consultation with the Under Secretary of Defense for Acquisition, Technology, and Logistics, shall—

(1) prescribe uniformly applicable guidance for the administration of all of the programs established under subsection (a) and take such actions as are necessary to ensure that the military departments and Defense Agencies comply with the guidance; and

(2) assist the Secretaries of the military departments and the heads of the Defense Agencies to carry out such programs effectively by identifying, and serving as a clearinghouse for information regarding, best practices in software acquisition processes in both the public and private sectors.

(d) DEFINITIONS.—In this section:

(1) The term ''Defense Agency'' has the meaning given the term in section 101(a)(11) of title 10, United States Code.

(2) The term ''major defense acquisition program'' has the meaning given the term in section 2430 of title 10, United States Code.

SEC. 805. INDEPENDENT TECHNOLOGY READINESS ASSESSMENTS.

Section 804(b) of the National Defense Authorization Act for Fiscal Year 2002 (Public Law 107–107; 115 Stat. 1180) is amended—

(1) by striking ''and'' at the end of paragraph (1);

(2) by striking the period at the end of paragraph (2) and inserting ''; and''; and

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

''(3) identify each case in which an authoritative decision has been made within the Department of Defense not to conduct an independent technology readiness assessment for a critical technology on a major defense acquisition program and explain the reasons for the decision.''.

SEC. 806. TIMING OF CERTIFICATION IN CONNECTION WITH WAIVER OF SURVIVABILITY AND LETHALITY TESTING REQUIREMENTS.

(a) CERTIFICATION FOR EXPEDITED PROGRAMS.—Paragraph (1) of subsection (c) of section 2366 of title 10, United States Code, is amended to read as follows:

''(1) The Secretary of Defense may waive the application of the survivability and lethality tests of this section to a covered system, munitions program, missile program, or covered product improvement program if the Secretary determines that live-fire testing of such system or program would be unreasonably expensive and impractical and submits a certification of that determination to Congress—

''(A) before Milestone B approval for the system or program; or

''(B) in the case of a system or program initiated at—

''(i) Milestone B, as soon as is practicable after the Milestone B approval; or

''(ii) Milestone C, as soon as is practicable after the Milestone C approval.''.

(b) DEFINITIONS.—Subsection (e) of such section is amended by adding at the end the following new paragraphs:

''(8) The term 'Milestone B approval' means a decision to enter into system development and demonstration pursuant to guidance prescribed by the Secretary of Defense for the management of Department of Defense acquisition programs.

''(9) The term 'Milestone C approval' means a decision to enter into production and deployment pursuant to guidance prescribed by the Secretary of Defense for the management of Department of Defense acquisition programs.''.

Subtitle B—Procurement Policy Improvements

SEC. 811. PERFORMANCE GOALS FOR CONTRACTING FOR SERVICES.

(a) INDIVIDUAL PURCHASES OF SERVICES.—Subsection (a) of section 802 of the National Defense Authorization Act for Fiscal Year 2002 (Public Law 107–107; 10 U.S.C. 2330 note) is amended by adding at the end the following new paragraphs:

''(3) To support the attainment of the goals established in paragraph (2), the Department of Defense shall have the following goals:

''(A) To increase, as a percentage of all of the individual purchases of services made by or for the Department of Defense under multiple award contracts for a fiscal year (calculated on the basis of dollar value), the volume of the individual purchases of services that are made on a competitive basis and involve the receipt of two or more offers from qualified contractors to a percentage as follows:

''(i) For fiscal year 2003, a percentage not less than 50 percent.

''(ii) For fiscal year 2004, a percentage not less than 60 percent.

''(iii) For fiscal year 2011, a percentage not less than 80 percent.

''(B) To increase, as a percentage of all of the individual purchases of services made by or for the Department of Defense under multiple award contracts for a fiscal year (calculated on the basis of dollar value), the use of performance-based purchasing specifying firm fixed prices for the specific tasks to be performed to a percentage as follows:

''(i) For fiscal year 2003, a percentage not less than 30 percent.

''(ii) For fiscal year 2004, a percentage not less than 40 percent.

''(iii) For fiscal year 2005, a percentage not less than 50 percent.

''(iv) For fiscal year 2011, a percentage not less than 80 percent.''.

(b) EXTENSION AND REVISION OF REPORTING REQUIREMENT.—Subsection (b) of such section is amended—

(1) by striking ''March 1, 2006'', and inserting ''March 1, 2011''; and

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

''(6) Regarding the individual purchases of services that were made by or for the Department of Defense under multiple award contracts in the fiscal year preceding the fiscal year in which the report is required to be submitted, information (determined using the data collection system established under section 2330a of title 10, United States Code) as follows:

''(A) The percentage (calculated on the basis of dollar value) of such purchases that are purchases that were made on a competitive basis and involved receipt of two or more offers from qualified contractors.

''(B) The percentage (calculated on the basis of dollar value) of such purchases that are performance-based purchases specifying firm fixed prices for the specific tasks to be performed.''.

(c) DEFINITIONS.—Such section is further amended by adding at the end the following new subsection:

''(c) DEFINITIONS.—In this section:

''(1) The term 'individual purchase' means a task order, delivery order, or other purchase.

''(2) The term 'multiple award contract' means—

''(A) a contract that is entered into by the Administrator of General Services under the multiple award schedule program referred to in section 2302(2)(C) of title 10, United States Code;

''(B) a multiple award task order contract that is entered into under the authority of sections 2304a through 2304d of title 10, United States Code, or sections 303H through 303K of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253h through 253k); and

''(C) any other indefinite delivery, indefinite quantity contract that is entered into by the head of a Federal agency with two or more sources pursuant to the same solicitation.''.

SEC. 812. GRANTS OF EXCEPTIONS TO COST OR PRICING DATA CERTIFICATION REQUIREMENTS AND WAIVERS OF COST ACCOUNTING STANDARDS.

(a) GUIDANCE FOR EXCEPTIONS IN EXCEPTIONAL CIRCUMSTANCES.—(1) Not later than 60 days after the date of the enactment of this Act, the Secretary of Defense shall issue guidance on the circumstances under which it is appropriate to grant—

(A) an exception pursuant to section 2306a(b)(1)(C) of title 10, United States Code, relating to submittal of certified contract cost and pricing data; or

(B) a waiver pursuant to section 26(f)(5)(B) of the Office of Federal Procurement Policy Act (41 U.S.C. 422(f)(5)(B)), relating to the applicability of cost accounting standards to contracts and subcontracts.

(2) The guidance shall, at a minimum, include a limitation that a grant of an exception or waiver referred to in paragraph (1) is appropriate with respect to a contract or subcontract, or (in the case of submittal of certified cost and pricing data) a modification, only upon a determination that the property or services cannot be obtained under the contract, subcontract, or modification, as the case may be, without the grant of the exception or waiver.

(b) SEMIANNUAL REPORT.—(1) The Secretary of Defense shall transmit to the congressional defense committees promptly after the end of each half of a fiscal year a report on the exceptions to cost or pricing data certification requirements and the waivers of applicability of cost accounting standards that, in cases described in paragraph (2), were granted during that half of the fiscal year.

(2) The report for a half of a fiscal year shall include an explanation of—

(A) each decision by the head of a procuring activity within the Department of Defense to exercise the authority under subparagraph (B) or (C) of subsection (b)(1) of

section 2306a of title 10, United States Code, to grant an exception to the requirements of such section in the case of a contract, subcontract, or contract or subcontract modification that is expected to have a price of $15,000,000 or more; and

(B) each decision by the Secretary of Defense or the head of an agency within the Department of Defense to exercise the authority under subsection (f)(5)(B) of section 26 of the Office of Federal Procurement Policy Act to waive the applicability of the cost accounting standards under such section in the case of a contract or subcontract that is expected to have a value of $15,000,000 or more.

(c) ADVANCE NOTIFICATION OF CONGRESS.—(1) The Secretary of Defense shall transmit to the congressional defense committees an advance notification of—

(A) any decision by the head of a procuring activity within the Department of Defense to exercise the authority under subsection (b)(1)(C) of section 2306a of title 10, United States Code, to grant an exception to the requirements of such section in the case of a contract, subcontract, or contract or subcontract modification that is expected to have a price of $75,000,000 or more; or

(B) any decision by the Secretary of Defense or the head of an agency within the Department of Defense to exercise the authority under subsection (f)(5)(B) of section 26 of the Office of Federal Procurement Policy Act to waive the applicability of the cost accounting standards under such section to a contract or subcontract that is expected to have a value of $75,000,000 or more.

(2) The notification under paragraph (1) regarding a decision to grant an exception or waiver shall be transmitted not later than 10 days before the exception or waiver is granted.

(d) CONTENTS OF REPORTS AND NOTIFICATIONS.—A report pursuant to subsection (b) and a notification pursuant to subsection (c) shall include, for each grant of an exception or waiver, the following matters:

(1) A discussion of the justification for the grant of the exception or waiver, including at a minimum—

(A) in the case of an exception granted pursuant to section 2306a(b)(1)(B) of title 10, United States Code, an explanation of the basis for the determination that the products or services to be purchased are commercial items; and

(B) in the case of an exception granted pursuant to section 2306a(b)(1)(C) of such title, or a waiver granted pursuant to section 26(f)(5)(B) of the Office of Federal Procurement Policy Act, an explanation of the basis for the determination that it would not have been possible to obtain the products or services from the offeror without the grant of the exception or waiver.

(2) A description of the specific steps taken or to be taken within the Department of Defense to ensure that the price of each contract, subcontract, or modification covered by the report or notification, as the case may be, is fair and reasonable.

(e) EFFECTIVE DATE.—The requirements of this section shall apply to each exception or waiver that is granted under a provision of law referred to in subsection (a) on or after the date on which the guidance required by that subsection (a) is issued.

SEC. 813. EXTENSION OF REQUIREMENT FOR ANNUAL REPORT ON DEFENSE COMMERCIAL PRICING MANAGEMENT IMPROVEMENT.

Section 803(c)(4) of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Public Law 105–261; 112 Stat. 2082; 10 U.S.C. 2306a note) is amended by striking ''2000, 2001, and 2002,'' and inserting ''2000 through 2006,''.

SEC. 814. INTERNAL CONTROLS ON THE USE OF PURCHASE CARDS.

(a) REQUIREMENT FOR ENHANCED INTERNAL CONTROLS.—Not later than 120 days after the date of the enactment of this Act, the Secretary of Defense shall take action to ensure that appropriate internal controls for the use of purchase cards issued by the Federal Government to Department of Defense personnel are in place throughout the Department of Defense. At a minimum, the internal controls shall include the following:

(1) A requirement that the receipt and acceptance, and the documentation of the receipt and acceptance, of the property or services purchased on a purchase card be verified by a Department of Defense official who is independent of the purchaser.

(2) A requirement that the monthly purchase card statements of purchases on a purchase card be reviewed and certified for accuracy by an official of the Department of Defense who is independent of the purchaser.

(3) Specific policies limiting the number of purchase cards issued, with the objective of significantly reducing the number of cardholders.

(4) Specific policies on credit limits authorized for cardholders, with the objective of minimizing financial risk to the Federal Government.

(5) Specific criteria for identifying employees eligible to be issued purchase cards, with the objective of ensuring the integrity of cardholders.

(6) Accounting procedures that ensure that purchase card transactions are properly recorded in Department of Defense accounting records.

(7) Requirements for regular internal review of purchase card statements to identify—

(A) potentially fraudulent, improper, and abusive purchases;

(B) any patterns of improper cardholder transactions, such as purchases of prohibited items; and

(C) categories of purchases that should be made through other mechanisms to better aggregate purchases and negotiate lower prices.

(b) TRAINING.—The Secretary of Defense shall ensure that all Department of Defense purchase cardholders are aware of the enhanced internal controls instituted pursuant to subsection (a).

(c) COMPTROLLER GENERAL REVIEW.—Not later than March 1, 2003, the Comptroller General shall—

(1) review the actions that have been taken within the Department of Defense to comply with the requirements of this section; and

(2) submit a report on the actions reviewed to the congressional defense committees.

SEC. 815. ASSESSMENT REGARDING FEES PAID FOR ACQUISITIONS UNDER OTHER AGENCIES' CONTRACTS.

(a) REQUIREMENT FOR ASSESSMENT AND REPORT.—Not later than March 1, 2003, the Secretary of Defense shall carry out an assessment to determine the total amount paid by the Department of Defense as fees for the acquisition of property and services by the Department of Defense under contracts between other departments and agencies of the Federal Government and the sources of the property and services in each of fiscal years 2000, 2001, and 2002, and submit a report on the results of the assessment to Congress.

(b) CONTENT OF REPORT.—The report shall include the Secretary's views on what, if any, actions should be taken within the Department of Defense to reduce the total amount of the annual expenditures on fees described in subsection (a) and to use the amounts saved for other authorized purposes.

SEC. 816. PILOT PROGRAM FOR TRANSITION TO FOLLOW-ON CONTRACTS FOR CERTAIN PROTOTYPE PROJECTS.

Section 845 of the National Defense Authorization Act for Fiscal Year 1994 (10 U.S.C. 2371 note) is amended by—

(1) redesignating subsections (e), (f), and (g) as subsections (f), (g), and (h), respectively; and

(2) inserting after subsection (d) the following new subsection (e):

''(e) PILOT PROGRAM FOR TRANSITION TO FOLLOW-ON CONTRACTS.—(1) The Secretary of Defense is authorized to carry out a pilot program for follow-on contracting for the production of items or processes that are developed by nontraditional defense contractors under prototype projects carried out under this section.

''(2) Under the pilot program—

''(A) a qualifying contract for the procurement of such an item or process, or a qualifying subcontract under a contract for the procurement of such an item or process, may be treated as a contract or subcontract, respectively, for the procurement of commercial items, as defined in section 4(12) of the Office of Federal Procurement Policy Act (41 U.S.C. 403(12)); and

''(B) the item or process may be treated as an item or process, respectively, that is developed in part with Federal funds and in part at private expense for the purposes of section 2320 of title 10, United States Code.

''(3) For the purposes of the pilot program, a qualifying contract or subcontract is a contract or subcontract, respectively, with a nontraditional defense contractor that—

''(A) does not exceed $20,000,000; and

''(B) is either—

''(i) a firm, fixed-price contract or subcontract; or

''(ii) a fixed-price contract or subcontract with economic price adjustment.

''(4) The authority to conduct a pilot program under this subsection shall terminate on September 30, 2005. The termination of the authority shall not affect the validity of contracts or subcontracts that are awarded or modified during the period of the pilot program, without regard to whether the contracts or subcontracts are performed during the period.''.

SEC. 817. WAIVER AUTHORITY FOR DOMESTIC SOURCE OR CONTENT REQUIREMENTS.

(a) AUTHORITY.—Subchapter V of chapter 148 of title 10, United States Code, is amended by adding at the end the following new section:

''§ 2539c. Waiver of domestic source or content requirements

''(a) AUTHORITY.—Except as provided in subsection (f), the Secretary of Defense may waive the application of any domestic source requirement or domestic content requirement referred to in subsection (b) and thereby authorize the procurement of items that are grown, reprocessed, reused, produced, or manufactured—

''(1) in a foreign country that has a reciprocal defense procurement memorandum of understanding or agreement with the United States;

''(2) in a foreign country that has a reciprocal defense procurement memorandum of understanding or agreement with the United States substantially from components and materials grown, reprocessed, reused, produced, or manufactured in the United States or any foreign country that has a reciprocal defense procurement memorandum of understanding or agreement with the United States; or

''(3) in the United States substantially from components and materials grown, reprocessed, reused, produced, or manufactured

in the United States or any foreign country that has a reciprocal defense procurement memorandum of understanding or agreement with the United States.

''(b) COVERED REQUIREMENTS.—For purposes of this section:

''(1) A domestic source requirement is any requirement under law that the Department of Defense satisfy its requirements for an item by procuring an item that is grown, reprocessed, reused, produced, or manufactured in the United States or by a manufacturer that is a part of the national technology and industrial base (as defined in section 2500(1) of this title).

''(2) A domestic content requirement is any requirement under law that the Department of Defense satisfy its requirements for an item by procuring an item produced or manufactured partly or wholly from components and materials grown, reprocessed, reused, produced, or manufactured in the United States.

''(c) APPLICABILITY.—The authority of the Secretary to waive the application of a domestic source or content requirements under subsection (a) applies to the procurement of items for which the Secretary of Defense determines that—

''(1) application of the requirement would impede the reciprocal procurement of defense items under a memorandum of understanding providing for reciprocal procurement of defense items between a foreign country and the United States in accordance with section 2531 of this title; and

''(2) such country does not discriminate against defense items produced in the United States to a greater degree than the United States discriminates against defense items produced in that country.

''(d) LIMITATION ON DELEGATION.—The authority of the Secretary to waive the application of domestic source or content requirements under subsection (a) may not be delegated to any officer or employee other than the Under Secretary of Defense for Acquisition, Technology and Logistics.

''(e) CONSULTATIONS.—The Secretary may grant a waiver of the application of a domestic source or content requirement under subsection (a) only after consultation with the United States Trade Representative, the Secretary of Commerce, and the Secretary of State.

''(f) LAWS NOT WAIVABLE.—The Secretary of Defense may not exercise the authority under subsection (a) to waive any domestic source or content requirement contained in any of the following laws:

''(1) The Small Business Act (15 U.S.C. 631 et seq.).

''(2) The Javits-Wagner-O'Day Act (41 U.S.C. et seq.).

''(3) Sections 7309 and 7310 of this title.

''(4) Section 2533a of this title.

''(g) RELATIONSHIP TO OTHER WAIVER AUTHORITY.—The authority under subsection (a) to waive a domestic source requirement or domestic content requirement is in addition to any other authority to waive such requirement.

''(h) CONSTRUCTION WITH RESPECT TO LATER ENACTED LAWS.—This section may not be construed as being inapplicable to a domestic source requirement or domestic content requirement that is set forth in a law enacted after the enactment of this section solely on the basis of the later enactment.''.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such subchapter is amended by inserting after the item relating to section 2539b the following new item:

''2539c. Waiver of domestic source or content requirements.''.

Subtitle C—Other Matters

SEC. 821. EXTENSION OF THE APPLICABILITY OF CERTAIN PERSONNEL DEMONSTRATION PROJECT EXCEPTIONS TO AN ACQUISITION WORKFORCE DEMONSTRATION PROJECT.

Section 4308(b)(3)(B) of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104–106; 10 U.S.C. 1701 note) is amended to read as follows:

''(B) commences before November 18, 2007.''.

SEC. 822. MORATORIUM ON REDUCTION OF THE DEFENSE ACQUISITION AND SUPPORT WORKFORCE.

(a) PROHIBITION.—Notwithstanding any other provision of law, the defense acquisition and support workforce may not be reduced, during fiscal years 2003, 2004, and 2005, below the level of that workforce as of September 30, 2002, determined on the basis of full-time equivalent positions.

(b) WAIVER AUTHORITY.—The Secretary of Defense may waive the prohibition in subsection (a) and reduce the level of the defense acquisition and support workforce upon submitting to Congress the Secretary's certification that the defense acquisition and support workforce, at the level to which reduced, will be able efficiently and effectively to perform the workloads that are required of that workforce consistent with the cost-effective management of the defense acquisition system to obtain best value equipment and with ensuring military readiness.

(c) DEFENSE ACQUISITION AND SUPPORT WORKFORCE DEFINED.—In this section, the term ''defense acquisition and support workforce'' means Armed Forces and civilian personnel who are assigned to, or are employed in, an organization of the Department of Defense that is—

(1) an acquisition organization specified in Department of Defense Instruction 5000.58, dated January 14, 1992; or

(2) an organization not so specified that has acquisition as its predominant mission, as determined by the Secretary of Defense.

SEC. 823. EXTENSION OF CONTRACT GOAL FOR SMALL DISADVANTAGED BUSINESSES AND CERTAIN INSTITUTIONS OF HIGHER EDUCATION.

Section 2323(k) of title 10, United States Code, is amended by striking ''2003'' both places it appears and inserting ''2006''.

SEC. 824. MENTOR-PROTEGE PROGRAM ELIGIBILITY FOR HUBZONE SMALL BUSINESS CONCERNS AND SMALL BUSINESS CONCERNS OWNED AND CONTROLLED BY SERVICE-DISABLED VETERANS.

Section 831(m)(2) of the National Defense Authorization Act for Fiscal Year 1991 (10 U.S.C. 2302 note), is amended—

(1) by striking ''or'' at the end of subparagraph (D);

(2) by striking the period at the end of subparagraph (E) and inserting a semicolon; and

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

''(F) a qualified HUBZone small business concern, within the meaning of section 3(p)(5) of the Small Business Act (15 U.S.C. 632(p)(5)); or

''(G) a small business concern owned and controlled by service-disabled veterans, as defined in section 3(q)(2) of the Small Business Act (15 U.S.C. 632(q)(2)).''.

SEC. 825. REPEAL OF REQUIREMENTS FOR CERTAIN REVIEWS BY THE COMPTROLLER GENERAL.

The following provisions of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104–106) are repealed:

(1) Section 912(d) (110 Stat. 410; 10 U.S.C. 2216 note), relating to Comptroller General reviews of the administration of the Defense Modernization Account.

(2) Section 5312(e) (110 Stat. 695; 40 U.S.C. 1492), relating to Comptroller General monitoring of a pilot program for solutions-based contracting for acquisition of information technology.

(3) Section 5401(c)(3) (110 Stat. 697; 40 U.S.C. 1501), relating to a Comptroller General review and report regarding a pilot program to test streamlined procedures for the procurement of information technology products and services available for ordering through multiple award schedules.

SEC. 826. MULTIYEAR PROCUREMENT AUTHORITY FOR PURCHASE OF DINITROGEN TETROXIDE, HYDRAZINE, AND HYDRAZINE-RELATED PRODUCTS.

(a) IN GENERAL.—Chapter 141 of title 10, United States Code, is amended by inserting after section 2410n the following new section:

''§ 2410o. Multiyear procurement authority: purchase of dinitrogen tetroxide, hydrazine, and hydrazine-related products

''(a) TEN-YEAR CONTRACT PERIOD.—The Secretary of Defense may enter into a contract for a period of up to 10 years for the purchase of dinitrogen tetroxide, hydrazine, and hydrazine-related products for the support of a United States national security program or a United States space program.

''(b) EXTENSIONS.—A contract entered into for more than one year under the authority of subsection (a) may be extended for a total of not more than 10 years pursuant to any option or options set forth in the contract.''.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 141 is amended by adding at the end the following item:

''2410o. Multiyear procurement authority: purchase of dinitrogen tetroxide, hydrazine, and hydrazine-related products.''.

SEC. 827. MULTIYEAR PROCUREMENT AUTHORITY FOR ENVIRONMENTAL SERVICES FOR MILITARY INSTALLATIONS.

(a) AUTHORITY.—Subsection (b) of section 2306c of title 10, United States Code, is amended by adding at the end the following new paragraph:

''(5) Environmental remediation services for—

''(A) an active military installation;

''(B) a military installation being closed or realigned under a base closure law; or

''(C) a site formerly used by the Department of Defense.''.

(b) DEFINITIONS.—Such section is further amended by adding at the end the following new subsection:

''(g) ADDITIONAL DEFINITIONS.—In this section:

''(1) The term 'base closure law' has the meaning given such term in section 2667(h)(2) of this title.

''(2) The term 'military installation' has the meaning given such term in section 2801(c)(2) of this title.''.

SEC. 828. INCREASED MAXIMUM AMOUNT OF ASSISTANCE FOR TRIBAL ORGANIZATIONS OR ECONOMIC ENTERPRISES CARRYING OUT PROCUREMENT TECHNICAL ASSISTANCE PROGRAMS IN TWO OR MORE SERVICE AREAS.

Section 2414(a)(4) of title 10, United States Code, is amended by striking ''$300,000'' and inserting ''$600,000''.

SEC. 829. AUTHORITY FOR NONPROFIT ORGANIZATIONS TO SELF-CERTIFY ELIGIBILITY FOR TREATMENT AS QUALIFIED ORGANIZATIONS EMPLOYING SEVERELY DISABLED UNDER MENTOR-PROTEGE PROGRAM.

Section 831 of the National Defense Authorization Act for Fiscal Year 1991 (10 U.S.C. 2302 note) is amended by adding at the end the following new subsection:

''(n) SELF-CERTIFICATION OF NONPROFIT ORGANIZATIONS AS QUALIFIED ORGANIZATIONS

EMPLOYING THE SEVERELY DISABLED.—(1) The Secretary of Defense may, in accordance with such requirements as the Secretary may establish, permit a business entity operating on a non-profit basis to self-certify its eligibility for treatment as a qualified organization employing the severely disabled under subsection (m)(2)(D).

''(2) The Secretary shall treat any entity described in paragraph (1) that submits a self-certification under that paragraph as a qualified organization employing the severely disabled until the Secretary receives evidence, if any, that such entity is not described by paragraph (1) or does not merit treatment as a qualified organization employing the severely disabled in accordance with applicable provisions of subsection (m).

''(3) Paragraphs (1) and (2) shall cease to be effective on the effective date of regulations prescribed by the Small Business Administration under this section setting forth a process for the certification of business entities as eligible for treatment as a qualified organization employing the severely disabled under subsection (m)(2)(D).''.

SEC. 830. REPORT ON EFFECTS OF ARMY CONTRACTING AGENCY.

(a) IN GENERAL.—The Secretary of the Army shall submit a report on the effects of the establishment of an Army Contracting Agency on small business participation in Army procurements during the first year of operation of such an agency to—

(1) the Committee on Armed Services of the House of Representatives;

(2) the Committee on Armed Services of the Senate;

(3) the Committee on Small Business of the House of Representatives; and

(4) the Committee on Small Business and Entrepreneurship of the Senate.

(b) CONTENT.—The report required under subsection (a) shall include, in detail—

(1) the justification for the establishment of an Army Contracting Agency;

(2) the impact of the creation of an Army Contracting Agency on—

(A) Army compliance with—

(i) Department of Defense Directive 4205.1;

(ii) section 15(g) of the Small Business Act (15 U.S.C. 644(g)); and

(iii) section 15(k) of the Small Business Act (15 U.S.C. 644(k));

(B) small business participation in Army procurement of products and services for affected Army installations, including—

(i) the impact on small businesses located near Army installations, including—

(I) the increase or decrease in the total value of Army prime contracting with local small businesses; and

(II) the opportunities for small business owners to meet and interact with Army procurement personnel; and

(ii) any change or projected change in the use of consolidated contracts and bundled contracts; and

(3) a description of the Army's plan to address any negative impact on small business participation in Army procurement, to the extent such impact is identified in the report.

(c) TIME FOR SUBMISSION.—The report under this section shall be due 15 months after the date of the establishment of the Army Contracting Agency.

TITLE IX—DEPARTMENT OF DEFENSE ORGANIZATION AND MANAGEMENT

SEC. 901. TIME FOR SUBMITTAL OF REPORT ON QUADRENNIAL DEFENSE REVIEW.

Section 118(d) of title 10, United States Code, is amended by striking ''not later than September 30 of the year in which the review is conducted'' in the second sentence and inserting ''in the year following the year in which the review is conducted, but not later than the date on which the President submits the budget for the next fiscal year to Congress under section 1105(a) of title 31''.

SEC. 902. INCREASED NUMBER OF DEPUTY COMMANDANTS AUTHORIZED FOR THE MARINE CORPS.

Section 5045 of title 10, United States Code, is amended by striking ''five'' and inserting ''six''.

SEC. 903. BASE OPERATING SUPPORT FOR FISHER HOUSES.

(a) EXPANSION OF REQUIREMENT TO INCLUDE ARMY AND AIR FORCE.—Section 2493(f) of title 10, United States Code, is amended to read as follows:

''(f) BASE OPERATING SUPPORT.—The Secretary of the military department concerned shall provide base operating support for Fisher Houses associated with health care facilities of that military department.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 2002.

SEC. 904. PREVENTION AND MITIGATION OF CORROSION.

(a) ESTABLISHMENT.—Not later than 120 days after the date of the enactment of this Act, the Secretary of Defense shall designate an officer or employee of the Department of Defense as the senior official responsible (after the Secretary of Defense and the Under Secretary of Defense for Acquisition, Technology, and Logistics) for the prevention and mitigation of corrosion of the military equipment and infrastructure of the Department. The designated official shall report directly to the Under Secretary of Defense for Acquisition, Technology, and Logistics.

(b) DUTIES.—The official designated under subsection (a) shall direct and coordinate initiatives throughout the Department of Defense to prevent and mitigate corrosion of the military equipment and infrastructure of the Department, including efforts to facilitate the prevention and mitigation of corrosion through—

(1) development and recommendation of policy guidance on the prevention and mitigation of corrosion which the Secretary of Defense shall issue;

(2) review of the annual budget proposed for the prevention and mitigation of corrosion by the Secretary of each military department and submittal of recommendations regarding the proposed budget to the Secretary of Defense;

(3) direction and coordination of the efforts within the Department of Defense to prevent or mitigate corrosion during—

(A) the design, acquisition, and maintenance of military equipment; and

(B) the design, construction, and maintenance of infrastructure; and

(4) monitoring of acquisition practices—

(A) to ensure that the use of corrosion prevention technologies and the application of corrosion prevention treatments are fully considered during research and development in the acquisition process; and

(B) to ensure that, to the extent determined appropriate in each acquisition program, such technologies and treatments are incorporated into the program, particularly during the engineering and design phases of the acquisition process.

(c) INTERIM REPORT.—When the President submits the budget for fiscal year 2004 to Congress pursuant to section 1105(a) of title 31, United States Code, the Secretary of Defense shall submit to Congress a report regarding the actions taken under this section. The report shall include the following matters:

(1) The organizational structure for the personnel carrying out the responsibilities of the official designated under subsection (a) with respect to the prevention and mitigation of corrosion.

(2) An outline and milestones for developing a long-term corrosion prevention and mitigation strategy.

(d) LONG-TERM STRATEGY.—(1) Not later than one year after the date of the enactment of this Act, the Secretary of Defense shall submit to Congress a long-term strategy to reduce corrosion and the effects of corrosion on the military equipment and infrastructure of the Department of Defense.

(2) The strategy shall provide for the following actions:

(A) Expanding the emphasis on corrosion prevention and mitigation to include coverage of infrastructure.

(B) Applying uniformly throughout the Department of Defense requirements and criteria for the testing and certification of new technologies for the prevention of corrosion.

(C) Implementing programs, including programs supporting databases, to foster the collection and analysis of—

(i) data useful for determining the extent of the effects of corrosion on the maintenance and readiness of military equipment and infrastructure; and

(ii) data on the costs associated with the prevention and mitigation of corrosion.

(D) Implementing programs, including supporting databases, to ensure that a focused and coordinated approach is taken throughout the Department of Defense to collect, review, validate, and distribute information on proven methods and products that are relevant to the prevention of corrosion of military equipment and infrastructure.

(E) Implementing a program to identify specific funding in future budgets for the total life cycle costs of the prevention and mitigation of corrosion.

(F) Establishing a coordinated research and development program for the prevention and mitigation of corrosion for new and existing military equipment and infrastructure that includes a plan to transition new corrosion prevention technologies into operational systems.

(3) The strategy shall also include, for the actions provided for pursuant to paragraph (2), the following:

(A) Policy guidance.

(B) Performance measures and milestones.

(C) An assessment of the necessary program management resources and necessary financial resources.

(e) GAO REVIEWS.—The Comptroller General shall monitor the implementation of the long-term strategy required under subsection (d) and, not later than 18 months after the date of the enactment of this Act, submit to Congress an assessment of the extent to which the strategy has been implemented.

(f) DEFINITIONS.—In this section:

(1) The term ''corrosion'' means the deterioration of a substance or its properties due to a reaction with its environment.

(2) The term ''military equipment'' includes all air, land, and sea weapon systems, weapon platforms, vehicles, and munitions of the Department of Defense, and the components of such items.

(3) The term ''infrastructure'' includes all buildings, structures, airfields, port facilities, surface and subterranean utility systems, heating and cooling systems, fuel tanks, pavements, and bridges.

(g) TERMINATION.—This section shall cease to be effective on the date that is five years after the date of the enactment of this Act.

SEC. 905. WESTERN HEMISPHERE INSTITUTE FOR SECURITY COOPERATION.

(a) AUTHORITY TO ACCEPT FOREIGN GIFTS AND DONATIONS.—Section 2166 of title 10, United States Code, is amended—

(1) by redesignating subsections (f), (g), and (h), as subsections (g), (h), and (i), respectively; and

(2) by inserting after subsection (e) the following new subsection (f):

''(f) AUTHORITY TO ACCEPT FOREIGN GIFTS AND DONATIONS.—(1) The Secretary of Defense may, on behalf of the Institute, accept foreign gifts or donations in order to defray the costs of, or enhance the operation of, the Institute.

''(2) Funds received by the Secretary under paragraph (1) shall be credited to appropriations available for the Department of Defense for the Institute. Funds so credited shall be merged with the appropriations to which credited and shall be available for the Institute for the same purposes and same period as the appropriations with which merged.

''(3) The Secretary of Defense shall notify Congress if the total amount of money accepted under paragraph (1) exceeds $1,000,000 in any fiscal year. Any such notice shall list each of the contributors of such money and the amount of each contribution in such fiscal year.

''(4) For the purposes of this subsection, a foreign gift or donation is a gift or donation of funds, materials (including research materials), property, or services (including lecture services and faculty services) from a foreign government, a foundation or other charitable organization in a foreign country, or an individual in a foreign country.''.

(b) CONTENT OF ANNUAL REPORT TO CONGRESS.—Subsection (i) of such section, as redesignated by subsection (a)(1), is amended by inserting after the first sentence the following: ''The report shall include a copy of the latest report of the Board of Visitors received by the Secretary under subsection (e)(5), together with any comments of the Secretary on the Board's report.''.

SEC. 906. VETERINARY CORPS OF THE ARMY.

(a) COMPOSITION AND ADMINISTRATION.—(1) Chapter 307 of title 10, United States Code, is amended by inserting after section 3070 the following new section 3071:

''§ 3071. Veterinary Corps: composition; Chief and assistant chief; appointment; grade

''(a) COMPOSITION.—The Veterinary Corps consists of the Chief and assistant chief of that corps and other officers in grades prescribed by the Secretary of the Army.

''(b) CHIEF.—The Secretary of the Army shall appoint the Chief from the officers of the Regular Army in that corps whose regular grade is above lieutenant colonel and who are recommended by the Surgeon General. An appointee who holds a lower regular grade may be appointed in the regular grade of brigadier general. The Chief serves during the pleasure of the Secretary, but not for more than four years, and may not be reappointed to the same position.

''(c) ASSISTANT CHIEF.—The Surgeon General shall appoint the assistant chief from the officers of the Regular Army in that corps whose regular grade is above lieutenant colonel. The assistant chief serves during the pleasure of the Surgeon General, but not for more than four years and may not be reappointed to the same position.''.

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 3070 the following new item:

''3071. Veterinary Corps: composition; Chief and assistant chief; appointment; grade.''.

(b) EFFECTIVE DATE.—Section 3071 of title 10, United States Code, as added by subsection (a), shall take effect on October 1, 2002.

SEC. 907. UNDER SECRETARY OF DEFENSE FOR INTELLIGENCE.

(a) ESTABLISHMENT OF POSITION.—Chapter 4 of title 10, United States Code, is amended—

(1) by transferring section 137 within such chapter to appear following section 138;

(2) by redesignating sections 137 and 139 as sections 139 and 139a, respectively; and

(3) by inserting after section 136a the following new section 137:

''§ 137. Under Secretary of Defense for Intelligence

''(a) There is an Under Secretary of Defense for Intelligence, appointed from civilian life by the President, by and with the advice and consent of the Senate.

''(b) Subject to the authority, direction, and control of the Secretary of Defense, the Under Secretary of Defense for Intelligence shall perform such duties and exercise such powers as the Secretary of Defense may prescribe in the area of intelligence.

''(c) The Under Secretary of Defense for Personnel and Readiness takes precedence in the Department of Defense after the Under Secretary of Defense for Personnel and Readiness.''.

(b) CONFORMING AMENDMENTS.—(1) Section 131 of such title is amended—

(A) by striking paragraphs (2), (3), (4), and (5), and inserting the following:

''(2) The Under Secretaries of Defense, as follows:

''(A) The Under Secretary of Defense for Acquisition, Technology, and Logistics.

''(B) The Under Secretary of Defense for Policy.

''(C) The Under Secretary of Defense (Comptroller).

''(D) The Under Secretary of Defense for Personnel and Readiness.

''(E) The Under Secretary of Defense for Intelligence.''; and

(B) by redesignating paragraphs (6), (7), (8), (9), (10), and (11) as paragraphs (3), (4), (5), (6), (7), and (8), respectively.

(2) The table of sections at the beginning of chapter 4 of such title is amended—

(A) by striking the item relating to section 137 and inserting the following:

''137. Under Secretary of Defense for Intelligence.'';

and

(B) by striking the item relating to section 139 and inserting the following:

''139. Director of Research and Engineering.

''139a. Director of Operational Test and Evaluation.''.

(c) EXECUTIVE LEVEL III.—Section 5314 of title 5, United States Code, is amended by inserting after ''Under Secretary of Defense for Personnel and Readiness.'' the following:

''Under Secretary of Defense for Intelligence.''.

TITLE X—GENERAL PROVISIONS

Subtitle A—Financial Matters

SEC. 1001. TRANSFER AUTHORITY.

(a) AUTHORITY TO TRANSFER AUTHORIZATIONS.—(1) Upon determination by the Secretary of Defense that such action is necessary in the national interest, the Secretary may transfer amounts of authorizations made available to the Department of Defense in this division for fiscal year 2003 between any such authorizations for that fiscal year (or any subdivisions thereof). Amounts of authorizations so transferred shall be merged with and be available for the same purposes as the authorization to which transferred.

(2) The total amount of authorizations that the Secretary may transfer under the authority of this section may not exceed $2,500,000,000.

(b) LIMITATIONS.—The authority provided by this section to transfer authorizations—

(1) may only be used to provide authority for items that have a higher priority than the items from which authority is transferred; and

(2) may not be used to provide authority for an item that has been denied authorization by Congress.

(c) EFFECT ON AUTHORIZATION AMOUNTS.—A transfer made from one account to another under the authority of this section shall be deemed to increase the amount authorized for the account to which the amount is transferred by an amount equal to the amount transferred.

(d) NOTICE TO CONGRESS.—The Secretary shall promptly notify Congress of each transfer made under subsection (a).

SEC. 1002. REALLOCATION OF AUTHORIZATIONS OF APPROPRIATIONS FROM BALLISTIC MISSILE DEFENSE TO SHIPBUILDING.

(a) AMOUNT.—Notwithstanding any other provision of this Act, the total amount authorized to be appropriated under section 201(4) is hereby reduced by $690,000,000, and the amount authorized to be appropriated under section 102(a)(3) is hereby increased by $690,000,000.

(b) SOURCE OF REDUCTION.—The total amount of the reduction in the amount authorized to be appropriated under section 201(4) shall be derived from the amount provided under that section for ballistic missile defense for research, development, test, and evaluation.

(c) ALLOCATION OF INCREASE.—Of the additional amount authorized to be appropriated under section 102(a)(3) pursuant to subsection (a)—

(1) $415,000,000 shall be available for advance procurement of a Virginia class submarine;

(2) $125,000,000 shall be available for advance procurement of a DDG–51 class destroyer; and

(3) $150,000,000 shall be available for advance procurement of an LPD–17 class amphibious transport dock.

SEC. 1003. AUTHORIZATION OF APPROPRIATIONS FOR CONTINUED OPERATIONS FOR THE WAR ON TERRORISM.

(a) AMOUNT.—(1) In addition to the amounts authorized to be appropriated under divisions A and B, funds are hereby authorized to be appropriated for fiscal year 2003 (subject to subsection (b)) in the total amount of $10,000,000,000 for the conduct of operations in continuation of the war on terrorism in accordance with the Authorization for Use of Military Force (Public Law 107–40; 50 U.S.C. 1541 note).

(2) The amount authorized to be appropriated under paragraph (1) shall be available for increased operating costs, transportation costs, costs of humanitarian efforts, costs of special pays, costs of enhanced intelligence efforts, increased personnel costs for members of the reserve components ordered to active duty under a provision of law referred to in section 101(a)(13)(B) of title 10, United States Code, and other costs related to operations referred to in paragraph (1).

(b) AUTHORIZATION CONTINGENT ON BUDGET REQUEST.—The authorization of appropriations in subsection (a) shall be effective only to the extent of the amount provided in a budget request for the appropriation of funds for purposes set forth in subsection (a) that is submitted by the President to Congress after the date of the enactment of this Act and—

(1) includes a designation of the requested amount as being essential to respond to or protect against acts or threatened acts of terrorism; and

(2) specifies a proposed allocation and plan for the use of the appropriation for purposes set forth in subsection (a).

SEC. 1004. AUTHORIZATION OF EMERGENCY SUPPLEMENTAL APPROPRIATIONS FOR FISCAL YEAR 2002.

Amounts authorized to be appropriated to the Department of Defense for fiscal year

2002 in the National Defense Authorization Act for Fiscal Year 2002 (Public Law 107–107) are hereby adjusted, with respect to any such authorized amount, by the amount by which appropriations pursuant to such authorization were increased (by a supplemental appropriation) or decreased (by a rescission), or both, in any law making supplemental appropriations for fiscal year 2002 that is enacted during the 107th Congress, second session.

SEC. 1005. UNITED STATES CONTRIBUTION TO NATO COMMON-FUNDED BUDGETS IN FISCAL YEAR 2003.

(a) FISCAL YEAR 2003 LIMITATION.—The total amount contributed by the Secretary of Defense in fiscal year 2003 for the common-funded budgets of NATO may be any amount up to, but not in excess of, the amount specified in subsection (b) (rather than the maximum amount that would otherwise be applicable to those contributions under the fiscal year 1998 baseline limitation).

(b) TOTAL AMOUNT.—The amount of the limitation applicable under subsection (a) is the sum of the following:

(1) The amounts of unexpended balances, as of the end of fiscal year 2002, of funds appropriated for fiscal years before fiscal year 2003 for payments for those budgets.

(2) The amount specified in subsection (c)(1).

(3) The amount specified in subsection (c)(2).

(4) The total amount of the contributions authorized to be made under section 2501.

(c) AUTHORIZED AMOUNTS.—Amounts authorized to be appropriated by titles II and III of this Act are available for contributions for the common-funded budgets of NATO as follows:

(1) Of the amount provided in section 201(1), $750,000 for the Civil Budget.

(2) Of the amount provided in section 301(a)(1), $205,623,000 for the Military Budget.

(d) DEFINITIONS.—For purposes of this section:

(1) COMMON-FUNDED BUDGETS OF NATO.—The term ''common-funded budgets of NATO'' means the Military Budget, the Security Investment Program, and the Civil Budget of the North Atlantic Treaty Organization (and any successor or additional account or program of NATO).

(2) FISCAL YEAR 1998 BASELINE LIMITATION.—The term ''fiscal year 1998 baseline limitation'' means the maximum annual amount of Department of Defense contributions for common-funded budgets of NATO that is set forth as the annual limitation in section 3(2)(C)(ii) of the resolution of the Senate giving the advice and consent of the Senate to the ratification of the Protocols to the North Atlantic Treaty of 1949 on the Accession of Poland, Hungary, and the Czech Republic (as defined in section 4(7) of that resolution), approved by the Senate on April 30, 1998.

SEC. 1006. DEVELOPMENT AND IMPLEMENTATION OF FINANCIAL MANAGEMENT ENTERPRISE ARCHITECTURE.

(a) REQUIREMENT FOR ENTERPRISE ARCHITECTURE AND TRANSITION PLAN.—Not later than March 15, 2003, the Secretary of Defense shall develop a proposed financial management enterprise architecture for all budgetary, accounting, finance, and data feeder systems of the Department of Defense, together with a transition plan for implementing the proposed enterprise architecture.

(b) COMPOSITION OF ARCHITECTURE.—The proposed financial management enterprise architecture developed under subsection (a) shall describe a system that, at a minimum—

(1) includes data standards and system interface requirements that are to apply uniformly throughout the Department of Defense;

(2) enables the Department of Defense—

(A) to comply with Federal accounting, financial management, and reporting requirements;

(B) to routinely produce timely, accurate, and useful financial information for management purposes;

(C) to integrate budget, accounting, and program information and systems; and

(D) to provide for the systematic measurement of performance, including the ability to produce timely, relevant, and reliable cost information.

(c) COMPOSITION OF TRANSITION PLAN.—The transition plan developed under subsection (a) shall contain specific time-phased milestones for modifying or eliminating existing systems and for acquiring new systems necessary to implement the proposed enterprise architecture.

(d) EXPENDITURES FOR IMPLEMENTATION.—The Secretary of Defense may not obligate more than $1,000,000 for a defense financial system improvement on or after the enterprise architecture approval date unless the Financial Management Modernization Executive Committee determines that the defense financial system improvement is consistent with the proposed enterprise architecture and transition plan.

(e) EXPENDITURES PENDING ARCHITECTURE APPROVAL.—The Secretary of Defense may not obligate more than $1,000,000 for a defense financial system improvement during the enterprise architecture pre-approval period unless the Financial Management Modernization Executive Committee determines that the defense financial system improvement is necessary—

(1) to achieve a critical national security capability or address a critical requirement in an area such as safety or security; or

(2) to prevent a significant adverse effect (in terms of a technical matter, cost, or schedule) on a project that is needed to achieve an essential capability, taking into consideration in the determination the alternative solutions for preventing the adverse effect.

(f) COMPTROLLER GENERAL REVIEW.—Not later than March 1 of each of 2003, 2004, and 2005, the Comptroller General shall submit to the congressional defense committees a report on defense financial management system improvements that have been undertaken during the previous year. The report shall include the Comptroller General's assessment of the extent to which the improvements comply with the requirements of this section.

(g) DEFINITIONS.—In this section:

(1) The term ''defense financial system improvement''—

(A) means the acquisition of a new budgetary, accounting, finance, or data feeder system for the Department of Defense, or a modification of an existing budgetary, accounting, finance, or data feeder system of the Department of Defense; and

(B) does not include routine maintenance and operation of any such system.

(2) The term ''enterprise architecture approval date'' means the date on which the Secretary of Defense approves a proposed financial management enterprise architecture and a transition plan that satisfy the requirements of this section.

(3) The term ''enterprise architecture pre-approval period'' means the period beginning on the date of the enactment of this Act and ending on the day before the enterprise architecture approval date.

(4) The term ''feeder system'' means a data feeder system within the meaning of section 2222(c)(2) of title 10, United States Code.

(5) The term ''Financial Management Modernization Executive Committee'' means the Financial Management Modernization Executive Committee established pursuant to section 185 of title 10, United States Code.

SEC. 1007. DEPARTMENTAL ACCOUNTABLE OFFICIALS IN THE DEPARTMENT OF DEFENSE.

(a) DESIGNATION AND ACCOUNTABILITY.—Chapter 165 of title 10, United States Code, is amended by inserting after section 2773 the following new section:

''§ 2773a. Departmental accountable officials

''(a) DESIGNATION.—The Secretary of Defense may designate, in writing, as a departmental accountable official any employee of the Department of Defense or any member of the armed forces who—

''(1) has a duty to provide a certifying official of the Department of Defense with information, data, or services directly relied upon by the certifying official in the certification of vouchers for payment; and

''(1) is not otherwise accountable under subtitle III of title 31 or any other provision of law for payments made on the basis of the vouchers.

''(b) PECUNIARY LIABILITY.—(1) The Secretary of Defense may, in a designation of a departmental accountable official under subsection (a), subject that official to pecuniary liability, in the same manner and to the same extent as an official accountable under subtitle III of title 31, for an illegal, improper, or incorrect payment made pursuant to a voucher certified by a certifying official of the Department of Defense on the basis of information, data, or services that—

''(A) the departmental accountable official provides to the certifying official in the performance of a duty described in subsection (a)(1); and

''(B) the certifying official directly relies upon in certifying the voucher.

''(2) Any pecuniary liability imposed on a departmental accountable official under this subsection for a loss to the United States resulting from an illegal, improper, or incorrect payment shall be joint and several with that of any other employee or employees of the United States or member or members of the uniformed services who are pecuniarily liable for the loss.

''(c) RELIEF FROM PECUNIARY LIABILITY.—The Secretary of Defense shall relieve a departmental accountable official from pecuniary liability imposed under subsection (b) in the case of a payment if the Secretary determines that the payment was not a result of fault or negligence on the part of the departmental accountable official.

''(d) CERTIFYING OFFICIAL DEFINED.—In this section, the term 'certifying official' means an employee who has the responsibilities specified in section 3528(a) of title 31.''.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 2773 the following new item:

''2773a. Departmental accountable officials.''.

SEC. 1008. DEPARTMENT-WIDE PROCEDURES FOR ESTABLISHING AND LIQUIDATING PERSONAL PECUNIARY LIABILITY.

(a) REPORT OF SURVEY PROCEDURES.—(1) Chapter 165 of title 10, United States Code, is amended by inserting after section 2786 the following new section:

''§ 2787. Reports of survey

''(a) REGULATIONS.—Under regulations prescribed pursuant to subsection (c), any officer of the armed forces or any civilian employee of the Department of Defense designated in accordance with the regulations may act upon reports of survey and vouchers pertaining to the loss, spoilage, unserviceability, unsuitability, or destruction of, or damage to, property of the United

States under the control of the Department of Defense.

''(b) FINALITY OF ACTION.—(1) Action taken under subsection (a) is final except as provided in paragraph (2).

''(2) An action holding a person pecuniarily liable for loss, spoilage, destruction, or damage is not final until approved by a person designated to do so by the Secretary of a military department, commander of a combatant command, or Director of a Defense Agency, as the case may be, who has jurisdiction of the person held pecuniarily liable. The person designated to provide final approval shall be an officer of an armed force, or a civilian employee, under the jurisdiction of the official making the designation.

''(c) REGULATIONS.—The Secretary of Defense shall prescribe regulations to carry out this section.''.

(2) The table of sections at the beginning of chapter 165 of such title is amended by inserting after the item relating to section 2786 the following new item:

''2787. Reports of survey.''.

(b) DAMAGE OR REPAIR OF ARMS AND EQUIPMENT.—Section 1007(e) of title 37, United States Code, is amended by striking ''Army or the Air Force'' and inserting ''Army, Navy, Air Force, or Marine Corps''.

(c) REPEAL OF SUPERSEDED PROVISIONS.—(1) Sections 4835 and 9835 of title 10, United States Code, are repealed.

(2) The tables of sections at the beginning of chapters 453 and 953 of such title are amended by striking the items relating to sections 4835 and 9835, respectively.

SEC. 1009. TRAVEL CARD PROGRAM INTEGRITY.

(a) AUTHORITY.—Section 2784 of title 10, United States Code, is amended by adding at the end the following new subsections:

''(d) DISBURSEMENT OF ALLOWANCES DIRECTLY TO CREDITORS.—(1) The Secretary of Defense may require that any part of the travel or transportation allowances of an employee of the Department of Defense or a member of the armed forces be disbursed directly to the issuer of a Defense travel card if the amount is disbursed to the issuer in payment of amounts of expenses of official travel that are charged by the employee or member on the Defense travel card.

''(2) For the purposes of this subsection, the travel and transportation allowances referred to in paragraph (1) are amounts to which an employee of the Department of Defense is entitled under section 5702 of title 5 and or a member of the armed forces is entitled section 404 of title 37.

''(e) OFFSETS FOR DELINQUENT TRAVEL CARD CHARGES.—(1) The Secretary of Defense may require that there be deducted and withheld from any pay payable to an employee of the Department of Defense or a member of the armed forces any amount that is owed by the employee or member to a creditor by reason of one or more charges of expenses of official travel of the employee or member on a Defense travel card issued by the creditor if the employee or member—

''(A) is delinquent in the payment of such amount under the terms of the contract under which the card is issued; and

''(B) does not dispute the amount of the delinquency.

''(2) The amount deducted and withheld from pay under paragraph (1) with respect to a debt owed a creditor as described in that paragraph shall be disbursed to the creditor to reduce the amount of the debt.

''(3) The amount of pay deducted and withheld from the pay owed to an employee or member with respect to a pay period under paragraph (1) may not exceed 15 percent of the disposable pay of the employee or member for that pay period, except that a higher amount may be deducted and withheld with the written consent of the employee or member.

''(4) The Secretary of Defense shall prescribe procedures for deducting and withholding amounts from pay under this subsection. The procedures shall be substantially equivalent to the procedures under section 3716 of title 31.

''(f) UNDER SECRETARY OF DEFENSE (COMPTROLLER).—The Secretary of Defense shall act through the Under Secretary of Defense (Comptroller) in carrying out this section.

''(g) DEFINITIONS.—In this section:

''(1) The term 'Defense travel card' means a charge or credit card that—

''(A) is issued to an employee of the Department of Defense or a member of the armed forces under a contract entered into by the Department of Defense and the issuer of the card; and

''(B) is to be used for charging expenses incurred by the employee or member in connection with official travel.

''(2) The term 'disposable pay', with respect to a pay period, means the amount equal to the excess of the amount of basic pay payable for the pay period over the total of the amounts deducted and withheld from such pay.''.

(b) CONFORMING AMENDMENT.—Subsection (a) of such section is amended by striking '', acting through the Under Secretary of Defense (Comptroller),''.

SEC. 1010. CLEARANCE OF CERTAIN TRANSACTIONS RECORDED IN TREASURY SUSPENSE ACCOUNTS AND RESOLUTION OF CERTAIN CHECK ISSUANCE DISCREPANCIES.

(a) CLEARING OF SUSPENSE ACCOUNTS.—(1) In the case of any transaction that was entered into by or on behalf of the Department of Defense before March 1, 2001, that is recorded in the Department of Treasury Budget Clearing Account (Suspense) designated as account F3875, the Unavailable Check Cancellations and Overpayments (Suspense) designated as account F3880, or an Undistributed Intergovernmental Payments account designated as account F3885, and for which no appropriation for the Department of Defense has been identified—

(A) any undistributed collection credited to such account in such case shall be deposited to the miscellaneous receipts of the Treasury; and

(B) subject to paragraph (2), any undistributed disbursement recorded in such account in such case shall be canceled.

(2) An undistributed disbursement may not be canceled under paragraph (1) until the Secretary of Defense has made a written determination that the appropriate official or officials of the Department of Defense have attempted without success to locate the documentation necessary to demonstrate which appropriation should be charged and further efforts are not in the best interests of the United States.

(b) RESOLUTION OF CHECK ISSUANCE DISCREPANCIES.—(1) In the case of any check drawn on the Treasury that was issued by or on behalf of the Department of Defense before October 31, 1998, for which the Secretary of the Treasury has reported to the Department of Defense a discrepancy between the amount paid and the amount of the check as transmitted to the Department of Treasury, and for which no specific appropriation for the Department of Defense can be identified as being associated with the check, the discrepancy shall be canceled, subject to paragraph (2).

(2) A discrepancy may not be canceled under paragraph (1) until the Secretary of Defense has made a written determination that the appropriate official or officials of the Department of Defense have attempted without success to locate the documentation necessary to demonstrate which appropriation should be charged and further efforts are not in the best interests of the United States.

(c) CONSULTATION.—The Secretary of Defense shall consult the Secretary of the Treasury in the exercise of the authority granted by subsections (a) and (b).

(d) DURATION OF AUTHORITY.—(1) A particular undistributed disbursement may not be canceled under subsection (a) more than 30 days after the date of the written determination made by the Secretary of Defense under such subsection regarding that undistributed disbursement.

(2) A particular discrepancy may not be canceled under subsection (b) more than 30 days after the date of the written determination made by the Secretary of Defense under such subsection regarding that discrepancy.

(3) No authority may be exercised under this section after the date that is two years after the date of the enactment of this Act.

SEC. 1011. ADDITIONAL AMOUNT FOR BALLISTIC MISSILE DEFENSE OR COMBATING TERRORISM IN ACCORDANCE WITH NATIONAL SECURITY PRIORITIES OF THE PRESIDENT.

(a) AUTHORIZATION OF APPROPRIATIONS.—In addition to other amounts authorized to be appropriated by other provisions of this division, there is hereby authorized to be appropriated for the Department of Defense for fiscal year 2003, $814,300,000 for whichever of the following purposes the President determines that the additional amount is necessary in the national security interests of the United States:

(1) Research, development, test, and evaluation for ballistic missile defense programs of the Department of Defense.

(2) Activities of the Department of Defense for combating terrorism at home and abroad.

(b) OFFSET.—The total amount authorized to be appropriated under the other provisions of this division is hereby reduced by $814,300,000 to reflect the amounts that the Secretary determines unnecessary by reason of a revision of assumptions regarding inflation that are applied as a result of the midsession review of the budget conducted by the Office of Management and Budget during the spring and early summer of 2002.

(c) PRIORITY FOR ALLOCATING FUNDS.—In the expenditure of additional funds made available by a lower rate of inflation, the top priority shall be the use of such funds for Department of Defense activities for protecting the American people at home and abroad by combating terrorism at home and abroad.

SEC. 1012. AVAILABILITY OF AMOUNTS FOR OREGON ARMY NATIONAL GUARD FOR SEARCH AND RESCUE AND MEDICAL EVACUATION MISSIONS IN ADVERSE WEATHER CONDITIONS.

(a) INCREASE IN AUTHORIZATION OF APPROPRIATIONS FOR ARMY PROCUREMENT.—The amount authorized to be appropriated by section 101(1) for procurement for the Army for aircraft is hereby increased by $3,000,000.

(b) AVAILABILITY.—Of the amount authorized to be appropriated by section 101(1) for procurement for the Army for aircraft, as increased by subsection (a), $3,000,000 shall be available for the upgrade of three UH–60L Blackhawk helicopters of the Oregon Army National Guard to the capabilities of UH–60Q Search and Rescue model helicopters, including Star Safire FLIR, Breeze-Eastern External Rescue Hoist, and Air Methods COTS Medical Systems upgrades, in order to improve the utility of such UH–60L Blackhawk helicopters in search and rescue and medical evacuation missions in adverse weather conditions.

(c) INCREASE IN AUTHORIZATION OF APPROPRIATIONS FOR MILITARY PERSONNEL.—The amount authorized to be appropriated by

section 421 for military personnel is hereby increased by $1,800,000.

(d) AVAILABILITY.—Of the amount authorized to be appropriated by section 421 for military personnel, as increased by subsection (d), $1,800,000 shall be available for up to 26 additional personnel for the Oregon Army National Guard.

(e) OFFSET.—The amount authorized to be appropriated by section 301(a)(1) for operation and maintenance for the Army is hereby reduced by $4,800,000, with the amount of the reduction to be allocated to Base Operations Support (Servicewide Support).

Subtitle B—Naval Vessels and Shipyards

SEC. 1021. NUMBER OF NAVY SURFACE COMBATANTS IN ACTIVE AND RESERVE SERVICE.

(a) CONTINGENT REQUIREMENT FOR REPORT.—If, on the date of the enactment of this Act, the total number of Navy ships comprising the force of surface combatants is less than 116, the Secretary of the Navy shall submit a report on the size of that force to the Committees on Armed Services of the Senate and the House of Representatives. The report shall be submitted not later than 90 days after such date and shall include a risk assessment for such force that is based on the same assumptions as those that were applied in the QDR 2001 current force risk assessment.

(b) LIMITATION ON REDUCTION.—The force of surface combatants may not be reduced at any time after the date of the enactment of this Act from a number of ships (whether above, equal to, or below 116) to a number of ships below 116 before the date that is 90 days after the date on which the Secretary of the Navy submits to the committees referred to in subsection (a) a written notification of the reduction. The notification shall include the following information:

(1) The schedule for the reduction.

(2) The number of ships that are to comprise the reduced force of surface combatants.

(3) A risk assessment for the reduced force that is based on the same assumptions as those that were applied in the QDR 2001 current force risk assessment.

(c) PRESERVATION OF SURGE CAPABILITY.—Whenever the total number of Navy ships comprising the force of surface combatants is less than 116, the Secretary of the Navy shall maintain on the Naval Vessel Register a sufficient number of surface combatant ships to enable the Navy to regain a total force of 116 surface combatant ships in active and reserve service in the Navy within 120 days after the President decides to increase the force of surface combatants.

(d) DEFINITIONS.—In this section:

(1) The term ''force of surface combatants'' means the surface combatant ships in active and reserve service in the Navy.

(2) The term ''QDR 2001 current force risk assessment'' means the risk assessment associated with a force of 116 surface combatant ships in active and reserve service in the Navy that is set forth in the report on the quadrennial defense review submitted to Congress on September 30, 2001, under section 118 of title 10, United States Code.

SEC. 1022. PLAN FOR FIELDING THE 155-MILLIMETER GUN ON A SURFACE COMBATANT.

(a) REQUIREMENT FOR PLAN.—The Secretary of the Navy shall submit to Congress a plan for fielding the 155-millimeter gun on one surface combatant ship in active service in the Navy. The Secretary shall submit the plan at the same time that the President submits the budget for fiscal year 2004 to Congress under section 1105(a) of title 31, United States Code.

(b) FIELDING ON EXPEDITED SCHEDULE.—The plan shall provide for fielding the 155-millimeter gun on an expedited schedule that is consistent with the achievement of safety of operation and fire support capabilities meeting the fire support requirements of the Marine Corps, but not later than October 1, 2006.

SEC. 1023. REPORT ON INITIATIVES TO INCREASE OPERATIONAL DAYS OF NAVY SHIPS.

(a) REQUIREMENT FOR REPORT ON INITIATIVES.—(1) The Under Secretary of Defense for Acquisition, Technology, and Logistics shall submit to the Committees on Armed Services of the Senate and the House of Representatives a report on Department of Defense initiatives to increase the number of operational days of Navy ships as described in subsection (b).

(2) The report shall cover the ongoing Department of Defense initiatives as well as potential initiatives that are under consideration within the Department of Defense.

(b) INITIATIVES WITHIN LIMITS OF EXISTING FLEET AND DEPLOYMENT POLICY.—The Under Secretary shall, in the report, assess the feasibility and identify the projected effects of conducting initiatives that have the potential to increase the number of operational days of Navy ships available to the commanders-in-chief of the regional unified combatant commands without increasing the number of Navy ships and without increasing the routine lengths of deployments of Navy ships above six months.

(c) REQUIRED FOCUS AREAS.—The report shall, at a minimum, address the following four focus areas:

(1) Assignment of additional ships, including submarines, to home ports closer to the areas of operation for the ships (known as ''forward homeporting'').

(2) Assignment of ships to remain in a forward area of operations, together with rotation of crews for each ship so assigned.

(3) Retention of ships for use until the end of the full service life, together with investment of the funds necessary to support retention to that extent.

(4) Prepositioning of additional ships with, under normal circumstances, small crews in a forward area of operations.

(d) TIME FOR SUBMITTAL.—The report shall be submitted at the same time that the President submits the budget for fiscal year 2004 to Congress under section 1105(a) of title 31, United States Code.

SEC. 1024. ANNUAL LONG-RANGE PLAN FOR THE CONSTRUCTION OF SHIPS FOR THE NAVY.

(a) FINDINGS.—Congress makes the following findings:

(1) Navy ships provide a forward presence for the United States that is a key to the national defense of the United States.

(2) The Navy has demonstrated that its ships contribute significantly to homeland defense.

(3) The Navy's ship recapitalization plan is inadequate to maintain the ship force structure that is described as the current force in the 2001 Quadrennial Defense Review.

(4) The Navy is decommissioning ships as much as 10 years earlier than the projected ship life upon which ship replacement rates are based.

(5) The current force was assessed in the 2001 Quadrennial Defense Review as having moderate to high risk, depending on the scenario considered.

(b) ANNUAL SHIP CONSTRUCTION PLAN.—(1) Chapter 9 of title 10, United States Code, is amended by adding at the end the following new section:

''§ 231. Annual ship construction plan

''(a) ANNUAL SHIP CONSTRUCTION PLAN.—The Secretary of Defense shall include in the defense budget materials for each fiscal year a plan for the construction of combatant and support ships for the Navy that—

''(1) supports the National Security Strategy; or

''(2) if there is no National Security Strategy in effect, supports the ship force structure called for in the report of the latest Quadrennial Defense Review.

''(b) CONTENT.—The ship construction plan included in the defense budget materials for a fiscal year shall provide in detail for the construction of combatant and support ships for the Navy over the 30 consecutive fiscal years beginning with the fiscal year covered by the defense budget materials and shall include the following matters:

''(1) A description of the necessary ship force structure of the Navy.

''(2) The estimated levels of funding necessary to carry out the plan, together with a discussion of the procurement strategies on which such estimated funding levels are based.

''(3) A certification by the Secretary of Defense that both the budget for the fiscal year covered by the defense budget materials and the future-years defense program submitted to Congress in relation to such budget under section 221 of this title provide for funding ship construction for the Navy at a level that is sufficient for the procurement of the ships provided for in the plan on schedule.

''(4) If the budget for the fiscal year provides for funding ship construction at a level that is not sufficient for the recapitalization of the force of Navy ships at the annual rate necessary to sustain the force, an assessment (coordinated with the commanders of the combatant commands in advance) that describes and discusses the risks associated with the reduced force structure that will result from funding ship construction at such insufficient level.

''(c) DEFINITIONS.—In this section:

''(1) The term 'budget', with respect to a fiscal year, means the budget for such fiscal year that is submitted to Congress by the President under section 1105(a) of title 31.

''(2) The term 'defense budget materials', with respect to a fiscal year, means the materials submitted to Congress by the Secretary of Defense in support of the budget for such fiscal year.

''(3) The term 'Quadrennial Defense Review' means the Quadrennial Defense Review that is carried out under section 118 of this title.''.

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

''231. Annual ship construction plan.''.

Subtitle C—Reporting Requirements

SEC. 1031. REPEAL AND MODIFICATION OF VARIOUS REPORTING REQUIREMENTS APPLICABLE WITH RESPECT TO THE DEPARTMENT OF DEFENSE.

(a) PROVISIONS OF TITLE 10.—Title 10, United States Code, is amended as follows:

(1)(A) Section 183 is repealed.

(B) The table of sections at the beginning of chapter 7 is amended by striking the item relating to section 183.

(2)(A) Sections 226 and 230 are repealed.

(B) The table of sections at the beginning of chapter 9 is amended by striking the items relating to sections 226 and 230.

(3) Effective two years after the date of the enactment of this Act—

(A) section 483 is repealed; and

(B) the table of sections at the beginning of chapter 23 is amended by striking the item relating to section 483.

(4) Section 526 is amended by striking subsection (c).

(5) Section 721(d) is amended—

(A) by striking paragraph (2); and

(B) by striking ''(1)'' before ''If an officer''.

(6) Section 1095(g) is amended—

(A) by striking paragraph (2); and

(B) by striking ''(1)'' after ''(g)''.

(7) Section 1798 is amended by striking subsection (d).

(8) Section 1799 is amended by striking subsection (d).

(9) Section 2220 is amended—

(A) by striking subsections (b) and (c);

(B) by striking ''(1)'' after ''ESTABLISHMENT OF GOALS.—''; and

(C) by striking ''(2) The'' and inserting ''(b) EVALUATION OF COST GOALS.—The''.

(10) Section 2350a(g) is amended by striking paragraph (4).

(11) Section 2350f is amended by striking subsection (c).

(12) Section 2350k is amended by striking subsection (d).

(13) Section 2367(d) is amended by striking ''EFFORT.—(1) In the'' and all that follows through ''(2) After the close of'' and inserting ''EFFORT.—After the close of''.

(14) Section 2391 is amended by striking subsection (c).

(15) Section 2486(b)(12) is amended by striking '', except that'' and all that follows and inserting the following: '', except that the Secretary shall notify Congress of any addition of, or change in, a merchandise category under this paragraph.''.

(16) Section 2492 is amended by striking subsection (c) and inserting the following:

''(c) NOTIFICATION OF CONDITIONS NECESSITATING RESTRICTIONS.—The Secretary of Defense shall notify Congress of any change proposed or made to any of the host nation laws or any of the treaty obligations of the United States, and any changed conditions within host nations, if the change would necessitate the use of quantity or other restrictions on purchases in commissary and exchange stores located outside the United States.''.

(17)(A) Section 2504 is repealed.

(B) The table of sections at the beginning of subchapter II of chapter 148 is amended by striking the item relating to section 2504.

(18) Section 2506—

(A) is amended by striking subsection (b); and

(B) by striking ''(a) DEPARTMENTAL GUIDANCE.—''.

(19) Section 2537(a) is amended by striking ''$100,000'' and inserting ''$10,000,000''.

(20) Section 2611 is amended by striking subsection (e).

(21) Section 2667(d) is amended by striking paragraph (3).

(22) Section 2813 is amended by striking subsection (c).

(23) Section 2827 is amended—

(A) by striking subsection (b); and

(B) by striking ''(a) Subject to subsection (b), the Secretary'' and inserting ''The Secretary''.

(24) Section 2867 is amended by striking subsection (c).

(25) Section 4416 is amended by striking subsection (f).

(26) Section 5721(f) is amended—

(A) by striking paragraph (2); and

(B) by striking ''(1)'' after the subsection heading.

(b) NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1995.—Section 553(b) of the National Defense Authorization Act for Fiscal Year 1995 (Public Law 103–337; 108 Stat. 2772; 10 U.S.C. 4331 note) is amended by striking the last sentence.

(c) BALLISTIC MISSILE DEFENSE ACT OF 1995.—Section 234 of the Ballistic Missile Defense Act of 1995 (subtitle C of title II of Public Law 104–106; 10 U.S.C. 2431 note) is amended by striking subsection (f).

SEC. 1032. ANNUAL REPORT ON WEAPONS TO DEFEAT HARDENED AND DEEPLY BURIED TARGETS.

(a) ANNUAL REPORT.—Not later than April 1, 2003, and each year thereafter, the Secretary of Defense, Secretary of Energy, and Director of Central Intelligence shall jointly submit to the congressional defense committees a report on the research and development activities undertaken by their respective agencies during the preceding fiscal year to develop a weapon to defeat hardened and deeply buried targets.

(b) REPORT ELEMENTS.—The report for a fiscal year under subsection (a) shall—

(1) include a discussion of the integration and interoperability of the various programs to develop a weapon referred to in that subsection that were undertaken during such fiscal year, including a discussion of the relevance of such programs to applicable decisions of the Joint Requirements Oversight Council; and

(2) set forth separately a description of the research and development activities, if any, to develop a weapon referred to in that subsection that were undertaken during such fiscal year by each military department, the Department of Energy, and the Central Intelligence Agency.

SEC. 1033. REVISION OF DATE OF ANNUAL REPORT ON COUNTERPROLIFERATION ACTIVITIES AND PROGRAMS.

Section 1503(a) of the National Defense Authorization Act for Fiscal Year 1995 (22 U.S.C. 2751 note) is amended by striking ''February 1 of each year'' and inserting ''May 1 each year''.

SEC. 1034. QUADRENNIAL QUALITY OF LIFE REVIEW.

(a) REQUIREMENT FOR REVIEW.—Chapter 23 of title 10, United States Code, is amended by adding at the end the following new section:

''§ 488. Quadrennial quality of life review

''(a) REVIEW REQUIRED.—(1) The Secretary of Defense shall every four years, two years after the submission of the quadrennial defense review to Congress under section 118 of this title, conduct a comprehensive examination of the quality of life of the members of the armed forces (to be known as the 'quadrennial quality of life review'). The review shall include examination of the programs, projects, and activities of the Department of Defense, including the morale, welfare, and recreation activities.

''(2) The quadrennial review shall be designed to result in determinations, and to foster policies and actions, that reflect the priority given the quality of life of members of the armed forces as a primary concern of the Department of Defense leadership.

''(b) CONDUCT OF REVIEW.—Each quadrennial quality of life review shall be conducted so as—

''(1) to assess quality of life priorities and issues consistent with the most recent National Security Strategy prescribed by the President pursuant to section 108 of the National Security Act of 1947 (50 U.S.C. 404a);

''(2) to identify actions that are needed in order to provide members of the armed forces with the quality of life reasonably necessary to encourage the successful execution of the full range of missions that the members are called on to perform under the national security strategy;

''(3) to provide a full accounting of the backlog of installations in need of maintenance and repair, to determine how the disrepair affects performance and quality of life of members and their families, and to identify the budget plan that would be required to provide the resources necessary to remedy the backlog of maintenance and repair; and

''(4) to identify other actions that have the potential for improving the quality of life of the members of the armed forces.

''(c) CONSIDERATIONS.—Among the matters considered by the Secretary in conducting the quadrennial review, the Secretary shall include the following matters:

''(1) Infrastructure.

''(2) Military construction.

''(3) Physical conditions at military installations and other Department of Defense facilities.

''(4) Budget plans.

''(5) Adequacy of medical care for members of the armed forces and their dependents.

''(6) Adequacy of housing and the basic allowance for housing and basic allowance for subsistence.

''(7) Housing-related utility costs.

''(8) Educational opportunities and costs.

''(9) Length of deployments.

''(10) Rates of pay, and pay differentials between the pay of members and the pay of civilians.

''(11) Retention and recruiting efforts.

''(12) Workplace safety.

''(13) Support services for spouses and children.

''(14) Other elements of Department of Defense programs and Federal Government policies and programs that affect the quality of life of members.

''(d) SUBMISSION OF QQLR TO CONGRESSIONAL COMMITTEES.—The Secretary shall submit a report on each quadrennial quality of life review to the Committees on Armed Services of the Senate and the House of Representatives. The report shall be submitted not later than September 30 of the year in which the review is conducted. The report shall include the following:

''(1) The results of the review, including a comprehensive discussion of how the quality of life of members of the armed forces affects the national security strategy of the United States.

''(2) The long-term quality of life problems of the armed forces, together with proposed solutions.

''(3) The short-term quality of life problems of the armed forces, together with proposed solutions.

''(4) The assumptions used in the review.

''(5) The effects of quality of life problems on the morale of the members of the armed forces.

''(6) The quality of life problems that affect the morale of members of the reserve components in particular, together with solutions.

''(7) The effects of quality of life problems on military preparedness and readiness.

''(8) The appropriate ratio of—

''(A) the total amount expended by the Department of Defense in a fiscal year for programs, projects, and activities designed to improve the quality of life of members of the armed forces, to

''(B) the total amount expended by the Department of Defense in the fiscal year.''.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

''488. Quadrennial quality of life review.''.

SEC. 1035. REPORTS ON EFFORTS TO RESOLVE WHEREABOUTS AND STATUS OF CAPTAIN MICHAEL SCOTT SPEICHER, UNITED STATES NAVY.

(a) REPORTS.— Not later than 60 days after the date of the enactment of this Act, and every 90 days thereafter, the Secretary of Defense shall, in consultation with the Secretary of State and the Director of Central Intelligence, submit to Congress a report on the efforts of the United States Government to determine the whereabouts and status of Captain Michael Scott Speicher, United States Navy.

(b) PERIOD COVERED BY REPORTS.—The first report under subsection (a) shall cover efforts described in that subsection preceding the date of the report, and each subsequent report shall cover efforts described in that subsection during the 90-day period ending on the date of such report.

(c) REPORT ELEMENTS.—Each report under subsection (a) shall describe, for the period covered by such report—

(1) all direct and indirect contacts with the Government of Iraq, or any successor government, regarding the whereabouts and status of Michael Scott Speicher;

(2) any request made to the government of another country, including the intelligence service of such country, for assistance in resolving the whereabouts and status of Michael Scott Speicher, including the response to such request;

(3) each current lead on the whereabouts and status of Michael Scott Speicher, including an assessment of the utility of such lead in resolving the whereabouts and status of Michael Scott Speicher; and

(4) any cooperation with nongovernmental organizations or international organizations in resolving the whereabouts and status of Michael Scott Speicher, including the results of such cooperation.

(d) FORM OF REPORTS.—Each report under subsection (a) shall be submitted in classified form, but may include an unclassified summary.

SEC. 1036. REPORT ON EFFORTS TO ENSURE ADEQUACY OF FIRE FIGHTING STAFFS AT MILITARY INSTALLATIONS.

Not later than Mary 31, 2003, the Secretary of Defense shall submit to Congress a report on the actions being undertaken to ensure that the fire fighting staffs at military installations are adequate under applicable Department of Defense regulations.

SEC. 1037. REPORT ON DESIGNATION OF CERTAIN LOUISIANA HIGHWAY AS DEFENSE ACCESS ROAD.

Not later than March 1, 2003, the Secretary of the Army shall submit to the congressional defense committees a report containing the results of a study on the advisability of designating Louisiana Highway 28 between Alexandria, Louisiana, and Leesville, Louisiana, a road providing access to the Joint Readiness Training Center, Louisiana, and to Fort Polk, Louisiana, as a defense access road for purposes of section 210 of title 23, United States Code.

SEC. 1038. PLAN FOR FIVE-YEAR PROGRAM FOR ENHANCEMENT OF MEASUREMENT AND SIGNATURES INTELLIGENCE CAPABILITIES.

(a) FINDING.—Congress finds that the national interest will be served by the rapid exploitation of basic research on sensors for purposes of enhancing the measurement and signatures intelligence (MASINT) capabilities of the Federal Government.

(b) PLAN FOR PROGRAM.—(1) Not later than March 30, 2003, the Director of the Central Measurement and Signatures Intelligence Office shall submit to Congress a plan for a five-year program of research intended to provide for the incorporation of the results of basic research on sensors into the measurement and signatures intelligence systems fielded by the Federal Government, including the review and assessment of basic research on sensors for that purpose.

(2) Activities under the plan shall be carried out by a consortium consisting of such governmental and non-governmental entities as the Director considers appropriate for purposes of incorporating the broadest practicable range of sensor capabilities into the systems referred to in paragraph (1). The consortium may include national laboratories, universities, and private sector entities.

(3) The plan shall include a proposal for the funding of activities under the plan, including cost-sharing by non-governmental participants in the consortium under paragraph (2).

SEC. 1039. REPORT ON VOLUNTEER SERVICES OF MEMBERS OF THE RESERVE COMPONENTS IN EMERGENCY RESPONSE TO THE TERRORIST ATTACKS OF SEPTEMBER 11, 2001.

(a) REQUIREMENT FOR REPORT.—Not later than 90 days after the date of the enactment of this Act, the Secretary of Defense shall submit to the Committees on Armed Services of the Senate and the House of Representatives a report on volunteer services described in subsection (b) that were provided by members of the National Guard and other reserve components of the Armed Forces, while not in a duty status pursuant to orders, during the period of September 11 through 14, 2001. The report shall include a discussion of any personnel actions that the Secretary considers appropriate for the members regarding the performance of such services.

(b) COVERED SERVICES.—The volunteer services referred to in subsection (a) are as follows:

(1) Volunteer services provided in the vicinity of the site of the World Trade Center, New York, New York, in support of emergency response to the terrorist attack on the World Trade Center on September 11, 2001.

(2) Volunteer services provided in the vicinity of the Pentagon in support of emergency response to the terrorist attack on the Pentagon on September 11, 2001.

SEC. 1040. BIANNUAL REPORTS ON CONTRIBUTIONS TO PROLIFERATION OF WEAPONS OF MASS DESTRUCTION AND DELIVERY SYSTEMS BY COUNTRIES OF PROLIFERATION CONCERN.

(a) REPORTS.—Not later than six months after the date of the enactment of this Act, and every six months thereafter, the President shall submit to Congress a report identifying each foreign person that, during the six-month period ending on the date of such report, made a material contribution to the development by a country of proliferation concern of—

(1) nuclear, biological, or chemical weapons; or

(2) ballistic or cruise missile systems.

(b) FORM OF SUBMITTAL.—(1) A report under subsection (a) may be submitted in classified form, whether in whole or in part, if the President determines that submittal in that form is advisable.

(2) Any portion of a report under subsection (a) that is submitted in classified form shall be accompanied by an unclassified summary of such portion.

(c) DEFINITIONS.—In this section:

(1) The term ''foreign person'' means—

(A) a natural person that is an alien;

(B) a corporation, business association, partnership, society, trust, or any other nongovernmental entity, organization, or group that is organized under the laws of a foreign country or has its principal place of business in a foreign country;

(C) any foreign governmental entity operating as a business enterprise; and

(D) any successor, subunit, or subsidiary of any entity described in subparagraph (B) or (C).

(2) The term ''country of proliferation concern'' means any country identified by the Director of Central Intelligence as having engaged in the acquisition of dual-use and other technology useful for the development or production of weapons of mass destruction (including nuclear, chemical, and biological weapons) and advanced conventional munitions in the most current report under section 721 of the Combatting Proliferation of Weapons of Mass Destruction Act of 1996 (title VII of Public Law 104–293; 50 U.S.C. 2366), or any successor report on the acquisition by foreign countries of dual-use and other technology useful for the development or production of weapons of mass destruction.

Subtitle D—Homeland Defense

SEC. 1041. HOMELAND SECURITY ACTIVITIES OF THE NATIONAL GUARD.

(a) AUTHORITY.—Chapter 1 of title 32, United States Code, is amended by adding at the end the following new section:

''§ 116. Homeland security activities

''(a) USE OF PERSONNEL PERFORMING FULL-TIME NATIONAL GUARD DUTY.—The Governor of a State may, upon the request by the head of a Federal law enforcement agency and with the concurrence of the Secretary of Defense, order any personnel of the National Guard of the State to perform full-time National Guard duty under section 502(f) of this title for the purpose of carrying out homeland security activities, as described in subsection (b).

''(b) PURPOSE AND DURATION.—(1) The purpose for the use of personnel of the National Guard of a State under this section is to temporarily provide trained and disciplined personnel to a Federal law enforcement agency to assist that agency in carrying out homeland security activities until that agency is able to recruit and train a sufficient force of Federal employees to perform the homeland security activities.

''(2) The duration of the use of the National Guard of a State under this section shall be limited to a period of 179 days. The Governor of the State may, with the concurrence of the Secretary of Defense, extend the period one time for an additional 90 days to meet extraordinary circumstances.

''(c) RELATIONSHIP TO REQUIRED TRAINING.—A member of the National Guard serving on full-time National Guard duty under orders authorized under subsection (a) shall participate in the training required under section 502(a) of this title in addition to the duty performed for the purpose authorized under that subsection. The pay, allowances, and other benefits of the member while participating in the training shall be the same as those to which the member is entitled while performing duty for the purpose of carrying out homeland security activities. The member is not entitled to additional pay, allowances, or other benefits for participation in training required under section 502(a)(1) of this title.

''(d) READINESS.—To ensure that the use of units and personnel of the National Guard of a State for homeland security activities does not degrade the training and readiness of such units and personnel, the following requirements shall apply in determining the homeland security activities that units and personnel of the National Guard of a State may perform:

''(1) The performance of the activities may not adversely affect the quality of that training or otherwise interfere with the ability of a member or unit of the National Guard to perform the military functions of the member or unit.

''(2) National Guard personnel will not degrade their military skills as a result of performing the activities.

''(3) The performance of the activities will not result in a significant increase in the cost of training.

''(4) In the case of homeland security performed by a unit organized to serve as a unit, the activities will support valid unit training requirements.

''(e) PAYMENT OF COSTS.—(1) The Secretary of Defense shall provide funds to the Governor of a State to pay costs of the use of personnel of the National Guard of the State for the performance of homeland security activities under this section. Such funds shall be used for the following costs:

''(A) The pay, allowances, clothing, subsistence, gratuities, travel, and related expenses (including all associated training expenses, as determined by the Secretary), as authorized by State law, of personnel of the National Guard of that State used, while not in Federal service, for the purpose of homeland security activities.

''(B) The operation and maintenance of the equipment and facilities of the National Guard of that State used for the purpose of homeland security activities.

''(2) The Secretary of Defense shall require the head of a law enforcement agency receiving support from the National Guard of a State in the performance of homeland security activities under this section to reimburse the Department of Defense for the payments made to the State for such support under paragraph (1).

''(f) MEMORANDUM OF AGREEMENT.—The Secretary of Defense and the Governor of a State shall enter into a memorandum of agreement with the head of each Federal law enforcement agency to which the personnel of the National Guard of that State are to provide support in the performance of homeland security activities under this section. The memorandum of agreement shall—

''(1) specify how personnel of the National Guard are to be used in homeland security activities;

''(2) include a certification by the Adjutant General of the State that those activities are to be performed at a time when the personnel are not in Federal service;

''(3) include a certification by the Adjutant General of the State that—

''(A) participation by National Guard personnel in those activities is service in addition to training required under section 502 of this title; and

''(B) the requirements of subsection (d) of this section will be satisfied;

''(4) include a certification by the Attorney General of the State (or, in the case of a State with no position of Attorney General, a civilian official of the State equivalent to a State attorney general), that the use of the National Guard of the State for the activities provided for under the memorandum of agreement is authorized by, and is consistent with, State law;

''(5) include a certification by the Governor of the State or a civilian law enforcement official of the State designated by the Governor that the activities provided for under the memorandum of agreement serve a State law enforcement purpose; and

''(6) include a certification by the head of the Federal law enforcement agency that the agency will have a plan to ensure that the agency's requirement for National Guard support ends not later than 179 days after the commencement of the support.

''(g) EXCLUSION FROM END-STRENGTH COMPUTATION.—Notwithstanding any other provision of law, members of the National Guard on active duty or full-time National Guard duty for the purposes of administering (or during fiscal year 2003 otherwise implementing) this section shall not be counted toward the annual end strength authorized for reserves on active duty in support of the reserve components of the armed forces or toward the strengths authorized in sections 12011 and 12012 of title 10.

''(h) ANNUAL REPORT.—The Secretary of Defense shall submit to Congress an annual report regarding any assistance provided and activities carried out under this section during the preceding fiscal year. The report shall include the following:

''(1) The number of members of the National Guard excluded under subsection (g) from the computation of end strengths.

''(2) A description of the homeland security activities conducted with funds provided under this section.

''(3) An accounting of the amount of funds provided to each State.

''(4) A description of the effect on military training and readiness of using units and personnel of the National Guard to perform homeland security activities under this section.

''(i) STATUTORY CONSTRUCTION.—Nothing in this section shall be construed as a limitation on the authority of any unit of the National Guard of a State, when such unit is not in Federal service, to perform law enforcement functions authorized to be performed by the National Guard by the laws of the State concerned.

''(j) DEFINITIONS.—For purposes of this section:

''(1) The term 'Governor of a State' means, in the case of the District of Columbia, the Commanding General of the National Guard of the District of Columbia.

''(2) The term 'State' means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, or a territory or possession of the United States.''.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such section is amended by adding at the end the following new item:

''116. Homeland security activities.''.

SEC. 1042. CONDITIONS FOR USE OF FULL-TIME RESERVES TO PERFORM DUTIES RELATING TO DEFENSE AGAINST WEAPONS OF MASS DESTRUCTION.

Section 12310(c)(3) of title 10, United States Code, is amended by striking ''only—'' and all that follows through ''(B) while assigned'' and inserting ''only while assigned''.

SEC. 1043. WEAPON OF MASS DESTRUCTION DEFINED FOR PURPOSES OF THE AUTHORITY FOR USE OF RESERVES TO PERFORM DUTIES RELATING TO DEFENSE AGAINST WEAPONS OF MASS DESTRUCTION.

(a) WEAPON OF MASS DESTRUCTION REDEFINED.—Section 12304(i)(2) of title 10, United States Code, is amended to read as follows:

''(2) The term 'weapon of mass destruction' means—

''(A) any weapon that is designed or, through its use, is intended to cause death or serious bodily injury through the release, dissemination, or impact of toxic or poisonous chemicals or their precursors;

''(B) any weapon that involves a disease organism;

''(C) any weapon that is designed to release radiation or radioactivity at a level dangerous to human life; and

''(D) any large conventional explosive that is designed to produce catastrophic loss of life or property.''.

(b) CONFORMING AMENDMENT.—Section 12310(c)(1) of such title is amended by striking ''section 1403 of the Defense Against Weapons of Mass Destruction Act of 1996 (50 U.S.C. 2302(1))'' and inserting ''section 12304(i)(2) of this title''.

SEC. 1044. REPORT ON DEPARTMENT OF DEFENSE HOMELAND DEFENSE ACTIVITIES.

(a) REPORT REQUIRED.—Not later than February 1, 2003, the Secretary of Defense shall submit to the congressional defense committees a report on what actions of the Department of Defense would be necessary to carry out the Secretary's expressed intent—

(1) to place new emphasis on the unique operational demands associated with the defense of the United States homeland; and

(2) to restore the mission of defense of the United States to the position of being the primary mission of the Department of Defense.

(b) CONTENT OF THE REPORT.—The report shall contain, in accordance with the other provisions of this section, the following matters:

(1) HOMELAND DEFENSE CAMPAIGN PLAN.—A homeland defense campaign plan.

(2) INTELLIGENCE.—A discussion of the relationship between—

(A) the intelligence capabilities of—

(i) the Department of Defense; and

(ii) other departments and agencies of the United States; and

(B) the performance of the homeland defense mission.

(3) THREAT AND VULNERABILITY ASSESSMENT.—A compliance-based national threat and vulnerability assessment.

(4) TRAINING AND EXERCISING.—A discussion of the Department of Defense plans for training and exercising for the performance of the homeland defense mission.

(5) BIOTERRORISM INITIATIVE.—An evaluation of the need for a Department of Defense bioterrorism initiative to improve the ability of the department to counter bioterror threats and to assist other agencies to improve the national ability to counter bioterror threats.

(6) CHEMICAL BIOLOGICAL INCIDENT RESPONSE TEAMS.—An evaluation of the need for and feasibility of developing and fielding Department of Defense regional chemical biological incident response teams.

(7) OTHER MATTERS.—Any other matters that the Secretary of Defense considers relevant regarding the efforts necessary to carry out the intent referred to in subsection (a).

(c) HOMELAND DEFENSE CAMPAIGN PLAN.—

(1) ORGANIZATION, PLANNING, AND INTEROPERABILITY.—

(A) IN GENERAL.—The homeland defense campaign plan under subsection (b)(1) shall contain a discussion of the organization and planning of the Department of Defense for homeland defense, including the expectations for interoperability of the Department of Defense with other departments and agencies of the Federal Government and with State and local governments.

(B) CONTENT.—The plan shall include the following matters:

(i) The duties, definitions, missions, goals, and objectives of organizations in the Department of Defense that apply homeland defense, together with an organizational assessment with respect to the performance of the homeland defense mission and a discussion of any plans for making functional realignments of organizations, authorities, and responsibilities for carrying out that mission.

(ii) The relationships among the leaders of the organizations (including the Secretary of Defense, the Joint Chiefs of Staff, the Commander in Chief of United States Northern Command, the Commanders in Chief of the other regional unified combatant commands, and the reserve components) in the performance of such duties.

(iii) The reviews, evaluations, and standards that are established or are to be established for determining and ensuring the readiness of the organizations to perform such duties.

(2) RESPONSE TO ATTACK ON CRITICAL INFRASTRUCTURE.—

(A) IN GENERAL.—The homeland defense campaign plan shall contain an outline of the duties and capabilities of the Department of Defense for responding to an attack on critical infrastructure of the United States, including responding to an attack on critical infrastructure of the department, by means of a weapon of mass destruction or a CBRNE weapon or by a cyber means.

(B) VARIOUS ATTACK SCENARIOS.—The outline shall specify, for each major category of attack by a means described in subparagraph (A), the variations in the duties, responses, and capabilities of the various Department

of Defense organizations that result from the variations in the means of the attack.

(C) DEFICIENCIES.—The outline shall identify any deficiencies in capabilities and set forth a plan for rectifying any such deficiencies.

(D) LEGAL IMPEDIMENTS.—The outline shall identify and discuss each impediment in law to the effective performance of the homeland defense mission.

(3) ROLES AND RESPONSIBILITIES IN INTERAGENCY PROCESS.—

(A) IN GENERAL.—The homeland defense campaign plan shall contain a discussion of the roles and responsibilities of the Department of Defense in the interagency process of policymaking and planning for homeland defense.

(B) INTEGRATION WITH STATE AND LOCAL ACTIVITIES.—The homeland defense campaign plan shall include a discussion of Department of Defense plans to integrate Department of Defense homeland defense activities with the homeland defense activities of other departments and agencies of the United States and the homeland defense activities of State and local governments, particularly with regard to issues relating to CBRNE and cyber attacks.

(d) INTELLIGENCE CAPABILITIES.—The discussion of the relationship between the intelligence capabilities and the performance of the homeland defense mission under subsection (b)(2) shall include the following matters:

(1) ROLES AND MISSIONS.—The roles and missions of the Department of Defense for the employment of the intelligence capabilities of the department in homeland defense.

(2) INTERAGENCY RELATIONSHIPS.—A discussion of the relationship between the Department of Defense and the other departments and agencies of the United States that have duties for collecting or analyzing intelligence in relation to homeland defense, particularly in light of the conflicting demands of duties relating to the collection and analysis of domestic intelligence and duties relating to the collection and analysis of foreign intelligence.

(3) INTELLIGENCE-RELATED CHANGES.—Any changes that are necessary in the Department of Defense in order to provide effective intelligence support for the performance of homeland defense missions, with respect to—

(A) the preparation of threat assessments and other warning products by the Department of Defense;

(B) collection of terrorism-related intelligence through human intelligence sources, signals intelligence sources, and other intelligence sources; and

(C) intelligence policy, capabilities, and practices.

(4) LEGAL IMPEDIMENTS.—Any impediments in law to the effective performance of intelligence missions in support of homeland defense.

(e) THREAT AND VULNERABILITY ASSESSMENT.—

(1) CONTENT.—The compliance-based national threat and vulnerability assessment under subsection (b)(3) shall include a discussion of the following matters:

(A) CRITICAL FACILITIES.—The threat of terrorist attack on critical facilities, programs, and systems of the United States, together with the capabilities of the Department of Defense to deter and respond to any such attack.

(B) DOD VULNERABILITY.—The vulnerability of installations, facilities, and personnel of the Department of Defense to attack by persons using weapons of mass destruction, CBRNE weapons, or cyber means.

(C) BALANCED SURVIVABILITY ASSESSMENT.—Plans to conduct a balanced survivability assessment for use in determining the vulnerabilities of targets referred to in subparagraphs (A) and (B).

(D) PROCESS.—Plans, including timelines and milestones, necessary to develop a process for conducting compliance-based vulnerability assessments for critical infrastructure, together with the standards to be used for ensuring that the process is executable.

(2) DEFINITION OF COMPLIANCE-BASED.—In subsection (b)(3) and paragraph (1)(D) of this subsection, the term ''compliance-based'', with respect to an assessment, means that the assessment is conducted under policies and procedures that require correction of each deficiency identified in the assessment to a standard set forth in Department of Defense Instruction 2000.16 or another applicable Department of Defense instruction, directive, or policy.

(f) TRAINING AND EXERCISING.—The discussion of the Department of Defense plans for training and exercising for the performance of the homeland defense mission under subsection (b)(4) shall contain the following matters:

(1) MILITARY EDUCATION.—The plans for the training and education of members of the Armed Forces specifically for performance of homeland defense missions, including any anticipated changes in the curriculum in—

(A) the National Defense University, the war colleges of the Armed Forces, graduate education programs, and other senior military schools and education programs; and

(B) the Reserve Officers' Training Corps program, officer candidate schools, enlisted and officer basic and advanced individual training programs, and other entry level military education and training programs.

(2) EXERCISES.—The plans for using exercises and simulation in the training of all components of the Armed Forces, including—

(A) plans for integrated training with departments and agencies of the United States outside the Department of Defense and with agencies of State and local governments; and

(B) plans for developing an opposing force that, for the purpose of developing potential scenarios of terrorist attacks on targets inside the United States, simulates a terrorist group having the capability to engage in such attacks.

(g) BIOTERRORISM INITIATIVE.—The evaluation of the need for a Department of Defense bioterrorism initiative under subsection (b)(5) shall include a discussion that identifies and evaluates options for potential action in such an initiative, as follows:

(1) PLANNING, TRAINING, EXERCISE, EVALUATION, AND FUNDING.—Options for—

(A) refining the plans of the Department of Defense for biodefense to include participation of other departments and agencies of the United States and State and local governments;

(B) increasing biodefense training, exercises, and readiness evaluations by the Department of Defense, including training, exercises, and evaluations that include participation of other departments and agencies of the United States and State and local governments;

(C) increasing Department of Defense funding for biodefense; and

(D) integrating other departments and agencies of the United States and State and local governments into the plans, training, exercises, evaluations, and resourcing.

(2) DISEASE SURVEILLANCE.—Options for the Department of Defense to develop an integrated disease surveillance detection system and to improve systems for communicating information and warnings of the incidence of disease to recipients within the Department of Defense and to other departments and agencies of the United States and State and local governments.

(3) EMERGENCY MANAGEMENT STANDARD.—Options for broadening the scope of the Revised Emergency Management Standard of the Joint Commission on Accreditation of Healthcare Organizations by including the broad and active participation of Federal, State, and local governmental agencies that are expected to respond in any event of a CBRNE or cyber attack.

(4) LABORATORY RESPONSE NETWORK.—Options for the Department of Defense—

(A) to participate in the laboratory response network for bioterrorism; and

(B) to increase the capacity of Department of Defense laboratories rated by the Secretary of Defense as level D laboratories to facilitate participation in the network.

(h) CHEMICAL BIOLOGICAL INCIDENT RESPONSE TEAMS.—The evaluation of the need for and feasibility of developing and fielding Department of Defense regional chemical biological incident response teams under subsection (b)(6) shall include a discussion and evaluation of the following options:

(1) REGIONAL TEAMS.—Options for the Department of Defense, using the chemical biological incident response force as a model, to develop, equip, train, and provide transportation for five United States based, strategically located, regional chemical biological incident response teams.

(2) RESOURCING.—Options and preferred methods for providing the resources and personnel necessary for developing and fielding any such teams.

(i) DEFINITIONS.—In this section:

(1) CBRNE.—The term ''CBRNE'' means chemical, biological, radiological, nuclear, or explosive.

(2) WEAPON OF MASS DESTRUCTION.—The term ''weapon of mass destruction'' has the meaning given such term in section 1403 of the Defense Against Weapons of Mass Destruction Act of 1996 (50 U.S.C. 2302).

SEC. 1045. STRATEGY FOR IMPROVING PREPAREDNESS OF MILITARY INSTALLATIONS FOR INCIDENTS INVOLVING WEAPONS OF MASS DESTRUCTION.

(a) COMPREHENSIVE PLAN.—The Secretary of Defense shall develop a comprehensive plan for improving the preparedness of military installations for preventing and responding to incidents involving use or threat of use of weapons of mass destruction.

(b) CONTENT.—The comprehensive plan shall set forth the following:

(1) A strategy that—

(A) identifies—

(i) long-term goals and objectives;

(ii) resource requirements; and

(iii) factors beyond the control of the Secretary that could impede the achievement of the goals and objectives; and

(B) includes a discussion of—

(i) the extent to which local, regional, or national military response capabilities are to be developed and used; and

(ii) how the Secretary will coordinate these capabilities with local, regional, or national civilian capabilities.

(2) A performance plan that—

(A) provides a reasonable schedule, with milestones, for achieving the goals and objectives of the strategy;

(B) performance criteria for measuring progress in achieving the goals and objectives;

(C) a description of the process, together with a discussion of the resources, necessary to achieve the goals and objectives;

(D) a description of the process for evaluating results.

(c) SUBMITTAL TO CONGRESS.—The Secretary shall submit the comprehensive plan to the Committees on Armed Services of the Senate and the House of Representatives not later than 180 days after the date of the enactment of this Act.

(d) COMPTROLLER GENERAL REVIEW AND REPORT.—Not later than 60 days after the Secretary submits the comprehensive plan to Congress under subsection (c), the Comptroller General shall review the plan and submit an assessment of the plan to the committees referred to in that subsection.

(e) ANNUAL REPORT.—(1) In each of 2004, 2005, and 2006, the Secretary of Defense shall include a report on the comprehensive plan in the materials that the Secretary submits to Congress in support of the budget submitted by the President such year pursuant to section 1105(a) of title 31, United States Code.

(2) The report shall include—

(A) a discussion of any revision that the Secretary has made in the comprehensive plan since the last report; and

(B) an assessment of the progress made in achieving the goals and objectives of the strategy set forth in the plan.

(3) No report is required under this subsection after the Secretary submits under this subsection a report containing a declaration that the goals and objectives set forth in the strategy have been achieved.

Subtitle E—Other Matters

SEC. 1061. CONTINUED APPLICABILITY OF EXPIRING GOVERNMENTWIDE INFORMATION SECURITY REQUIREMENTS TO THE DEPARTMENT OF DEFENSE.

(a) IN GENERAL.—Chapter 131 of title 10, United States Code, is amended by inserting after section 2224 the following new section:

"§ 2224a. Information security: continued applicability of expiring Governmentwide requirements to the Department of Defense

''(a) IN GENERAL.—The provisions of subchapter II of chapter 35 of title 44 shall continue to apply with respect to the Department of Defense, notwithstanding the expiration of authority under section 3536 of such title.

''(b) RESPONSIBILITIES.—In administering the provisions of subchapter II of chapter 35 of title 44 with respect to the Department of Defense after the expiration of authority under section 3536 of such title, the Secretary of Defense shall perform the duties set forth in that subchapter for the Director of the Office of Management and Budget.''.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 2224 the following new item:

''2224a. Information security: continued applicability of expiring Governmentwide requirements to the Department of Defense.''.

SEC. 1062. ACCEPTANCE OF VOLUNTARY SERVICES OF PROCTORS FOR ADMINISTRATION OF ARMED SERVICES VOCATIONAL APTITUDE BATTERY.

Section 1588(a) of title 10, United States Code, is amended by adding at the end the following new paragraph:

''(6) Voluntary services as a proctor for the administration of the Armed Services Vocational Aptitude Battery.''.

SEC. 1063. EXTENSION OF AUTHORITY FOR SECRETARY OF DEFENSE TO SELL AIRCRAFT AND AIRCRAFT PARTS FOR USE IN RESPONDING TO OIL SPILLS.

(a) FOUR-YEAR EXTENSION.—Subsection (a)(1) of section 740 of the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (Public Law 106–181; 114 Stat. 173; 10 U.S.C. 2576 note) is amended by striking ''September 30, 2002'' and inserting ''September 30, 2006''.

(b) ADDITIONAL REPORT.—Subsection (f) of such section is amended by striking ''March 31, 2002'' and inserting ''March 31, 2006''.

SEC. 1064. AMENDMENTS TO IMPACT AID PROGRAM.

(a) ELIGIBILITY FOR HEAVILY IMPACTED LOCAL EDUCATIONAL AGENCIES AFFECTED BY PRIVATIZATION OF MILITARY HOUSING.—Section 8003(b)(2) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7703(b)(2)) is amended by adding at the end the following:

''(H) ELIGIBILITY FOR HEAVILY IMPACTED LOCAL EDUCATIONAL AGENCIES AFFECTED BY PRIVATIZATION OF MILITARY HOUSING.—

''(i) IN GENERAL.—For any fiscal year beginning with fiscal year 2003, a heavily impacted local educational agency that received a basic support payment under subparagraph (A) for the prior fiscal year, but is ineligible for such payment for the current fiscal year under subparagraph (B) or (C), as the case may be, by reason of the conversion of military housing units to private housing described in clause (ii), shall be deemed to meet the eligibility requirements under subparagraph (B) or (C), as the case may be, for the period during which the housing units are undergoing such conversion, and shall be paid under the same provisions of subparagraph (D) or (E) as the agency was paid in the prior fiscal year.

''(ii) CONVERSION OF MILITARY HOUSING UNITS TO PRIVATE HOUSING DESCRIBED.—For purposes of clause (i), 'conversion of military housing units to private housing' means the conversion of military housing units to private housing units pursuant to subchapter IV of chapter 169 of title 10, United States Code, or pursuant to any other related provision of law.''.

(b) COTERMINOUS MILITARY SCHOOL DISTRICTS.—Section 8003(a) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7703(a)) is amended by adding at the end the following:

''(6) COTERMINOUS MILITARY SCHOOL DISTRICTS.—For purposes of computing the amount of a payment for a local educational agency for children described in paragraph (1)(D)(i), the Secretary shall consider such children to be children described in paragraph (1)(B) if the agency is a local educational agency whose boundaries are the same as a Federal military installation.''.

SEC. 1065. DISCLOSURE OF INFORMATION ON SHIPBOARD HAZARD AND DEFENSE PROJECT TO DEPARTMENT OF VETERANS AFFAIRS.

(a) PLAN FOR DISCLOSURE OF INFORMATION.—Not later than 90 days after the date of the enactment of this Act, the Secretary of Defense shall submit to Congress and the Secretary of Veterans Affairs a comprehensive plan for the review, declassification, and submittal to the Department of Veterans Affairs of all medical records and information of the Department of Defense on the Shipboard Hazard and Defense (SHAD) project of the Navy that are relevant to the provision of benefits by the Secretary of Veterans Affairs to members of the Armed Forces who participated in that project.

(b) PLAN REQUIREMENTS.—(1) The records and information covered by the plan under subsection (a) shall be the records and information necessary to permit the identification of members of the Armed Forces who were or may have been exposed to chemical or biological agents as a result of the Shipboard Hazard and Defense project.

(2) The plan shall provide for completion of all activities contemplated by the plan not later than one year after the date of the enactment of this Act.

(c) REPORTS ON IMPLEMENTATION.—(1) Not later than 90 days after the date of the enactment of this Act, and every 90 days thereafter until completion of all activities contemplated by the plan under subsection (a), the Secretary of Defense shall submit to Congress and the Secretary of Veterans Affairs a report on progress in the implementation of the plan during the 90-day period ending on the date of such report.

(2) Each report under paragraph (1) shall include, for the period covered by such report—

(A) the number of records reviewed;

(B) each test, if any, under the Shipboard Hazard and Defense project identified during such review;

(C) for each test so identified—

(i) the test name;

(ii) the test objective;

(iii) the chemical or biological agent or agents involved; and

(iv) the number of members of the Armed Forces, and civilian personnel, potentially effected by such test; and

(D) the extent of submittal of records and information to the Secretary of Veterans Affairs under this section.

SEC. 1066. TRANSFER OF HISTORIC DF–9E PANTHER AIRCRAFT TO WOMEN AIRFORCE SERVICE PILOTS MUSEUM.

(a) AUTHORITY TO CONVEY.—The Secretary of the Navy may convey, without consideration, to the Women Airforce Service Pilots Museum in Quartzsite, Arizona (in this section referred to as the ''W.A.S.P. museum''), all right, title, and interest of the United States in and to a DF–9E Panther aircraft (Bureau Number 125316). The conveyance shall be made by means of a conditional deed of gift.

(b) CONDITION OF AIRCRAFT.—The aircraft shall be conveyed under subsection (a) in ''as is'' condition. The Secretary is not required to repair or alter the condition of the aircraft before conveying ownership of the aircraft.

(c) REVERTER UPON BREACH OF CONDITIONS.—The Secretary shall include in the instrument of conveyance of the aircraft under subsection (a)—

(1) a condition that the W.A.S.P. museum not convey any ownership interest in, or transfer possession of, the aircraft to any other party without the prior approval of the Secretary; and

(2) a condition that if the Secretary determines at any time that the W.A.S.P. museum has conveyed an ownership interest in, or transferred possession of, the aircraft to any other party without the prior approval of the Secretary, all right, title, and interest in and to the aircraft, including any repair or alteration of the aircraft, shall revert to the United States, and the United States shall have the right of immediate possession of the aircraft.

(d) CONVEYANCE AT NO COST TO THE UNITED STATES.—The conveyance of the aircraft under subsection (a) shall be made at no cost to the United States. Any costs associated with the conveyance, costs of determining compliance with subsection (b), and costs of operation and maintenance of the aircraft conveyed shall be borne by the W.A.S.P. museum.

(e) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with a conveyance under this section as the Secretary considers appropriate to protect the interests of the United States.

SEC. 1067. REWARDS FOR ASSISTANCE IN COMBATING TERRORISM.

(a) AUTHORITY.—Chapter 3 of title 10, United States Code, is amended by inserting after section 127a the following new section:

"§ 127b. Rewards for assistance in combating terrorism

''(a) AUTHORITY.—The Secretary of Defense may pay a monetary reward to a person for providing United States personnel with information or nonlethal assistance that is beneficial to—

''(1) an operation of the armed forces conducted outside the United States against international terrorism; or

''(2) force protection of the armed forces.

''(b) MAXIMUM AMOUNT.—The amount of a reward paid to a recipient under this section may not exceed $200,000.

''(c) DELEGATION TO COMMANDER OF COMBATANT COMMAND.—(1) The Secretary of Defense may delegate to the commander of a combatant command authority to pay a reward under this section in an amount not in excess of $50,000.

''(2) A commander to whom authority to pay rewards is delegated under paragraph (1) may further delegate authority to pay a reward under this section in an amount not in excess of $2,500.

''(c) COORDINATION.—(1) The Secretary of Defense, in consultation with the Secretary of State and the Attorney General, shall prescribe policies and procedures for offering and paying rewards under this section, and otherwise for administering the authority under this section, that ensure that the payment of a reward under this section does not duplicate or interfere with the payment of a reward authorized by the Secretary of State or the Attorney General.

''(2) The Secretary of Defense shall coordinate with the Secretary of State regarding any payment of a reward in excess of $100,000 under this section.

''(d) PERSONS NOT ELIGIBLE.—The following persons are not eligible to receive an award under this section:

''(1) A citizen of the United States.

''(2) An employee of the United States.

''(3) An employee of a contractor of the United States.

''(e) ANNUAL REPORT.—(1) Not later than 60 days after the end of each fiscal year, the Secretary of Defense shall submit to the Committees on Armed Services and the Committees on Appropriations of the Senate and the House of Representatives a report on the administration of the rewards program during that fiscal year.

''(2) The report for a fiscal year shall include information on the total amount expended during that fiscal year to carry out this section, including—

''(A) a specification of the amount, if any, expended to publicize the availability of rewards; and

''(B) with respect to each award paid during that fiscal year—

''(i) the amount of the reward;

''(ii) the recipient of the reward; and

''(iii) a description of the information or assistance for which the reward was paid, together with an assessment of the significance of the information or assistance.

''(3) The Secretary may submit the report in classified form if the Secretary determines that it is necessary to do so.

''(f) DETERMINATIONS BY THE SECRETARY.—A determination by the Secretary under this section shall be final and conclusive and shall not be subject to judicial review.''.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 127a the following new item:

''127b. Rewards for assistance in combating terrorism.''.

SEC. 1068. PROVISION OF SPACE AND SERVICES TO MILITARY WELFARE SOCIETIES.

(a) AUTHORITY TO PROVIDE SPACE AND SERVICES.—Chapter 152 of title 10, United States Code, is amended by adding at the end the following new section:

''§ 2566. Space and services: provision to military welfare societies

''(a) AUTHORITY TO PROVIDE SPACE AND SERVICES.—The Secretary of a military department may provide, without charge, space and services under the jurisdiction of that Secretary to a military welfare society.

''(b) DEFINITIONS.—In this section:

''(1) The term 'military welfare society' means the following:

''(A) The Army Emergency Relief Society.

''(B) The Navy-Marine Corps Relief Society.

''(C) The Air Force Aid Society, Inc.

''(2) The term 'services' includes lighting, heating, cooling, electricity, office furniture, office machines and equipment, telephone and other information technology services (including installation of lines and equipment, connectivity, and other associated services), and security systems (including installation and other associated expenses).''.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

''2566. Space and services: provision to military welfare societies.''.

SEC. 1069. COMMENDATION OF MILITARY CHAPLAINS.

(a) FINDINGS.—Congress finds the following:

(1) Military chaplains have served with those who fought for the cause of freedom since the founding of the Nation.

(2) Military chaplains and religious support personnel of the Armed Forces have served with distinction as uniformed members of the Armed Forces in support of the Nation's defense missions during every conflict in the history of the United States.

(3) 400 United States military chaplains have died in combat, some as a result of direct fire while ministering to fallen Americans, while others made the ultimate sacrifice as a prisoner of war.

(4) Military chaplains currently serve in humanitarian operations, rotational deployments, and in the war on terrorism.

(5) Religious organizations make up the very fabric of religious diversity and represent unparalleled levels of freedom of conscience, speech, and worship that set the United States apart from any other nation on Earth.

(6) Religious organizations have richly blessed the uniformed services by sending clergy to comfort and encourage all persons of faith in the Armed Forces.

(7) During the sinking of the USS Dorchester in February 1943 during World War II, four chaplains (Reverend Fox, Reverend Poling, Father Washington, and Rabbi Goode) gave their lives so that others might live.

(8) All military chaplains aid and assist members of the Armed Forces and their family members with the challenging issues of today's world.

(9) The current war against terrorism has brought to the shores of the United States new threats and concerns that strike at the beliefs and emotions of Americans.

(10) Military chaplains must, as never before, deal with the spiritual well-being of the members of the Armed Forces and their families.

(b) COMMENDATION.—Congress, on behalf of the Nation, expresses its appreciation for the outstanding contribution that all military chaplains make to the members of the Armed Forces and their families.

(c) PRESIDENTIAL PROCLAMATION.—The President is authorized and requested to issue a proclamation calling on the people of the United States to recognize the distinguished service of the Nation's military chaplains.

SEC. 1070. GRANT OF FEDERAL CHARTER TO KOREAN WAR VETERANS ASSOCIATION, INCORPORATED.

(a) GRANT OF CHARTER.—Part B of subtitle II of title 36, United States Code, is amended—

(1) by striking the following:

"CHAPTER 1201—[RESERVED]"; and

(2) by inserting the following:

"CHAPTER 1201—KOREAN WAR VETERANS ASSOCIATION, INCORPORATED

''Sec.

''120101. Organization.

''120102. Purposes.

''120103. Membership.

''120104. Governing body.

''120105. Powers.

''120106. Restrictions.

''120107. Duty to maintain corporate and tax-exempt status.

''120108. Records and inspection.

''120109. Service of process.

''120110. Liability for acts of officers and agents.

''120111. Annual report.

"§ 120101. Organization

''(a) FEDERAL CHARTER.—Korean War Veterans Association, Incorporated (in this chapter, the 'corporation'), incorporated in the State of New York, is a federally chartered corporation.

''(b) EXPIRATION OF CHARTER.—If the corporation does not comply with the provisions of this chapter, the charter granted by subsection (a) expires.

"§ 120102. Purposes

''The purposes of the corporation are as provided in its articles of incorporation and include—

''(1) organizing, promoting, and maintaining for benevolent and charitable purposes an association of persons who have seen honorable service in the Armed Forces during the Korean War, and of certain other persons;

''(2) providing a means of contact and communication among members of the corporation;

''(3) promoting the establishment of, and establishing, war and other memorials commemorative of persons who served in the Armed Forces during the Korean War; and

''(4) aiding needy members of the corporation, their wives and children, and the widows and children of persons who were members of the corporation at the time of their death.

"§ 120103. Membership

''Eligibility for membership in the corporation, and the rights and privileges of members of the corporation, are as provided in the bylaws of the corporation.

"§ 120104. Governing body

''(a) BOARD OF DIRECTORS.—The board of directors of the corporation, and the responsibilities of the board of directors, are as provided in the articles of incorporation of the corporation.

''(b) OFFICERS.—The officers of the corporation, and the election of the officers of the corporation, are as provided in the articles of incorporation.

"§ 120105. Powers

''The corporation has only the powers provided in its bylaws and articles of incorporation filed in each State in which it is incorporated.

"§ 120106. Restrictions

''(a) STOCK AND DIVIDENDS.—The corporation may not issue stock or declare or pay a dividend.

''(b) POLITICAL ACTIVITIES.—The corporation, or a director or officer of the corporation as such, may not contribute to, support, or participate in any political activity or in any manner attempt to influence legislation.

''(c) LOAN.—The corporation may not make a loan to a director, officer, or employee of the corporation.

''(d) CLAIM OF GOVERNMENTAL APPROVAL OR AUTHORITY.—The corporation may not claim

congressional approval, or the authority of the United States, for any of its activities.

"§ 120107. Duty to maintain corporate and tax-exempt status

''(a) CORPORATE STATUS.—The corporation shall maintain its status as a corporation incorporated under the laws of the State of New York.

''(b) TAX-EXEMPT STATUS.—The corporation shall maintain its status as an organization exempt from taxation under the Internal Revenue Code of 1986 (26 U.S.C. 1 et seq.).

"§ 120108. Records and inspection

''(a) RECORDS.—The corporation shall keep—

''(1) correct and complete records of account;

''(2) minutes of the proceedings of its members, board of directors, and committees having any of the authority of its board of directors; and

''(3) at its principal office, a record of the names and addresses of its members entitled to vote on matters relating to the corporation.

''(b) INSPECTION.—A member entitled to vote on matters relating to the corporation, or an agent or attorney of the member, may inspect the records of the corporation for any proper purpose, at any reasonable time.

"§ 120109. Service of process

''The corporation shall have a designated agent in the District of Columbia to receive service of process for the corporation. Notice to or service on the agent is notice to or service on the Corporation.

"§ 120110. Liability for acts of officers and agents

''The corporation is liable for the acts of its officers and agents acting within the scope of their authority.

"§ 120111. Annual report

''The corporation shall submit an annual report to Congress on the activities of the corporation during the preceding fiscal year. The report shall be submitted at the same time as the report of the audit required by section 10101 of this title. The report may not be printed as a public document.''.

(b) CLERICAL AMENDMENT.—The table of chapters at the beginning of subtitle II of title 36, United States Code, is amended by striking the item relating to chapter 1201 and inserting the following new item:

''1201. Korean War Veterans Association, Incorporated .....120101''.

TITLE XI—DEPARTMENT OF DEFENSE CIVILIAN PERSONNEL POLICY

SEC. 1101. EXTENSION OF AUTHORITY TO PAY SEVERANCE PAY IN A LUMP SUM.

Section 5595(i)(4) of title 5, United States Code, is amended by striking ''October 1, 2003'' and inserting ''October 1, 2006''.

SEC. 1102. EXTENSION OF VOLUNTARY SEPARATION INCENTIVE PAY AUTHORITY.

Section 5597(e) of title 5, United States Code, is amended by striking ''September 30, 2003'' and inserting ''September 30, 2006''.

SEC. 1103. EXTENSION OF COST-SHARING AUTHORITY FOR CONTINUED FEHBP COVERAGE OF CERTAIN PERSONS AFTER SEPARATION FROM EMPLOYMENT.

Section 8905a(d)(4)(B) of title 5, United States Code, is amended—

(1) by striking ''October 1, 2003'' both places it appears and inserting ''October 1, 2006''; and

(2) by striking ''February 1, 2004'' in clause (ii) and inserting ''February 1, 2007''.

SEC. 1104. ELIGIBILITY OF NONAPPROPRIATED FUNDS EMPLOYEES TO PARTICIPATE IN THE FEDERAL EMPLOYEES LONG-TERM CARE INSURANCE PROGRAM.

Section 9001(1) of title 5, United States Code, is amended—

(1) by striking ''and'' at the end of subparagraph (B);

(2) by striking the comma at the end of subparagraph (C) and inserting ''; and''; and

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

''(D) an employee paid from nonappropriated funds referred to in section 2105(c) of this title;''.

SEC. 1105. INCREASED MAXIMUM PERIOD OF APPOINTMENT UNDER THE EXPERIMENTAL PERSONNEL PROGRAM FOR SCIENTIFIC AND TECHNICAL PERSONNEL.

Section 1101(c)(1) of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Public Law 105–261; 112 Stat. 2140; 5 U.S.C. 3104 note) is amended by striking ''4 years'' and inserting ''5 years''.

SEC. 1106. QUALIFICATION REQUIREMENTS FOR EMPLOYMENT IN DEPARTMENT OF DEFENSE PROFESSIONAL ACCOUNTING POSITIONS.

(a) PROFESSIONAL CERTIFICATION.—The Secretary of Defense may prescribe regulations that require a person employed in a professional accounting position within the Department of Defense to be a certified public accountant and that apply the requirement to all such positions or to selected positions, as the Secretary considers appropriate.

(b) WAIVERS AND EXEMPTIONS.—(1) The Secretary may include in the regulations imposing a requirement under subsection (a), as the Secretary considers appropriate—

(A) any exemption from the requirement; and

(B) authority to waive the requirement.

(2) The Secretary shall include in the regulations an exemption for persons employed in positions covered by the requirement before the date of the enactment of this Act.

(c) EXCLUSIVE AUTHORITY.—No requirement imposed under subsection (a), and no waiver or exemption provided in the regulations pursuant to subsection (b), shall be subject to review or approval by the Office of Personnel Management.

(d) DEFINITION.—For the purposes of this section, the term ''professional accounting position'' means a position in the GS–510, GS–511, or GS–505 series for which professional accounting duties are prescribed.

(e) EFFECTIVE DATE.—This section shall take effect 120 days after the date of the enactment of this Act.

SEC. 1107. HOUSING BENEFITS FOR UNACCOMPANIED TEACHERS REQUIRED TO LIVE AT GUANTANAMO BAY NAVAL STATION, CUBA.

Section 7(b) of the Defense Department Overseas Teachers Pay and Personnel Practices Act (20 U.S.C. 905(b)) is amended—

(1) by inserting ''(1)'' after ''(b)''; and

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

''(2)(A) A teacher assigned to teach at Guantanamo Bay Naval Station, Cuba, who is not accompanied at such station by any dependent—

''(i) shall be offered for lease any available military family housing at such station that is suitable for occupancy by the teacher and is not needed to house members of the armed forces and dependents accompanying them or other civilian personnel and any dependents accompanying them; and

''(ii) for any period for which such housing is leased to the teacher, shall receive a quarters allowance in the amount determined under paragraph (1).

''(B) A teacher is entitled to the quarters allowance in accordance with subparagraph (A)(ii) without regard to whether other Government furnished quarters are available for occupancy by the teacher without charge to the teacher.''.

TITLE XII—MATTERS RELATING TO OTHER NATIONS

Subtitle A—Cooperative Threat Reduction With States of the Former Soviet Union

SEC. 1201. SPECIFICATION OF COOPERATIVE THREAT REDUCTION PROGRAMS AND FUNDS.

(a) SPECIFICATION OF CTR PROGRAMS.—For purposes of section 301 and other provisions of this Act, Cooperative Threat Reduction programs are the programs specified in section 1501(b) of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 110 Stat. 2731; 50 U.S.C. 2362 note).

(b) FISCAL YEAR 2003 COOPERATIVE THREAT REDUCTION FUNDS DEFINED.—As used in this title, the term ''fiscal year 2003 Cooperative Threat Reduction funds'' means the funds appropriated pursuant to the authorization of appropriations in section 301 for Cooperative Threat Reduction programs.

(c) AVAILABILITY OF FUNDS.—Funds appropriated pursuant to the authorization of appropriations in section 301 for Cooperative Threat Reduction programs shall be available for obligation for three fiscal years.

SEC. 1202. FUNDING ALLOCATIONS.

(a) FUNDING FOR SPECIFIC PURPOSES.—Of the $416,700,000 authorized to be appropriated to the Department of Defense for fiscal year 2003 in section 301(a)(23) for Cooperative Threat Reduction programs, not more than the following amounts may be obligated for the purposes specified:

(1) For strategic offensive arms elimination in Russia, $70,500,000.

(2) For strategic nuclear arms elimination in Ukraine, $6,500,000.

(3) For weapons of mass destruction infrastructure elimination in Ukraine, $8,800,000.

(4) For weapons of mass destruction infrastructure elimination in Kazakhstan, $9,000,000.

(5) For weapons transportation security in Russia, $19,700,000.

(6) For weapons storage security in Russia, $40,000,000.

(7) For weapons of mass destruction proliferation prevention in the former Soviet Union, $40,000,000.

(8) For biological weapons proliferation prevention activities in the former Soviet Union, $55,000,000.

(9) For chemical weapons destruction in Russia, $133,600,000.

(10) For activities designated as Other Assessments/Administrative Support, $14,700,000.

(11) For defense and military contacts, $18,900,000.

(b) REPORT ON OBLIGATION OR EXPENDITURE OF FUNDS FOR OTHER PURPOSES.—No fiscal year 2003 Cooperative Threat Reduction funds may be obligated or expended for a purpose other than a purpose listed in paragraphs (1) through (11) of subsection (a) until 30 days after the date that the Secretary of Defense submits to Congress a report on the purpose for which the funds will be obligated or expended and the amount of funds to be obligated or expended. Nothing in the preceding sentence shall be construed as authorizing the obligation or expenditure of fiscal year 2003 Cooperative Threat Reduction funds for a purpose for which the obligation or expenditure of such funds is specifically prohibited under this title or any other provision of law.

(c) LIMITED AUTHORITY TO VARY INDIVIDUAL AMOUNTS.—(1) Subject to paragraph (2), in any case in which the Secretary of Defense determines that it is necessary to do so in the national interest, the Secretary may obligate amounts appropriated for fiscal year 2003 for a purpose listed in any of the paragraphs in subsection (a) in excess of the amount specifically authorized for such purpose.

(2) An obligation of funds for a purpose stated in any of the paragraphs in subsection (a) in excess of the specific amount authorized for such purpose may be made using the authority provided in paragraph (1) only after—

(A) the Secretary submits to Congress notification of the intent to do so together with a complete discussion of the justification for doing so; and

(B) 15 days have elapsed following the date of the notification.

SEC. 1203. AUTHORIZATION OF USE OF COOPERATIVE THREAT REDUCTION FUNDS FOR PROJECTS AND ACTIVITIES OUTSIDE THE FORMER SOVIET UNION.

(a) COOPERATIVE THREAT REDUCTION PROGRAMS AND FUNDS.—For purposes of this section:

(1) Cooperative Threat Reduction programs are—

(A) the programs specified in section 1501(b) of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 110 Stat. 2731; 50 U.S.C. 2362 note); and

(B) any other similar programs, as designated by the Secretary of Defense, to address critical emerging proliferation threats in the states of the former Soviet Union that jeopardize United States national security.

(2) Cooperative Threat Reduction funds, for a fiscal year, are the funds authorized to be appropriated for Cooperative Threat Reduction programs for that fiscal year.

(b) AUTHORIZATION OF USE OF CTR FUNDS FOR THREAT REDUCTION ACTIVITIES OUTSIDE THE FORMER SOVIET UNION.—(1) Notwithstanding any other provision of law and subject to the succeeding provisions of this section, the Secretary of Defense may obligate and expend Cooperative Threat Reduction funds for fiscal year 2003, or Cooperative Threat Reduction funds for a fiscal year before fiscal year 2003 that remain available for obligation as of the date of the enactment of this Act, for proliferation threat reduction projects and activities outside the states of the former Soviet Union if the Secretary determines that such projects and activities will—

(A) assist the United States in the resolution of critical emerging proliferation threats; or

(B) permit the United States to take advantage of opportunities to achieve longstanding United States nonproliferation goals.

(2) The amount that may be obligated under paragraph (1) in any fiscal year for projects and activities described in that paragraph may not exceed $50,000,000.

(c) AUTHORIZED USES OF FUNDS.—The authority under subsection (b) to obligate and expend Cooperative Threat Reduction funds for a project or activity includes authority to provide equipment, goods, and services for the project or activity, but does not include authority to provide cash directly to the project or activity.

(d) SOURCE AND REPLACEMENT OF FUNDS USED.—(1) The Secretary shall, to the maximum extent practicable, ensure that funds for projects and activities under subsection (b) are derived from funds that would otherwise be obligated for a range of Cooperative Threat Reduction programs, so that no particular Cooperative Threat Reduction program is the exclusive or predominant source of funds for such projects and activities.

(2) If the Secretary obligates Cooperative Threat Reduction funds under subsection (b) in a fiscal year, the first budget of the President that is submitted under section 1105(a) of title 31, United States Code, after such fiscal year shall set forth, in addition to any other amounts requested for Cooperative Threat Reduction programs in the fiscal year covered by such budget, a request for Cooperative Threat Reduction funds in the fiscal year covered by such budget in an amount equal to the amount so obligated. The request shall also set forth the Cooperative Threat Reduction program or programs for which such funds would otherwise have been obligated, but for obligation under subsection (b).

(3) Amounts authorized to be appropriated pursuant to a request under paragraph (2) shall be available for the Cooperative Threat Reduction program or programs set forth in the request under the second sentence of that paragraph.

(e) LIMITATION ON OBLIGATION OF FUNDS.—Except as provided in subsection (f), the Secretary may not obligate and expend Cooperative Threat Reduction funds for a project or activity under subsection (b) until 30 days after the date on which the Secretary submits to the congressional defense committees a report on the purpose for which the funds will be obligated and expended, and the amount of the funds to be obligated and expended.

(f) EXCEPTION.—(1) The Secretary may obligate and expend Cooperative Threat Reduction funds for a project or activity under subsection (b) without regard to subsection (e) if the Secretary determines that a critical emerging proliferation threat warrants immediate obligation and expenditure of such funds.

(2) Not later than 72 hours after first obligating funds for a project or activity under paragraph (1), the Secretary shall submit to the congressional defense committees a report containing a detailed justification for the obligation of funds. The report on a project or activity shall include the following:

(A) A description of the critical emerging proliferation threat to be addressed, or the long-standing United States nonproliferation goal to be achieved, by the project or activity.

(B) A description of the agreement, if any, under which the funds will be used, including whether or not the agreement provides that the funds will not be used for purposes contrary to the national security interests of the United States.

(C) A description of the contracting process, if any, that will be used in the implementation of the project or activity.

(D) An analysis of the effect of the obligation of funds for the project or activity on ongoing Cooperative Threat Reduction programs.

(E) An analysis of the need for additional or follow-up threat reduction assistance, including whether or not the need for such assistance justifies the establishment of a new cooperative threat reduction program or programs to account for such assistance.

(F) A description of the mechanisms to be used by the Secretary to assure that proper audits and examinations of the project or activity are carried out.

(g) REPORT ON ESTABLISHMENT OF NEW COOPERATIVE THREAT REDUCTION PROGRAMS.—(1) If the Secretary employs the authority in subsection (b) in any two fiscal years, the Secretary shall submit to Congress a report on the advisability of establishing one or more new cooperative threat reduction programs to account for projects and activities funded using such authority.

(2) The report required by paragraph (1) shall be submitted along with the budget justification materials in support of the Department of Defense budget (as submitted with the budget of the President under section 1105(a) of title 31, United States Code) in the first budget submitted after the end of the two consecutive fiscal years referred to in that paragraph.

SEC. 1204. WAIVER OF LIMITATIONS ON ASSISTANCE UNDER PROGRAMS TO FACILITATE COOPERATIVE THREAT REDUCTION AND NONPROLIFERATION.

(a) ASSISTANCE UNDER COOPERATIVE THREAT REDUCTION ACT OF 1993.—Section 1203 of the Cooperative Threat Reduction Act of 1993 (title XII of Public Law 103–160; 107 Stat. 1778; 22 U.S.C. 5952) is amended by adding at the end the following new subsection:

''(e) WAIVER OF RESTRICTIONS.—(1) The restrictions in subsection (d) shall cease to apply to a state for a year if the President submits to the Speaker of the House of Representative and the President pro tempore of the Senate a written certification that the waiver of such restrictions in such year is important to the national security interests of the United States, together with a report containing the following:

''(A) A description of the activity or activities that prevent the President from certifying that the state is committed to the matters set forth in subsection (d) in such year as otherwise provided for in that subsection.

''(B) A description of the strategy, plan, or policy of the President for promoting the commitment of the state to such matters, notwithstanding the waiver.

''(2) The matter included in the report under paragraph (1) shall be submitted in unclassified form, but may include a classified annex.''.

(b) ADMINISTRATION OF RESTRICTIONS ON ASSISTANCE.—Subsection (d) of that section is amended—

(1) by striking ''any year'' and inserting ''any fiscal year''; and

(2) by striking ''that year'' and inserting ''such fiscal year''.

(c) ELIGIBILITY REQUIREMENTS UNDER FREEDOM SUPPORT ACT.—Section 502 of the FREEDOM Support Act (Public Law 102–511; 106 Stat. 3338; 22 U.S.C. 5852) is amended—

(1) by striking ''Funds'' and inserting ''(a) ELIGIBILITY.—Except as provided in subsection (b), funds''; and

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

''(b) WAIVER OF ELIGIBILITY REQUIREMENTS.—(1) Funds may be obligated for a fiscal year under subsection (a) for assistance or other programs and activities for an independent state of the former Soviet Union that does not meet one or more of the requirements for eligibility under paragraphs (1) through (4) of that subsection if the President certifies in writing to the Congress that the waiver of such requirements in such fiscal year is important to the national security interests of the United States.

''(2) At the time of the exercise of the authority in paragraph (1) with respect to an independent state of the former Soviet Union for a fiscal year, the President shall submit to the congressional defense committees a report on the following:

''(A) A description of the activity or activities that prevent the President from certifying that the state is committed to each matter in subsection (a) in such fiscal year to which the waiver under paragraph (1) applies.

''(B) A description of the strategy, plan, or policy of the President for promoting the commitment of the state to each such matter, notwithstanding the waiver.

''(3) In this subsection, the term 'congressional defense committees' means—

''(A) the Committee on Armed Services and the Committee on Appropriations of the Senate; and

''(B) the Committee on Armed Services and the Committee on Appropriations of the House of Representatives.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 2002.

SEC. 1205. RUSSIAN TACTICAL NUCLEAR WEAPONS.

(a) FINDINGS.—The Congress makes the following findings:

(1) Al Qaeda and other terrorist organizations, in addition to rogue states, are known to be working to acquire weapons of mass destruction, and particularly nuclear warheads.

(2) The largest and least secure potential source of nuclear warheads for terrorists or rogue states is Russia's arsenal of nonstrategic or ''tactical'' nuclear warheads, which according to unclassified estimates numbers from 7,000 to 12,000 warheads. Security at Russian nuclear weapon storage sites is insufficient, and tactical nuclear warheads are more vulnerable to terrorist or rogue state acquisition due to their smaller size, greater portability, and greater numbers compared to Russian strategic nuclear weapons.

(3) Russia's tactical nuclear warheads were not covered by the START treaties or the recent Moscow Treaty. Russia is not legally bound to reduce its tactical nuclear stockpile and the United States has no inspection rights regarding Russia's tactical nuclear arsenal.

(b) SENSE OF THE SENATE.—(1) One of the most likely nuclear weapon attack scenarios against the United States would involve detonation of a stolen Russian tactical nuclear warhead smuggled into the country.

(2) It is a top national security priority of the United States to accelerate efforts to account for, secure, and reduce Russia's stockpile of tactical nuclear warheads and associated fissile material.

(3) This imminent threat warrants a special nonproliferation initiative.

(c) REPORT.—Not later than 30 days after enactment of this Act, the President shall report to Congress on efforts to reduce the particular threats associated with Russia's tactical nuclear arsenal and the outlines of a special initiative related to reducing the threat from Russia's tactical nuclear stockpile.

Subtitle B—Other Matters

SEC. 1211. ADMINISTRATIVE SUPPORT AND SERVICES FOR COALITION LIAISON OFFICERS.

(a) AUTHORITY.—Chapter 6 of title 10, United States Code, is amended by adding at the end the following new section:

''§ 169. Administrative support and services for coalition liaison officers

''(a) AUTHORITY.—The Secretary of Defense may provide administrative services and support for the performance of duties by any liaison officer of another nation involved in a coalition while the liaison officer is assigned temporarily to the headquarters of a combatant command, component command, or subordinate operational command of the United States in connection with the planning for or conduct of a coalition operation.

''(b) TRAVEL, SUBSISTENCE, AND OTHER EXPENSES.—The Secretary may pay the travel, subsistence, and similar personal expenses of a liaison officer of a developing country in connection with the assignment of that liaison officer to the headquarters of a combatant command as described in subsection (a) if the assignment is requested by the commander of the combatant command.

''(c) REIMBURSEMENT.—To the extent that the Secretary determines appropriate, the Secretary may provide the services and support authorized under subsections (a) and (b) with or without reimbursement from (or on behalf of) the recipients.

''(d) DEFINITIONS.—In this section:

''(1) The term 'administrative services and support' includes base or installation support services, office space, utilities, copying services, fire and police protection, and computer support.

''(2) The term 'coalition' means an ad hoc arrangement between or among the United States and one or more other nations for common action.''.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter 6 is amended by adding at the end the following new item:

''169. Administrative support and services for coalition liaison officers.''.

SEC. 1212. USE OF WARSAW INITIATIVE FUNDS FOR TRAVEL OF OFFICIALS FROM PARTNER COUNTRIES.

Section 1051(b) of title 10, United States Code, is amended—

(1) in paragraph (1), by striking ''paragraph (2)'' and inserting ''paragraphs (2) and (3)'';

(2) by redesignating paragraph (3) as paragraph (4); and

(3) by inserting after paragraph (2) the following new paragraph (3):

''(3) In the case of defense personnel of a country that is participating in the Partnership for Peace program of the North Atlantic Treaty Organization (NATO), expenses authorized to be paid under subsection (a) may be paid in connection with travel of personnel to the territory of any of the countries participating in the Partnership for Peace program or of any of the NATO member countries.''.

SEC. 1213. SUPPORT OF UNITED NATIONS-SPONSORED EFFORTS TO INSPECT AND MONITOR IRAQI WEAPONS ACTIVITIES.

(a) LIMITATION ON AMOUNT OF ASSISTANCE IN FISCAL YEAR 2003.—The total amount of the assistance for fiscal year 2003 that is provided by the Secretary of Defense under section 1505 of the Weapons of Mass Destruction Control Act of 1992 (22 U.S.C. 5859a) as activities of the Department of Defense in support of activities under that Act may not exceed $15,000,000.

(b) EXTENSION OF AUTHORITY TO PROVIDE ASSISTANCE.—Subsection (f) of section 1505 of the Weapons of Mass Destruction Control Act of 1992 (22 U.S.C. 5859a) is amended by striking ''2002'' and inserting ''2003''.

SEC. 1214. ARCTIC AND WESTERN PACIFIC ENVIRONMENTAL COOPERATION PROGRAM.

(a) IN GENERAL.—(1) Subchapter II of chapter 138 of title 10, United States Code, is amended by adding at the end the following new section:

''§ 2350m. Arctic and Western Pacific Environmental Cooperation Program

''(a) AUTHORITY TO CONDUCT PROGRAM.—The Secretary of Defense may, with the concurrence of the Secretary of State, conduct on a cooperative basis with countries located in the Arctic and Western Pacific regions a program of environmental activities provided for in subsection (b) in such regions. The program shall be known as the 'Arctic and Western Pacific Environmental Cooperation Program'.

''(b) PROGRAM ACTIVITIES.—(1) Except as provided in paragraph (2), activities under the program under subsection (a) may include cooperation and assistance on environmental matters in the Arctic and Western Pacific regions among elements of the Department of Defense and the military departments or agencies of countries located in such regions.

''(2) Activities under the program may not include activities relating to the following:

''(A) The conduct of any peacekeeping exercise or other peacekeeping-related activity with the Russian Federation.

''(B) The provision of housing.

''(C) The provision of assistance to promote environmental restoration.

''(D) The provision of assistance to promote job retraining.

''(c) LIMITATION ON FUNDING FOR PROJECTS OTHER THAN RADIOLOGICAL PROJECTS.—Not more than 20 percent of the amount made available for the program under subsection (a) in any fiscal year may be available for projects under the program other than projects on radiological matters.

''(d) ANNUAL REPORT.—(1) Not later than March 1, 2003, and each year thereafter, the Secretary of Defense shall submit to Congress a report on activities under the program under subsection (a) during the preceding fiscal year.

''(2) The report on the program for a fiscal year under paragraph (1) shall include the following:

''(A) A description of the activities carried out under the program during that fiscal year, including a separate description of each project under the program.

''(B) A statement of the amounts obligated and expended for the program during that fiscal year, set forth in aggregate and by project.

''(C) A statement of the life cycle costs of each project, including the life cycle costs of such project as of the end of that fiscal year and an estimate of the total life cycle costs of such project upon completion of such project.

''(D) A statement of the participants in the activities carried out under the program during that fiscal year, including the elements of the Department of Defense and the military departments or agencies of other countries.

''(E) A description of the contributions of the military departments and agencies of other countries to the activities carried out under the program during that fiscal year, including any financial or other contributions to such activities.''.

(2) The table of sections at the beginning of that subchapter is amended by adding at the end the following new item:

''2350m. Arctic and Western Pacific Environmental Cooperation Program.''.

(b) REPEAL OF SUPERSEDED AUTHORITY ON ARCTIC MILITARY COOPERATION PROGRAM.—Section 327 of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Public Law 105–261; 112 Stat. 1965) is repealed.

SEC. 1215. DEPARTMENT OF DEFENSE HIV/AIDS PREVENTION ASSISTANCE PROGRAM.

(a) EXPANSION OF PROGRAM.—The Secretary of Defense is authorized to expand, in accordance with this section, the Department of Defense program of HIV/AIDS prevention educational activities undertaken in connection with the conduct of United States military training, exercises, and humanitarian assistance in sub-Saharan African countries.

(b) ELIGIBLE COUNTRIES.—The Secretary may carry out the program in all eligible countries. A country shall be eligible for activities under the program if the country—

(1) is a country suffering a public health crisis (as defined in subsection (e)); and

(2) participates in the military-to-military contacts program of the Department of Defense.

(c) PROGRAM ACTIVITIES.—The Secretary shall provide for the activities under the program—

(1) to focus, to the extent possible, on military units that participate in peace keeping operations; and

(2) to include HIV/AIDS-related voluntary counseling and testing and HIV/AIDS-related surveillance.

(d) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—Of the amount authorized to be appropriated by section 301(a)(22) to the Department of Defense for operation and

maintenance of the Defense Health Program, $30,000,000 may be available for carrying out the program described in subsection (a) as expanded pursuant to this section.

(2) AVAILABILITY OF FUNDS.—Amounts appropriated pursuant to paragraph (1) are authorized to remain available until expended.

(e) COUNTRY SUFFERING A PUBLIC HEALTH CRISIS DEFINED.—In this section, the term ''country suffering a public health crisis'' means a country that has rapidly rising rates of incidence of HIV/AIDS or in which HIV/AIDS is causing significant family, community, or societal disruption.

SEC. 1216. MONITORING IMPLEMENTATION OF THE 1979 UNITED STATES-CHINA AGREEMENT ON COOPERATION IN SCIENCE AND TECHNOLOGY.

(a) RESPONSIBILITIES OF THE OFFICE OF SCIENCE AND TECHNOLOGY COOPERATION.—The Office of Science and Technology Cooperation of the Department of State shall monitor the implementation of the 1979 United States-China Agreement on Cooperation in Science and Technology and its protocols (in this section referred to as the ''Agreement''), and keep a systematic account of the protocols thereto. The Office shall coordinate the activities of all agencies of the United States Government that carry out cooperative activities under the Agreement.

(b) GUIDELINES.—The Secretary of State shall ensure that all activities conducted under the Agreement and its protocols comply with applicable laws and regulations concerning the transfer of militarily sensitive and dual-use technologies.

(c) REPORTING REQUIREMENT.—

(1) IN GENERAL.—Not later than April 1, 2004, and every two years thereafter, the Secretary of State, shall submit a report to Congress, in both classified and unclassified form, on the implementation of the Agreement and activities thereunder.

(2) REPORT ELEMENTS.—Each report under this subsection shall provide an evaluation of the benefits of the Agreement to the Chinese economy, military, and defense industrial base and shall include the following:

(A) An accounting of all activities conducted under the Agreement since the previous report, and a projection of activities to be undertaken in the next two years.

(B) An estimate of the costs to the United States to administer the Agreement within the period covered by the report.

(C) An assessment of how the Agreement has influenced the policies of the People's Republic of China toward scientific and technological cooperation with the United States.

(D) An analysis of the involvement of Chinese nuclear weapons and military missile specialists in the activities of the Joint Commission.

(E) A determination of the extent to which the activities conducted under the Agreement have enhanced the military and industrial base of the People's Republic of China, and an assessment of the impact of projected activities for the next two years, including transfers of technology, on China's economic and military capabilities.

(F) Any recommendations on improving the monitoring of the activities of the Commission by the Secretaries of Defense and State.

(3) CONSULTATION PRIOR TO SUBMISSION OF REPORTS.—The Secretary of State shall prepare the report in consultation with the Secretaries of Commerce, Defense, and Energy, the Directors of the National Science Foundation and the Federal Bureau of Investigation, and the intelligence community.

DIVISION B—MILITARY CONSTRUCTION AUTHORIZATIONS

SEC. 2001. SHORT TITLE.

This division may be cited as the ''Military Construction Authorization Act for Fiscal Year 2003''.

TITLE XXI—ARMY

SEC. 2101. AUTHORIZED ARMY CONSTRUCTION AND LAND ACQUISITION PROJECTS.

(a) INSIDE THE UNITED STATES.—Using amounts appropriated pursuant to the authorization of appropriations in section 2104(a)(1), the Secretary of the Army may acquire real property and carry out military construction projects for the installations and locations inside the United States, and in the amounts, set forth in the following table:

Army: Inside the United States

State	Installation or location	Amount
Alabama	Anniston Army Depot	$1,900,000
	Fort Rucker	$6,550,000
Alaska	Fort Richardson	$15,000,000
	Fort Wainwright	$111,010,000
Arkansas	Pine Bluff Arsenal	$18,937,000
Colorado	Fort Carson	$1,100,000
District of Columbia	Walter Reed Army Medical Center	$17,500,000
Georgia	Fort Benning	$74,250,000
	Fort Stewart/Hunter Army Air Field	$26,000,000
Hawaii	Schofield Barracks	$191,000,000
Kansas	Fort Leavenworth	$3,150,000
	Fort Riley	$74,000,000
Kentucky	Blue Grass Army Depot	$5,500,000
	Fort Campbell	$99,000,000
	Fort Knox	$6,800,000
Louisiana	Fort Polk	$31,000,000
Maryland	Fort Detrick	$19,700,000
Missouri	Fort Leonard Wood	$15,500,000
New York	Fort Drum	$1,500,000
North Carolina	Fort Bragg	$85,500,000
Oklahoma	Fort Sill	$35,000,000
Pennsylvania	Letterkenny Army Depot	$1,550,000
Texas	Fort Hood	$69,000,000
Washington	Fort Lewis	$53,000,000
	Total	$964,697,000

(b) OUTSIDE THE UNITED STATES.—Using amounts appropriated pursuant to the authorization of appropriations in section 2104(a)(2), the Secretary of the Army may acquire real property and carry out military construction projects for the installations and locations outside the United States, and in the amounts, set forth in the following table:

Army: Outside the United States

Country	Installation or location	Amount
Belgium	Chievres Air Base	$13,600,000
Germany	Area Support Group, Bamberg	$17,200,000
	Darmstadt	$3,500,000
	Grafenwoehr	$69,866,000
	Heidelberg	$8,300,000
	Landstuhl	$2,400,000
	Mannheim	$43,350,000
	Schweinfurt	$2,000,000
Italy	Vicenza	$34,700,000
Korea	Camp Carroll	$20,000,000
	Camp Castle	$6,800,000
	Camp Hovey	$25,000,000
	Camp Humphreys	$36,000,000

Army: Outside the United States—Continued

Country	Installation or location	Amount
Qatar	Camp Tango	$12,600,000
	Camp Henry	$10,200,000
	K16 Airfield	$40,000,000
	Qatar	$8,600,000
	Total	$354,116,000

(c) UNSPECIFIED WORLDWIDE.—Using the amounts appropriated pursuant to the authorization of appropriations in section 2104(a)(3), the Secretary of the Army may acquire real property and carry out military construction projects for the installation and location, and in the amount, set forth in the following table:

Army: Unspecified Worldwide

Location	Installation	Amount
Unspecified Worldwide	Unspecified Worldwide	$4,000,000

SEC. 2102. FAMILY HOUSING.

(a) CONSTRUCTION AND ACQUISITION.—Using amounts appropriated pursuant to the authorization of appropriations in section 2104(a)(6)(A), the Secretary of the Army may construct or acquire family housing units (including land acquisition and supporting facilities) at the installations, for the purposes, and in the amounts set forth in the following table:

Army: Family Housing

State or Country	Installation or location	Purpose	Amount
Alaska	Fort Wainwright	38 Units	$17,752,000
Arizona	Yuma Proving Ground	33 Units	$6,100,000
Germany	Stuttgart	1 Units	$990,000
Korea	Yongsan	10 Units	$3,100,000
	Total:		$27,942,000

(b) PLANNING AND DESIGN.—Using amounts appropriated pursuant to the authorization of appropriations in section 2104(a)(6)(A), the Secretary of the Army may carry out architectural and engineering services and construction design activities with respect to the construction or improvement of family housing units in an amount not to exceed $15,653,000.

SEC. 2103. IMPROVEMENTS TO MILITARY FAMILY HOUSING UNITS.

Subject to section 2825 of title 10, United States Code, and using amounts appropriated pursuant to the authorization of appropriations in section 2104(a)(6)(A), the Secretary of the Army may improve existing military family housing units in an amount not to exceed $239,751,000.

SEC. 2104. AUTHORIZATION OF APPROPRIATIONS, ARMY.

(a) IN GENERAL.—Funds are hereby authorized to be appropriated for fiscal years beginning after September 30, 2002, for military construction, land acquisition, and military family housing functions of the Department of the Army in the total amount of $3,007,345,000 as follows:

(1) For military construction projects inside the United States authorized by section 2101(a), $758,497,000.

(2) For military construction projects outside the United States authorized by section 2101(b), $354,116,000.

(3) For military construction projects at unspecified worldwide locations authorized by section 2101(c), $4,000,000.

(4) For unspecified minor construction projects authorized by section 2805 of title 10, United States Code, $20,500,000.

(5) For architectural and engineering services and construction design under section 2807 of title 10, United States Code, $148,864,000.

(6) For military family housing functions:

(A) For construction and acquisition, planning and design and improvement of military family housing and facilities, $283,346,000.

(B) For support of military family housing (including the functions described in section 2833 of title 10, United States Code), $1,122,274,000.

(7) For the construction of phase 4 of an ammunition demilitarization facility at Pueblo Chemical Activity, Colorado, authorized by section 2401(a) of the Military Construction Authorization Act for Fiscal Year 1997 (division B of Public Law 104–201; 110 Stat. 2775), as amended by section 2406 of the Military Construction Authorization Act for Fiscal Year 2000 (division B of Public Law 106–65; 113 Stat. 839) and section 2108 of this Act, $38,000,000.

(8) For the construction of phase 5 of an ammunition demilitarization facility at Newport Army Depot, Indiana, authorized by section 2401(a) of the Military Construction Authorization Act for Fiscal Year 1999 (division B of Public Law 105–261; 112 Stat. 2193), $61,494,000.

(9) For the construction of phase 5 of an ammunition demilitarization facility at Aberdeen Proving Ground, Maryland, authorized by section 2401(a) of the Military Construction Authorization Act for Fiscal Year 1999, as amended by section 2406 of the Military Construction Authorization Act for Fiscal Year 2002 (division B of Public Law 107–107; 115 Stat. 1299), $30,600,000.

(10) For the construction of phase 3 of an ammunition demilitarization facility at Blue Grass Army Depot, Kentucky, authorized by section 2401(a) of the Military Construction Authorization Act for Fiscal Year 2000 (113 Stat. 835), as amended by section 2405 of the Military Construction Authorization Act for Fiscal Year 2002 (115 Stat. 1298) and section 2106 of this Act, $10,300,000.

(11) For the construction of phase 3 of an ammunition demilitarization support facility at Blue Grass Army Depot, Kentucky, authorized by section 2401(a) of the Military Construction Authorization Act for Fiscal Year 2000, $8,300,000.

(12) For the construction of phase 2 of Saddle Access Road, Pohakoula Training Facility, Hawaii, authorized by section 2101(a) of the Military Construction Authorization Act for Fiscal Year 2001 (division B of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001, as enacted into law by Public Law 106–398; 114 Stat. 1654A–389), $13,000,000.

(13) For the construction of phase 3 of a barracks complex, Butner Road, at Fort Bragg, North Carolina, authorized by section 2101(a) of the Military Construction Authorization Act for Fiscal Year 2001, $50,000,000.

(14) For the construction of phase 2 of a barracks complex, D Street, at Fort Richardson, Alaska, authorized by section 2101(a) of the Military Construction Authorization Act for Fiscal Year 2002 (115 Stat. 1280), $21,000,000.

(15) For the construction of phase 2 of a barracks complex, Nelson Boulevard, at Fort Carson, Colorado, authorized by section 2101(a) of the Military Construction Authorization Act for Fiscal Year 2002, as amended by section 2105 of this Act, $42,000,000.

(16) For the construction of phase 2 of a basic combat trainee complex at Fort Jackson, South Carolina, authorized by section 2101(a) of the Military Construction Authorization Act for Fiscal Year 2002, as amended by section 2105 of this Act, $39,000,000.

(17) For the construction of phase 2 of a barracks complex, 17th and B Streets at Fort Lewis, Washington, authorized by section 2101(a) of the Military Construction Authorization Act for Fiscal Year 2002, $50,000,000.

(b) LIMITATION ON TOTAL COST OF CONSTRUCTION PROJECTS.—Notwithstanding the cost variations authorized by section 2853 of title 10, United States Code, and any other cost variation authorized by law, the total cost of all projects carried out under section 2101 of this Act may not exceed—

(1) the total amount authorized to be appropriated under paragraphs (1), (2), and (3) of subsection (a);

(2) $18,000,000 (the balance of the amount authorized under section 2101(a) for construction of a barracks complex, Main Post, at Fort Benning, Georgia);

(3) $100,000,000 (the balance of the amount authorized under section 2101(a) for construction of a barracks complex, Capron Avenue, at Schofield Barracks, Hawaii);

(4) $13,200,000 (the balance of the amount authorized under section 2101(a) for construction of a combined arms collective training facility at Fort Riley, Kansas);

(5) $50,000,000 (the balance of the amount authorized under section 2101(a) for construction of a barracks complex, Range Road, at Fort Campbell, Kentucky); and

(6) $25,000,000 (the balance of the amount authorized under section 2101(a) for construction of a consolidated maintenance complex at Fort Sill, Oklahoma).

(c) ADJUSTMENT.—The total amount authorized to be appropriated pursuant to paragraphs (1) through (17) of subsection (a) is the sum of the amounts authorized to be appropriated in such paragraphs, reduced by—

(1) $18,596,000, which represents savings resulting from adjustments to foreign currency exchange rates for military construction, military family housing construction, and military family housing support outside the United States; and

(2) $29,350,000, which represents adjustments for the accounting of civilian personnel benefits.

SEC. 2105. MODIFICATION OF AUTHORITY TO CARRY OUT CERTAIN FISCAL YEAR 2002 PROJECTS.

(a) MODIFICATION.—The table in section 2101(a) of the Military Construction Authorization Act for Fiscal Year 2002 (division B of Public Law 107-107; 115 Stat. 1281) is amended—

(1) in the item relating to Fort Carson, Colorado, by striking ''$66,000,000'' in the amount column and inserting ''$67,000,000''; and

(2) in the item relating to Fort Jackson, South Carolina, by striking ''$65,650,000'' in the amount column and inserting ''$68,650,000''.

(b) CONFORMING AMENDMENTS.—Section 2104(b) of that Act (115 Stat. 1284) is amended—

(1) in paragraph (3), by striking ''$41,000,000'' and inserting ''$42,000,000''; and

(2) in paragraph (4), by striking ''$36,000,000'' and inserting ''$39,000,000''.

SEC. 2106. MODIFICATION OF AUTHORITY TO CARRY OUT CERTAIN FISCAL YEAR 2000 PROJECT.

(a) MODIFICATION.—The table in section 2401(a) of the Military Construction Authorization Act for Fiscal Year 2000 (division B of Public Law 106–65; 113 Stat. 835), as amended by section 2405 of the Military Construction Authorization Act for Fiscal Year 2002 (division B of Public Law 107–107; 115 Stat. 1298), is further amended—

(1) under the agency heading relating to Chemical Demilitarization, in the item relating to Blue Grass Army Depot, Kentucky, by striking ''$254,030,000'' in the amount column and inserting ''$290,325,000''; and

(2) by striking the amount identified as the total in the amount column and inserting ''$748,245,000''.

(b) CONFORMING AMENDMENT.—Section 2405(b)(3) of that Act (113 Stat. 839), as so amended, is further amended by striking ''$231,230,000'' and inserting ''$267,525,000''.

SEC. 2107. MODIFICATION OF AUTHORITY TO CARRY OUT CERTAIN FISCAL YEAR 1999 PROJECT.

(a) MODIFICATION.—The table in section 2401(a) of the Military Construction Authorization Act for Fiscal Year 1999 (division B of Public Law 105–261; 112 Stat. 2193) is amended—

(1) under the agency heading relating to Chemical Demilitarization, in the item relating to Newport Army Depot, Indiana, by striking ''$191,550,000'' in the amount column and inserting ''$293,853,000''; and

(2) by striking the amount identified as the total in the amount column and inserting ''$829,919,000''.

(b) CONFORMING AMENDMENT.—Section 2404(b)(2) of that Act (112 Stat. 2196) is amended by striking ''$162,050,000'' and inserting ''$264,353,000''.

SEC. 2108. MODIFICATION OF AUTHORITY TO CARRY OUT CERTAIN FISCAL YEAR 1997 PROJECT.

(a) MODIFICATION.—The table in section 2401(a) of the Military Construction Authorization Act for Fiscal Year 1997 (division B of Public Law 104–201; 110 Stat. 2775), as amended by section 2406 of the Military Construction Authorization Act for Fiscal Year 2000 (division B of Public Law 106–65; 113 Stat. 839), is further amended—

(1) under the agency heading relating to Chemical Demilitarization Program, in the item relating to Pueblo Chemical Activity, Colorado, by striking ''$203,500,000'' in the amount column and inserting ''$261,000,000''; and

(2) by striking the amount identified as the total in the amount column and inserting ''$607,454,000''.

(b) CONFORMING AMENDMENT.—Section 2406(b)(2) of that Act (110 Stat. 2779), as so amended, is further amended by striking ''$203,500,000'' and inserting ''$261,000,000''.

SEC. 2109. MODIFICATION OF AUTHORITY TO CARRY OUT CERTAIN FISCAL YEAR 2001 PROJECT.

The table in section 2101(b) of the Military Construction Authorization Act for Fiscal Year 2001 (division B of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001, as enacted into law by Public Law 106–398; 114 Stat. 1654A–390) is amended by striking ''Camp Page'' in the installation or location column and inserting ''Camp Stanley''.

SEC. 2110. PLANNING AND DESIGN FOR ANECHOIC CHAMBER AT WHITE SANDS MISSILE RANGE, NEW MEXICO.

(a) PLANNING AND DESIGN.—The amount authorized to be appropriated by section 2104(a)(5), for planning and design for military construction for the Army is hereby increased by $3,000,000, with the amount of the increase to be available for planning and design for an anechoic chamber at White Sands Missile Range, New Mexico.

(b) OFFSET.—The amount authorized to be appropriated by section 301(a)(1) for the Army for operation and maintenance is hereby reduced by $3,000,000, with the amount of the reduction to be allocated to Base Operations Support (Servicewide Support).

TITLE XXII—NAVY

SEC. 2201. AUTHORIZED NAVY CONSTRUCTION AND LAND ACQUISITION PROJECTS.

(a) INSIDE THE UNITED STATES.—Using amounts appropriated pursuant to the authorization of appropriations in section 2204(a)(1), the Secretary of the Navy may acquire real property and carry out military construction projects for the installations and locations inside the United States, and in the amounts, set forth in the following table:

Navy: Inside the United States

State	Installation or location	Amount
Arizona	Marine Corps Air Station, Yuma	$3,000,000
California	Marine Corps Air Station, Miramar	$8,700,000
	Marine Corps Air Ground Combat Center, Twentynine Palms	$25,770,000
	Marine Corps Base, Camp Pendleton	$104,200,000
	Naval Air Station, Lemoore	$35,855,000
	Naval Air Station, San Diego	$6,150,000
	Naval Air Warfare Center, Point Mugu	$6,760,000
	Naval Construction Battalion Center, Port Hueneme	$6,957,000
	Naval PostGraduate School, Monterey	$2,020,000
	Naval Station, San Diego	$12,210,000
Connecticut	Naval Submarine Base, New London	$7,880,000
District of Columbia	Marine Corps Base, Washington	$3,700,000
	Naval District, Washington	$2,690,000
Florida	Eglin Air Force Base	$6,350,000
	Naval Air Station, Jacksonville	$6,770,000
	Naval Air Station, Mayport	$1,900,000
	Naval Air Station, Pensacola	$990,000
	Panama City	$10,700,000
Georgia	Naval Submarine Base, Kings Bay	$1,580,000
Hawaii	Ford Island	$19,400,000
	Marine Corps Base, Hawaii	$9,500,000
	Naval Station, Pearl Harbor	$14,690,000
Illinois	Naval Training Center, Great Lakes	$93,190,000
Maine	Naval Air Station, Brunswick	$9,830,000
	Naval Shipyard, Portsmouth	$15,200,000
Maryland	Andrews Air Force Base	$9,680,000
	Naval Surface Warfare Center, Carderock Division	$12,900,000
Mississippi	Naval Air Station, Meridian	$2,850,000
	Naval Construction Battalion Center, Gulfport	$5,460,000

Navy: Inside the United States—Continued

State	Installation or location	Amount
	Naval Station, Pascagoula	$25,305,000
New Jersey	Naval Air Warfare Center, Lakehurst	$5,200,000
	Naval Weapons Station, Earle	$5,600,000
North Carolina	Camp LeJeune	$5,370,000
	Marine Corps Air Station, Cherry Point	$6,040,000
	Marine Corps Air Station, New River	$6,920,000
Rhode Island	Naval Station, Newport	$9,030,000
South Carolina	Marine Corps Air Station, Beaufort	$13,700,000
	Marine Corps Recruit Depot, Parris Island	$10,490,000
	Naval Weapons Station, Charleston	$5,740,000
Texas	Naval Air Station, Kingsville	$6,210,000
	Naval Station, Ingleside	$5,480,000
Virginia	Marine Corps Combat Development Command, Quantico	$19,554,000
	Naval Amphibious Base, Little Creek	$9,770,000
	Naval Air Station, Norfolk	$2,260,000
	Naval Air Station, Oceana	$16,490,000
	Naval Ship Yard, Norfolk	$36,470,000
	Naval Station, Norfolk	$168,965,000
	Naval Surface Warfare Center, Dahlgren	$15,830,000
	Naval Weapons Station, Yorktown	$15,020,000
Washington	Naval Air Station, Whidbey Island	$17,580,000
	Naval Magazine, Port Hadlock	$4,030,000
	Naval Shipyard, Puget Sound	$54,132,000
	Naval Station, Bremerton	$45,870,000
	Naval Submarine Base, Bangor	$22,310,000
	Strategic Weapons Facility, Bangor	$7,340,000
Various Locations	Host Nation Infrastructure	$1,000,000
	Total	$988,588,000

(b) OUTSIDE THE UNITED STATES.—Using amounts appropriated pursuant to the authorization of appropriations in section 2204(a)(2), the Secretary of the Navy may acquire real property and carry out military construction projects for the locations outside the United States, and in the amounts, set forth in the following table:

Navy: Outside the United States

Country	Installation or location	Amount
Bahrain	Naval Support Activity, Bahrain	$25,970,000
Cuba	Naval Station, Guantanamo	$4,280,000
Diego Garcia	Diego Garcia, Naval Support Facility	$11,090,000
Greece	Naval Support Activity, Joint Headquarters Command, Larissa	$14,800,000
Guam	Commander, United States Naval Forces, Guam	$13,400,000
Iceland	Naval Air Station, Keflavik	$14,920,000
Italy	Naval Air Station, Sigonella	$66,960,000
Spain	Joint Headquarters Command, Madrid	$2,890,000
	Naval Station, Rota	$18,700,000
	Total	$173,010,000

SEC. 2202. FAMILY HOUSING.

(a) CONSTRUCTION AND ACQUISITION.—Using amounts appropriated pursuant to the authorization of appropriations in section 2204(a)(5)(A), the Secretary of the Navy may construct or acquire family housing units (including land acquisition and supporting facilities) at the installations, for the purposes, and in the amounts set forth in the following table:

Navy: Family Housing

State or Country	Installation or location	Purpose	Amount
California	Naval Air Station, Lemoore	178 Units	$40,981,000
	Twentynine Palms	76 Units	$19,425,000
Connecticut	Naval Submarine Base, New London	100 Units	$24,415,000
Florida	Naval Station, Mayport	1 Unit	$329,000
Hawaii	Marine Corps Base, Kaneohe Bay	65 Units	$24,797,000
Mississippi	Naval Air Station, Meridian	56 Units	$9,755,000
North Carolina	Marine Corps Base, Camp LeJeune	317 Units	$43,650,000
Virginia	Marine Corps Base, Quantico	290 Units	$41,843,000
Greece	Naval Support Activity Joint Headquarters Command, Larissa.	2 Units	$1,232,000
United Kingdom	Joint Maritime Facility, St. Mawgan	62 Units	$18,524,000
		Total	$224,951,000

(b) PLANNING AND DESIGN.—Using amounts appropriated pursuant to the authorization of appropriation in section 2204(a)(5)(A), the Secretary of the Navy may carry out architectural and engineering services and construction design activities with respect to the construction or improvement of military family housing units in an amount not to exceed $11,281,000.

SEC. 2203. IMPROVEMENTS TO MILITARY FAMILY HOUSING UNITS.

Subject to section 2825 of title 10, United States Code, and using amounts appropriated pursuant to the authorization of appropriations in section 2204(a)(5)(A), the Secretary of the Navy may improve existing military family housing units in an amount not to exceed $139,468,000.

SEC. 2204. AUTHORIZATION OF APPROPRIATIONS, NAVY.

(a) IN GENERAL.—Funds are hereby authorized to be appropriated for fiscal years beginning after September 30, 2002, for military

construction, land acquisition, and military family housing functions of the Department of the Navy in the total amount of $2,478,174,000, as follows:

(1) For military construction projects inside the United States authorized by section 2201(a), $932,123,000.

(2) For military construction projects outside the United States authorized by section 2201(b), $170,440,000.

(3) For unspecified minor construction projects authorized by section 2805 of title 10, United States Code, $23,262,000.

(4) For architectural and engineering services and construction design under section 2807 of title 10, United States Code, $87,803,000.

(5) For military family housing functions:

(A) For construction and acquisition, planning and design, and improvement of military family housing and facilities, $375,700,000.

(B) For support of military family housing (including functions described in section 2833 of title 10, United States Code), $867,788,000.

(6) For replacement of a pier at Naval Station, Norfolk, Virginia, authorized in section 2201(a) of the Military Construction Authorization Act for Fiscal Year 2002 (division B of Public Law 107–107; 115 Stat. 1287), as amended by section 2205 of this Act, $33,520,000.

(b) LIMITATION ON TOTAL COST OF CONSTRUCTION PROJECTS.—Notwithstanding the cost variations authorized by section 2853 of title 10, United States Code, and any other cost variation authorized by law, the total cost of all projects carried out under section 2201 of this Act may not exceed—

(1) the total amount authorized to be appropriated under paragraphs (1) and (2) of subsection (a):

(2) $8,345,000 (the balance of the amount authorized under section 2201(a) for a bachelors enlisted quarters shipboard ashore, Naval Station, Pascagoula, Mississippi);

(3) $48,120,000 (the balance of the amount authorized under section 2201(a) for a bachelors enlisted quarters shipboard ashore, Naval Station, Norfolk, Virginia); and

(4) $2,570,000 (the balance of the amount authorized under section 2201(b) for a quality of life support facility, Naval Air Station Sigonella, Italy).

(c) ADJUSTMENT.—The total amount authorized to be appropriated pursuant to paragraphs (1) through (6) of subsection (a) is the sum of the amounts authorized to be appropriated in such paragraphs, reduced by—

(1) $3,992,000, which represents savings resulting from adjustments to foreign currency exchange rates for military construction, military family housing construction, and military family housing support outside the United States; and

(2) $10,470,000, which represents adjustments for the accounting of civilian personnel benefits.

SEC. 2205. MODIFICATION TO CARRY OUT CERTAIN FISCAL YEAR 2002 PROJECTS.

(a) MILITARY CONSTRUCTION PROJECT AT NAVAL STATION, NORFOLK, VIRGINIA.—The table in section 2201(a) of the Military Construction Authorization Act for Fiscal Year 2002 (division B of Public Law 107–107; 115 Stat. 1286) is amended—

(1) in the item relating to Naval Station, Norfolk, Virginia, by striking ''$139,270,000'' in the amount column and inserting ''$139,550,000''; and

(2) by striking the amount identified as the total in the amount column and inserting ''$1,059,030,000''.

(b) CONFORMING AMENDMENT.—Section 2204(b)(2) of that Act (115 Stat. 1289) is amended by striking ''$33,240,000'' and inserting ''$33,520,000''.

(c) MILITARY FAMILY HOUSING AT QUANTICO, VIRGINIA.—The table in section 2202(a) of that Act (115 Stat. 1287) is amended in the item relating to Marine Corps Combat Development Command, Quantico, Virginia, by striking ''60 Units'' in the purpose column and inserting ''39 Units''.

TITLE XXIII—AIR FORCE

SEC. 2301. AUTHORIZED AIR FORCE CONSTRUCTION AND LAND ACQUISITION PROJECTS.

(a) INSIDE THE UNITED STATES.—Using amounts appropriated pursuant to the authorization of appropriations in section 2304(a)(1), the Secretary of the Air Force may acquire real property and carry out military construction projects for the installations and locations inside the United States, and in the amounts, set forth in the following table:

Air Force: Inside the United States

State	Installation or location	Amount
Alaska	Clear Air Force Station	$14,400,000
	Eielson Air Force Base	$41,100,000
Arizona	Davis-Monthan Air Force Base	$19,270,000
Arkansas	Little Rock Air Force Base	$25,600,000
California	Beale Air Force Base	$11,740,000
	Travis Air Force Base	$23,900,000
	Vandenberg Air Force Base	$10,500,000
Colorado	Buckley Air Force Base	$17,700,000
	Peterson Air Force Base	$5,500,000
	Schriever Air Force Base	$5,700,000
	United States Air Force Academy	$4,200,000
District of Columbia	Bolling Air Force Base	$5,000,000
Florida	Eglin Air Force Base	$4,250,000
	Hurlburt Field	$15,000,000
	MacDill Air Force Base	$7,000,000
Georgia	Robins Air Force Base	$5,400,000
	Warner-Robins Air Force Base	$24,000,000
Hawaii	Hickam Air Force Base	$1,350,000
Louisiana	Barksdale Air Force Base	$22,900,000
Maryland	Andrews Air Force Base	$9,600,000
Massachusetts	Fourth Cliff, Scituate	$9,500,000
	Hanscom Air Force Base	$7,700,000
Mississippi	Keesler Air Force Base	$22,000,000
Nebraska	Offutt Air Force Base	$11,000,000
Nevada	Nellis Air Force Base	$56,850,000
New Jersey	McGuire Air Force Base	$24,631,000
New Mexico	Cannon Air Force Base	$4,650,000
	Holloman Air Force Base	$4,650,000
	Kirtland Air Force Base	$21,900,000
North Carolina	Pope Air Force Base	$9,700,000
	Seymour Johnson Air Force Base	$10,600,000
North Dakota	Minot Air Force Base	$18,000,000
Ohio	Wright-Patterson Air Force Base	$35,400,000
Oklahoma	Altus Air Force Base	$14,800,000
	Vance Air Force Base	$4,800,000
South Carolina	Shaw Air Force Base	$6,500,000
South Dakota	Ellsworth Air Force Base	$13,200,000
Texas	Goodfellow Air Force Base	$10,600,000
	Lackland Air Force Base	$41,500,000
	Sheppard Air Force Base	$16,000,000
Utah	Hill Air Force Base	$16,500,000
Virginia	Langley Air Force Base	$71,940,000
Wyoming	F.E. Warren Air Force Base	$15,000,000

Air Force: Inside the United States—Continued

State	Installation or location	Amount
	Total	$721,531,000

(b) OUTSIDE THE UNITED STATES.—Using amounts appropriated pursuant to the authorization of appropriations in section 2304(a)(2), the Secretary of the Air Force may acquire real property and carry out military construction projects for the installations and locations outside the United States, and in the amounts, set forth in the following table:

Air Force: Outside the United States

Country	Installation or location	Amount
Germany	Ramstein Air Base	$71,783,000
Guam	Andersen Air Force Base	$31,000,000
Italy	Aviano Air Base	$6,600,000
Japan	Kadena Air Base	$6,000,000
Korea	Osan Air Base	$15,100,000
Spain	Naval Station, Rota	$31,818,000
Turkey	Incirlik Air Base	$1,550,000
United Kingdom	Diego Garcia	$17,100,000
	Royal Air Force, Fairford	$19,000,000
	Royal Air Force, Lakenheath	$13,400,000
Wake Island	Wake Island	$24,900,000
	Total	$238,251,000

(c) UNSPECIFIED WORLDWIDE.—Using the amounts appropriated pursuant to the authorization of appropriations in section 2304(a)(3), the Secretary of the Air Force may acquire real property and carry out military construction projects for the installation and location, and in the amount, set forth in the following table:

Air Force: Unspecified Worldwide

Location	Installation	Amount
Unspecified Worldwide	Classified Locations	$24,993,000

SEC. 2302. FAMILY HOUSING.

(a) CONSTRUCTION AND ACQUISITION.—Using amounts appropriated pursuant to the authorization of appropriations in section 2304(a)(6)(A), the Secretary of the Air Force may construct or acquire family housing units (including land acquisition and supporting facilities) at the installations, for the purposes, and in the amounts set forth in the following table:

Air Force: Family Housing

State or Country	Installation or location	Purpose	Amount
Arizona	Luke Air Force Base	140 Units	$18,954,000
California	Travis Air Force Base	110 Units	$24,320,000
Colorado	Peterson Air Force Base	2 Units	$959,000
	United States Air Force Academy	71 Units	$12,424,000
Delaware	Dover Air Force Base	112 Units	$19,615,000
Florida	Eglin Air Force Base	Housing Office	$597,000
	Eglin Air Force Base	134 Units	$15,906,000
	MacDill Air Force Base	96 Units	$18,086,000
Hawaii	Hickam Air Force Base	96 Units	$29,050,000
Idaho	Mountain Home Air Force Base	95 Units	$24,392,000
Kansas	McConnell Air Force Base	Housing Maintenance Facility.	$1,514,000
Maryland	Andrews Air Force Base	53 Units	$9,838,000
	Andrews Air Force Base	52 Units	$8,807,000
Mississippi	Columbus Air Force Base	Housing Office	$412,000
	Keesler Air Force Base	117 Units	$16,605,000
Missouri	Whiteman Air Force Base	22 Units	$3,977,000
Montana	Malmstrom Air Force Base	18 Units	$4,717,000
New Mexico	Holloman Air Force Base	101 Units	$20,161,000
North Carolina	Pope Air Force Base	Housing Maintenance Facility.	$991,000
	Seymour Johnson Air Force Base	126 Units	$18,615,000
North Dakota	Grand Forks Air Force Base	150 Units	$30,140,000
	Minot Air Force Base	112 Units	$21,428,000
	Minot Air Force Base	102 Units	$20,315,000
Oklahoma	Vance Air Force Base	59 Units	$11,423,000
South Dakota	Ellsworth Air Force Base	Housing Maintenance Facility.	$447,000
	Ellsworth Air Force Base	22 Units	$4,794,000
Texas	Dyess Air Force Base	85 Units	$14,824,000
	Randolph Air Force Base	Housing Maintenance Facility.	$447,000
	Randolph Air Force Base	112 Units	$14,311,000
Virginia	Langley Air Force Base	Housing Office	$1,193,000
Germany	Ramstein Air Force Base	19 Units	$8,534,000

Air Force: Family Housing—Continued

State or Country	Installation or location	Purpose	Amount
Korea	Osan Air Base	113 Units	$35,705,000
	Osan Air Base	Housing Supply Warehouse.	$834,000
United Kingdom	Royal Air Force Lakenheath	Housing Office and Maintenance Facility.	$2,203,000
	Total		$416,438,000

(b) PLANNING AND DESIGN.—Using amounts appropriated pursuant to the authorization of appropriations in section 2304(a)(6)(A), the Secretary of the Air Force may carry out architectural and engineering services and construction design activities with respect to the construction or improvement of military family housing units in an amount not to exceed $34,188,000.

SEC. 2303. IMPROVEMENTS TO MILITARY FAMILY HOUSING UNITS.

Subject to section 2825 of title 10, Unites States Code, and using amounts appropriated pursuant to the authorization of appropriations in section 2304(a)(6)(A), the Secretary of the Air Force may improve existing military family housing units in an amount not to exceed $226,068,000.

SEC. 2304. AUTHORIZATION OF APPROPRIATIONS, AIR FORCE.

(a) IN GENERAL.—Funds are hereby authorized to be appropriated for fiscal years beginning after September 30, 2002, for military construction, land acquisition, and military family housing functions of the Department of the Air Force in the total amount of $2,597,272,000, as follows:

(1) For military construction projects inside the United States authorized by section 2301(a), $709,431,000.

(2) For military construction projects outside the United States authorized by section 2301(b), $238,251,000.

(3) For the military construction projects at unspecified worldwide locations authorized by section 2301(c), $24,993,000.

(4) For unspecified minor construction projects authorized by section 2805 of title 10, United States Code, $11,500,000.

(5) For architectural and engineering services and construction design under section 2807 of title 10, United States Code, $81,416,000.

(6) For military housing functions:

(A) For construction and acquisition, planning and design, and improvement of military family housing and facilities, $676,694,000.

(B) For support of military family housing (including functions described in section 2833 of title 10, United States Code), $874,050,000.

(b) LIMITATION ON TOTAL COST OF CONSTRUCTION PROJECTS.—Notwithstanding the cost variations authorized by section 2853 of title 10, United States Code, and any other cost variation authorized by law, the total cost of all projects carried out under section 2301 of this Act may not exceed—

(1) the total amount authorized to be appropriated under paragraphs (1), (2) and (3) of subsection (a);

(2) $7,100,000 (the balance of the amount authorized under section 2301(a) for construction of a consolidated base engineer complex at Altus Air Force Base, Oklahoma); and

(3) $5,000,000 (the balance of the amount authorized under section 2301(a) for construction of a storm drainage system at F.E. Warren Air Force Base, Wyoming).

(c) ADJUSTMENT.—The total amount authorized to be appropriated pursuant to paragraphs (1) through (6) of subsection (a) is the sum of the amounts authorized to be appropriated in such paragraphs, reduced by $19,063,000, which represents savings resulting from adjustments to foreign currency exchange rates for military construction, military family housing construction, and military family housing support outside the United States.

SEC. 2305. AUTHORITY FOR USE OF MILITARY CONSTRUCTION FUNDS FOR CONSTRUCTION OF PUBLIC ROAD NEAR AVIANO AIR BASE, ITALY, CLOSED FOR FORCE PROTECTION PURPOSES.

(a) AUTHORITY TO USE FUNDS.—The Secretary of the Air Force may, using amounts authorized to be appropriated by section 2301(b), carry out a project to provide a public road, and associated improvements, to replace a public road adjacent to Aviano Air Base, Italy, that has been closed for force protection purposes.

(b) SCOPE OF AUTHORITY.—(1) The authority of the Secretary to carry out the project referred to in subsection (a) shall include authority as follows:

(A) To acquire property for the project for transfer to a host nation authority.

(B) To provide funds to a host nation authority to acquire property for the project.

(C) To make a contribution to a host nation authority for purposes of carrying out the project.

(D) To provide vehicle and pedestrian access to landowners effected by the project.

(2) The acquisition of property using authority in subparagraph (A) or (B) of paragraph (1) may be made regardless of whether or not ownership of such property will vest in the United States.

(c) INAPPLICABILITY OF CERTAIN REAL PROPERTY MANAGEMENT REQUIREMENT.—Section 2672(a)(1)(B) of title 10, United States Code, shall not apply with respect to any acquisition of interests in land for purposes of the project authorized by subsection (a).

SEC. 2306. ADDITIONAL PROJECT AUTHORIZATION FOR AIR TRAFFIC CONTROL FACILITY AT DOVER AIR FORCE BASE, DELAWARE.

(a) PROJECT AUTHORIZED.—In addition to the projects authorized by section 2301(a), the Secretary of the Air Force may carry out carry out a military construction project, including land acquisition relating thereto, for construction of a new air traffic control facility at Dover Air Force Base, Delaware, in the amount of $7,500,000.

(b) AUTHORIZATION OF APPROPRIATIONS.—The amount authorized to be appropriated by section 2304(a), and by paragraph (1) of that section, is hereby increased by $7,500,000.

(c) OFFSET.—The amount authorized to be appropriated by section 301(a)(10) for operation and maintenance for the Army National Guard is hereby reduced by $7,500,000, with the amount of the reduction to be allocated to the Classified Network Program.

SEC. 2307. AVAILABILITY OF FUNDS FOR CONSOLIDATION OF MATERIALS COMPUTATIONAL RESEARCH FACILITY AT WRIGHT–PATTERSON AIR FORCE BASE, OHIO.

(a) AVAILABILITY.—Of the amount authorized to be appropriated by section 2304(a), and paragraph (1) of that section, for the Air Force and available for military construction projects at Wright–Patterson Air Force Base, Ohio, $15,200,000 may be available for a military construction project for consolidation of the materials computational research facility at Wright–Patterson Air Force Base (PNZHTV033301A).

(b) OFFSET.—(1) The amount authorized to be appropriated by section 301(a)(4) for the Air Force for operation and maintenance is hereby reduced by $2,800,000, with the amount of the reduction to be allocated to Recruiting and Advertising.

(2) Of the amount authorized to be appropriated by section 2304(a), and paragraph (1) of that section, for the Air Force and available for military construction projects at Wright–Patterson Air Force Base—

(A) the amount available for a dormitory is hereby reduced by $10,400,000; and

(B) the amount available for construction of a Fully Contained Small Arms Range Complex is hereby reduced by $2,000,000.

TITLE XXIV—DEFENSE AGENCIES

SEC. 2401. AUTHORIZED DEFENSE AGENCIES CONSTRUCTION AND LAND ACQUISITION PROJECTS.

(a) INSIDE THE UNITED STATES.—Using amounts appropriated pursuant to the authorization of appropriations in section 2404(a)(1), the Secretary of Defense may acquire real property and carry out military construction projects for the installations and locations inside the United States, and in the amounts, set forth in the following table:

Defense Agencies: Inside the United States

Agency	Installation or location	Amount
Missile Defense Agency	Kauai, Hawaii	$23,400,000
Defense Intelligence Agency	Bolling Air Force Base, District of Columbia	$121,958,000
Defense Logistics Agency	Defense Supply Center, Columbus, Ohio	$5,021,000
	Defense Supply Center, Richmond, Virginia	$5,500,000
	Naval Air Station, New Orleans, Louisiana	$9,500,000
	Travis Air Force Base, California	$16,000,000

Defense Agencies: Inside the United States—Continued

Agency	Installation or location	Amount
Defense Threat Reduction Agency	Fort Belvoir, Virginia	$76,388,000
Department of Defense Dependents Schools	Fort Bragg, North Carolina	$2,036,000
	Fort Jackson, South Carolina	$2,506,000
	Marine Corps Base, Camp LeJeune, North Carolina	$12,138,000
	Marine Corps Base, Quantico, Virginia	$1,418,000
	United States Military Academy, West Point, New York	$4,347,000
Joint Chiefs of Staff	Conus Various	$25,000,000
National Security Agency	Fort Meade, Maryland	$4,484,000
Special Operations Command	Fort Bragg, North Carolina	$30,800,000
	Hurlburt Field, Florida	$11,100,000
	Naval Amphibious Base, Little Creek, Virginia	$14,300,000
	Stennis Space Center, Mississippi	$5,000,000
TRICARE Management Activity	Elmendorf Air Force Base, Alaska	$10,400,000
	Hickam Air Force Base, Hawaii	$2,700,000
Washington Headquarters Services	Arlington, Virginia	$18,000,000
	Washington Headquarters Services, District of Columbia	$2,500,000
	Total	$404,496,000

(b) OUTSIDE THE UNITED STATES.—Using amounts appropriated pursuant to the authorization of appropriations in section 2404(a)(2), the Secretary of Defense may acquire real property and carry out military construction projects for the installations and locations outside the United States, and in the amounts, set forth in the following table:

Defense Agencies: Outside the United States

Agency	Installation or location	Amount
Defense Logistics Agency	Andersen Air Force Base, Guam	$17,586,000
	Lajes Field, Azores, Portugal	$19,000,000
	Naval Forces Marianas Islands, Guam	$6,000,000
	Naval Station, Rota, Spain	$23,400,000
	Royal Air Force, Fairford, United Kingdom	$17,000,000
	Yokota Air Base, Japan	$23,000,000
Department of Defense Dependents Schools	Kaiserslautern, Germany	$957,000
	Lajes Field, Azores, Portugal	$1,192,000
	Seoul, Korea	$31,683,000
	Mons, Belgium	$1,573,000
	Spangdahlem Air Base, Germany	$997,000
	Vicenza, Italy	$2,117,000
TRICARE Management Activity	Naval Support Activity, Naples, Italy	$41,449,000
	Spangdahlem Air Base, Germany	$39,629,000
	Total	$225,583,000

SEC. 2402. IMPROVEMENTS TO MILITARY FAMILY HOUSING UNITS.

Subject to section 2825 of title 10, United States Code, and using amounts appropriated pursuant to the authorization of appropriations in section 2404(a)(8)(A), the Secretary of Defense may improve existing military family housing units in an amount not to exceed $5,480,000.

SEC. 2403. ENERGY CONSERVATION PROJECTS.

Using amounts appropriated pursuant to the authorization of appropriations in section 2404(a)(4), the Secretary of Defense may carry out energy conservation projects under section 2865 of title 10, United States Code, in the amount of $50,531,000.

SEC. 2404. AUTHORIZATION OF APPROPRIATIONS, DEFENSE AGENCIES.

(a) IN GENERAL.—Funds are hereby authorized to be appropriated for fiscal years beginning after September 30, 2002, for military construction, land acquisition, and military family housing functions of the Department of Defense (other than the military departments) in the total amount of $1,316,972,000, as follows:

(1) For military construction projects inside the United States authorized by section 2401(a), $367,896,000.

(2) For military construction projects outside the United States authorized by section 2401(b), $225,583,000.

(3) For unspecified minor construction projects under section 2805 of title 10, United States Code, $16,293,000.

(4) For contingency construction projects of the Secretary of Defense under section 2804 of title 10, United States Code, $10,000,000.

(5) For architectural and engineering services and construction design under section 2807 of title 10, United States Code, $44,232,000.

(6) For energy conservation projects authorized by section 2403 of this Act, $50,531,000.

(7) For base closure and realignment activities as authorized by the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note), $545,138,000.

(8) For military family housing functions:

(A) For improvement of military family housing and facilities, $5,480,000.

(B) For support of military family housing (including functions described in section 2833 of title 10, United States Code), $42,432,000.

(C) For credit to the Department of Defense Family Housing Improvement Fund established by section 2883(a)(1) of title 10, United States Code, $2,000,000.

(9) For payment of a claim against the Hospital Replacement project at Elmendorf Air Force Base, Alaska, $10,400,000.

(b) LIMITATION ON TOTAL COST OF CONSTRUCTION PROJECTS.—Notwithstanding the cost variations authorized by section 2853 of title 10, United States Code, and any other cost variation authorized by law, the total cost of all projects carried out under section 2401 of this Act may not exceed—

(1) the total amount authorized to be appropriated under paragraphs (1) and (2) of subsection (a); and

(2) $26,200,000 (the balance of the amount authorized under section 2401(a) for the construction of the Defense Threat Reduction Center, Fort Belvoir, Virginia).

(c) ADJUSTMENT.—The total amount authorized to be appropriated pursuant to paragraphs (1) through (9) of subsection (a) is the sum of the amounts authorized to be appropriated in such paragraphs, reduced by—

(1) $2,976,000, which represents savings resulting from adjustments to foreign currency exchange rates for military construction, military family housing construction, and military family housing support outside the United States; and

(2) $37,000, which represents adjustments for the accounting of civilian personnel benefits.

TITLE XXV—NORTH ATLANTIC TREATY ORGANIZATION SECURITY INVESTMENT PROGRAM

SEC. 2501. AUTHORIZED NATO CONSTRUCTION AND LAND ACQUISITION PROJECTS.

The Secretary of Defense may make contributions for the North Atlantic Treaty Organization Security Investment program as provided in section 2806 of title 10, United States Code, in an amount not to exceed the sum of the amount authorized to be appropriated for this purpose in section 2502 and the amount collected from the North Atlantic Treaty Organization as a result of construction previously financed by the United States.

SEC. 2502. AUTHORIZATION OF APPROPRIATIONS, NATO.

Funds are hereby authorized to be appropriated for fiscal years beginning after September 30, 2002, for contributions by the Secretary of Defense under section 2806 of title 10, United States Code, for the share of the United States of the cost of projects for the North Atlantic Treaty Organization Security Investment program authorized by section 2501, in the amount of $168,200,000.

TITLE XXVI—GUARD AND RESERVE FORCES FACILITIES

SEC. 2601. AUTHORIZED GUARD AND RESERVE CONSTRUCTION AND LAND ACQUISITION PROJECTS.

There are authorized to be appropriated for fiscal years beginning after September 30, 2002, for the costs of acquisition, architectural and engineering services, and construction of facilities for the Guard and Reserve Forces, and for contributions there for, under chapter 1803 of title 10, United States Code (including the cost of acquisition of land for those facilities), the following amounts:

(1) For the Department of the Army—

(A) for the Army National Guard of the United States, $186,588,000; and

(B) for the Army Reserve, $62,992,000.

(2) For the Department of the Navy, for the Naval and Marine Corps Reserve, $58,671,000.

(3) For the Department of the Air Force—

(A) for the Air National Guard of the United States, $212,459,000; and

(B) for the Air Force Reserve, $59,883,000.

SEC. 2602. ARMY NATIONAL GUARD RESERVE CENTER, LANE COUNTY, OREGON.

(a) INCREASE IN AUTHORIZATION OF APPROPRIATIONS.—The amount authorized to be appropriated by section 2601(1)(A) for the Army National Guard of the United States is hereby increased by $9,000,000.

(b) AVAILABILITY.—(1) Of the amount authorized to be appropriated by section 2601(1)(A) for the Army National Guard of the United States, as increased by subsection (a), $9,000,000 may be available for a military construction project for a Reserve Center in Lane County, Oregon.

(2) The amount available under paragraph (1) for the military construction project referred to in that paragraph is in addition to any other amounts available under this Act for that project.

(c) OFFSET.—(1) The amount authorized to be appropriated by section 201(2) for research, development, test, and evaluation for the Navy is hereby reduced by $2,500,000, with the amount of the reduction to be allocated to Warfighter Sustainment Advanced Technology (PE 0603236N).

(2) The amount authorized to be appropriated by section 301(a)(6) for operation and maintenance for the Army Reserve is hereby reduced by $6,000,000, with the amount of the reduction to be allocated to the Enhanced Secure Communications Program.

SEC. 2603. ADDITIONAL PROJECT AUTHORIZATION FOR COMPOSITE SUPPORT FACILITY FOR ILLINOIS AIR NATIONAL GUARD.

(a) INCREASE IN AUTHORIZATION OF APPROPRIATIONS.—The amount authorized to be appropriated by section 2601(3)(A) for the Air National Guard is hereby increased by $10,000,000.

(b) AVAILABILITY.—Of the amount authorized to be appropriated by section 2601(3)(A) for the Air National Guard, as increased by subsection (a), $10,000,000 may be available for a military construction project for a Composite Support Facility for the 183rd Fighter Wing of the Illinois Air National Guard.

(c) OFFSET.—The amount authorized to be appropriated by section 301(a)(5) for operation and maintenance, defense-wide, is hereby reduced by $10,000,000, with the amount of the reduction to be allocated to amounts available for the Information Operations Program.

TITLE XXVII—EXPIRATION AND EXTENSION OF AUTHORIZATIONS

SEC. 2701. EXPIRATION OF AUTHORIZATIONS AND AMOUNTS REQUIRED TO BE SPECIFIED BY LAW.

(a) EXPIRATION OF AUTHORIZATIONS AFTER THREE YEARS.—Except as provided in subsection (b), all authorizations contained in titles XXI through XXVI for military construction projects, land acquisition, family housing projects and facilities, and contributions to the North Atlantic Treaty Organization Security Investment program (and authorizations of appropriations therefor) shall expire on the later of—

(1) October 1, 2005; or

(2) the date of the enactment of an Act authorizing funds for military construction for fiscal year 2006.

(b) EXCEPTION.—Subsection (a) shall not apply to authorizations for military construction projects, land acquisition, family housing projects, and facilities, and contributions to the North Atlantic Treaty Organization Security Investment program (and authorizations of appropriations therefor) for which appropriated funds have been obligated before the later of—

(1) October 1, 2005; or

(2) the date of the enactment of an Act authorized funds for fiscal year 2005 for military construction projects, land acquisition, family housing projects and facilities, and contributions to the North Atlantic Treaty Organization Security Investment program.

SEC. 2702. EXTENSION OF AUTHORIZATIONS OF CERTAIN FISCAL YEAR 2000 PROJECTS.

(a) EXTENSION OF CERTAIN PROJECTS.—Notwithstanding section 2701 of the Military Construction Authorization Act for Fiscal Year 2000 (division B of Public Law 106–65; 113 Stat. 841), authorizations set forth in the tables in subsection (b), as provided in section 2302 or 2601 of that Act, shall remain in effect until October 1, 2003, or the date of the enactment of an Act authorizing funds for military construction for fiscal year 2004, whichever is later.

(b) TABLES.—The tables referred to in subsection (a) are as follows:

Air Force: Extension of 2000 Project Authorization

State	Installation or location	Project	Amount
Oklahoma	Tinker Air Force Base	Replace Family Housing (41 Units).	$6,000,000
Texas	Lackland Air Force Base	Dormitory	$5,300,000

Army National Guard: Extension of 2000 Project Authorization

State	Installation or location	Project	Amount
Virginia	Fort Pickett	Multi-Purpose Range Complex–Heavy.	$13,500,000

SEC. 2703. EXTENSION OF AUTHORIZATIONS OF CERTAIN FISCAL YEAR 1999 PROJECTS.

(a) EXTENSION.—Notwithstanding section 2701 of the Military Construction Authorization Act for Fiscal Year 1999 (division B of Public Law 105–261; 112 Stat. 2199), authorizations set forth in the table in subsection (b), as provided in section 2302 of that Act and extended by section 2702 of the Military Construction Authorization Act for Fiscal Year 2002 (division B of Public Law 107–107; 115 Stat. 1301), shall remain in effect until October 1, 2003, or the date of the enactment of an Act authorizing funds for military construction for fiscal year 2004, whichever is later.

(b) TABLE.—The table referred to in subsection (a) is as follows:

Air Force: Extension of 1999 Project Authorizations

State	Installation or location	Project	Amount
Delaware	Dover Air Force Base	Replace Family Housing (55 Units).	$8,988,000
Florida	Patrick Air Force Base	Replace Family Housing (46 Units).	$9,692,000

Air Force: Extension of 1999 Project Authorizations—Continued

State	Installation or location	Project	Amount
New Mexico	Kirtland Air Force Base	Replace Family Housing (37 Units).	$6,400,000
Ohio	Wright-Patterson Air Force Base	Replace Family Housing (40 Units).	$5,600,000

SEC. 2704. EFFECTIVE DATE.

Titles XXI, XXII, XXIII, XXIV, XXV, XXVI, and XXVII of this Act shall take effect on the later of—

(1) October 1, 2002; or

(2) the date of the enactment of this Act.

TITLE XXVIII—GENERAL PROVISIONS

Subtitle A—Military Construction Program and Military Family Housing Changes

SEC. 2801. LEASE OF MILITARY FAMILY HOUSING IN KOREA.

(a) INCREASE IN NUMBER OF UNITS AUTHORIZED FOR LEASE AT CURRENT MAXIMUM AMOUNT.—Paragraph (3) of section 2828(e) of title 10, United States Code, is amended by striking ''800 units'' and inserting ''1,175 units''.

(b) AUTHORITY TO LEASE ADDITIONAL NUMBER OF UNITS AT INCREASED MAXIMUM AMOUNT.—That section is further amended—

(1) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively;

(2) by inserting after paragraph (3) the following new paragraph (4):

''(4) In addition to the units of family housing referred to in paragraph (1) for which the maximum lease amount is $25,000 per unit per year, the Secretary of the Army may lease not more than 2,400 units of family housing in Korea subject to a maximum lease amount of $35,000 per unit per year.'';

(3) in paragraph (5), as so redesignated, by striking ''and (3)'' and inserting ''(3), and (4)''; and

(4) in paragraph (6), as so redesignated, by striking ''53,000'' and inserting ''55,775''.

SEC. 2802. REPEAL OF SOURCE REQUIREMENTS FOR FAMILY HOUSING CONSTRUCTION OVERSEAS.

Section 803 of the Military Construction Authorization Act, 1984 (Public Law 98–115; 10 U.S.C. 2821 note) is repealed.

SEC. 2803. MODIFICATION OF LEASE AUTHORITIES UNDER ALTERNATIVE AUTHORITY FOR ACQUISITION AND IMPROVEMENT OF MILITARY HOUSING.

(a) LEASING OF HOUSING.—Subsection (a) of section 2874 of title 10, United States Code, is amended to read as follows:

''(a) LEASE AUTHORIZED.—(1) The Secretary concerned may enter into contracts for the lease of housing units that the Secretary determines are suitable for use as military family housing or military unaccompanied housing.

''(2) The Secretary concerned shall utilize housing units leased under paragraph (1) as military family housing or military unaccompanied housing, as appropriate.''.

(b) REPEAL OF INTERIM LEASE AUTHORITY.—Section 2879 of such title is repealed.

(c) CONFORMING AND CLERICAL AMENDMENTS.—(1) The heading for section 2874 of such title is amended to read as follows:

''§ 2874. Leasing of housing''.

(2) The table of sections at the beginning of subchapter IV of chapter 169 of such title is amended—

(A) by striking the item relating to section 2874 and inserting the following new item:

''2874. Leasing of housing.'';

and

(B) by striking the item relating to section 2879.

Subtitle B—Real Property and Facilities Administration

SEC. 2811. AGREEMENTS WITH PRIVATE ENTITIES TO ENHANCE MILITARY TRAINING, TESTING, AND OPERATIONS.

(a) IN GENERAL.—Chapter 159 of title 10, United States Code, is amended by inserting after section 2696 the following new section:

''§ 2697. Agreements with private entities to enhance military training, testing, and operations

''(a) AGREEMENTS WITH PRIVATE ENTITIES AUTHORIZED.—The Secretary of Defense or the Secretary of a military department may enter into an agreement with a private entity described in subsection (b) to address the use or development of real property in the vicinity of an installation under the jurisdiction of such Secretary for purposes of—

''(1) limiting any development or use of such property that would otherwise be incompatible with the mission of such installation; or

''(2) preserving habitat on such property in a manner that is compatible with both—

''(A) current or anticipated environmental requirements that would or might otherwise restrict, impede, or otherwise interfere, whether directly or indirectly, with current or anticipated military training, testing, or operations on such installation; and

''(B) current or anticipated military training, testing, or operations on such installation.

''(b) COVERED PRIVATE ENTITIES.—A private entity described in this subsection is any private entity that has as its stated principal organizational purpose or goal the conservation, restoration, or preservation of land and natural resources, or a similar purpose or goal.

''(c) INAPPLICABILITY OF CERTAIN CONTRACT REQUIREMENTS.—Chapter 63 of title 31 shall not apply to any agreement entered into under this section.

''(d) ACQUISITION AND ACCEPTANCE OF PROPERTY AND INTERESTS.—(1) Subject to the provisions of this subsection, an agreement with a private entity under this section—

''(A) may provide for the private entity to acquire all right, title, and interest in and to any real property, or any lesser interest therein, as may be appropriate for purposes of this section; and

''(B) shall provide for the private entity to transfer to the United States, upon the request of the United States, any property or interest so acquired.

''(2) Property or interests may not be acquired pursuant to an agreement under this section unless the owner of such property or interests, as the case may be, consents to the acquisition.

''(3) An agreement under this section providing for the acquisition of property or interests under paragraph (1)(A) shall provide for the sharing by the United States and the private entity concerned of the costs of the acquisition of such property or interests.

''(4) The Secretary concerned shall identify any property or interests to be acquired pursuant to an agreement under this section. Such property or interests shall be limited to the minimum property or interests necessary to ensure that the property concerned is developed and used in a manner appropriate for purposes of this section.

''(5) The Secretary concerned may accept on behalf of the United States any property or interest to be transferred to the United States under paragraph (1)(B).

''(6) The Secretary concerned may, for purposes of the acceptance of property or interests under this subsection, accept an appraisal or title documents prepared or adopted by a non-Federal entity as satisfying the applicable requirements of section 301 of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4651) or section 355 of the Revised Statutes (40 U.S.C. 255) if the Secretary finds that such appraisal or title documents substantially comply with such requirements.

''(e) ADDITIONAL TERMS AND CONDITIONS.—The Secretary concerned may require such additional terms and conditions in an agreement under this section as such Secretary considers appropriate to protect the interests of the United States.

''(f) FUNDING.—(1) Except as provided in paragraph (2), amounts authorized to be appropriated to the Range Enhancement Initiative Fund of the Department of Defense are available for purposes of any agreement under this section.

''(2) In the case of an installation operated primarily with funds authorized to be appropriated for research, development, test, and evaluation, funds authorized to be appropriated for the Department of Defense, or the military department concerned, for research, development, test, and evaluation are available for purposes of an agreement under this section with respect to such installation.

''(3) Amounts in the Fund that are made available for an agreement of a military department under this section shall be made available by transfer from the Fund to the applicable operation and maintenance account of the military department, including the operation and maintenance account for the active component, or for a reserve component, of the military department.''.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 2696 the following new item:

''2697. Agreements with private entities to enhance military training, testing, and operations.''.

SEC. 2812. CONVEYANCE OF SURPLUS REAL PROPERTY FOR NATURAL RESOURCE CONSERVATION.

(a) IN GENERAL.—(1) Chapter 159 of title 10, United States Code, as amended by section 2811 of this Act, is further amended by inserting after section 2697 the following new section:

''§ 2698. Conveyance of surplus real property for natural resource conservation

''(a) AUTHORITY TO CONVEY.—Subject to subsection (c), the Secretary of a military department may, in the sole discretion of such Secretary, convey to any State or local government or instrumentality thereof, or private entity that has as its primary purpose or goal the conservation of open space or natural resources on real property, all right, title, and interest of the United States in and to any real property, including any

improvements thereon, under the jurisdiction of such Secretary that is described in subsection (b).

''(b) COVERED REAL PROPERTY.—Real property described in this subsection is any property that—

''(1) is suitable, as determined by the Secretary concerned, for use for the conservation of open space or natural resources;

''(2) is surplus property for purposes of title II of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.); and

''(3) has been available for public benefit conveyance under that title for a sufficient time, as determined by the Secretary concerned in consultation with the Administrator of General Services, to permit potential claimants to seek public benefit conveyance of such property, but without the submittal during that time of a request for such conveyance.

''(c) CONDITIONS OF CONVEYANCE.—Real property may not be conveyed under this section unless the conveyee of such property agrees that such property—

''(1) shall be used and maintained for the conservation of open space or natural resources in perpetuity, unless otherwise provided for under subsection (e); and

''(2) may be subsequently conveyed only if—

''(A) the Secretary concerned approves in writing such subsequent conveyance;

''(B) the Secretary concerned notifies the appropriate committees of Congress of the subsequent conveyance not later than 21 days before the subsequent conveyance; and

''(C) after such subsequent conveyance, shall be used and maintained for the conservation of open space or natural resources in perpetuity, unless otherwise provided for under subsection (e).

''(d) USE FOR INCIDENTAL PRODUCTION OF REVENUE.—Real property conveyed under this section may be used for the incidental production of revenue, as determined by the Secretary concerned, if such production of revenue is compatible with the use of such property for the conservation of open space or natural resources, as so determined.

''(e) REVERSION.—If the Secretary concerned determines at any time that real property conveyed under this section is not being used and maintained in accordance with the agreement of the conveyee under subsection (c), all right, title, and interest in and to such real property, including any improvements thereon, shall revert to the United States, and the United States shall have the right of immediate entry thereon.

''(f) PROPERTY UNDER BASE CLOSURE LAWS.—The Secretary concerned may not make a conveyance under this section of any real property to be disposed of under a base closure law in a manner that is inconsistent with the requirements and conditions of such base closure law.

''(g) ADDITIONAL TERMS AND CONDITIONS.—The Secretary concerned may establish such additional terms and conditions in connection with a conveyance of real property under this section as such Secretary considers appropriate to protect the interests of the United States.

''(h) DEFINITIONS.—In this section:

''(1) The term 'appropriate committees of Congress' has the meaning given that term in section 2801(c)(4) of this title.

''(2) The term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Marianas, and the territories and possessions of the United States.

''(3) The term 'base closure law' means the following:

''(A) Section 2687 of this title.

''(B) Title II of the Defense Authorization Amendments and Base Closure and Realignment Act of 1988 (10 U.S.C. 2687 note).

''(C) The Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note).

''(D) Any other similar authority for the closure or realignment of military installations that is enacted after the date of the enactment of the National Defense Authorization Act for Fiscal Year 2003.''.

(2) The table of sections at the beginning of chapter 159 of that title, as amended by section 2811 of this Act, is further amended by inserting after the item relating to section 2687 the following new item:

''2698. Conveyance of surplus real property for natural resource conservation.''.

(b) ACCEPTANCE OF FUNDS TO COVER ADMINISTRATIVE EXPENSES.—Section 2695(b) of that title is amended by adding at the end the following new paragraph:

''(5) The conveyance of real property under section 2698 of this title.''.

(c) AGREEMENTS WITH PRIVATE ENTITIES.—Section 2701(d) of that title is amended—

(1) in paragraph (1), by striking ''with any State or local government agency, or with any Indian tribe,'' and inserting ''any State or local government agency, any Indian tribe, or, for purposes under section 2697 or 2698 of this title, with any private entity''; and

(2) by striking paragraph (4), as redesignated by section 311(1) of this Act, and inserting the following new paragraph (4):

''(4) DEFINITIONS.—In this subsection:

''(A) The term 'Indian tribe' has the meaning given such term in section 101(36) of Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601(36)).

''(B) The term 'private entity' means any private entity that has as its stated principal organizational purpose or goal the conservation, restoration, or preservation of land and natural resources, or a similar purpose or goal.''.

SEC. 2813. MODIFICATION OF DEMONSTRATION PROGRAM ON REDUCTION IN LONG-TERM FACILITY MAINTENANCE COSTS.

(a) ADMINISTRATOR OF PROGRAM.—Subsection (a) of section 2814 of the Military Construction Authorization Act for Fiscal Year 2002 (division B of Public Law 107–107; 115 Stat. 1310; 10 U.S.C. 2809 note) is amended by striking ''Secretary of the Army'' and inserting ''Secretary of Defense or the Secretary of a military department''.

(b) CONTRACTS.—Subsection (b) of that section is amended to read as follows:

''(b) CONTRACTS.—(1) Not more than 12 contracts may contain requirements referred to in subsection (a) for the purpose of the demonstration program.

''(2) Except as provided in paragraph (3), the demonstration program may only cover contracts entered into on or after the date of the enactment of the National Defense Authorization Act for Fiscal Year 2003.

''(3) The Secretary of the Army shall treat any contract containing requirements referred to in subsection (a) that was entered into under the authority in that subsection during the period beginning on December 28, 2001, and ending on the date of the enactment of the National Defense Authorization Act for Fiscal Year 2003 as a contract for the purpose of the demonstration program under that subsection.''.

(c) REPORTING REQUIREMENTS.—Subsection (d) of that section is amended by striking ''Secretary of the Army'' and inserting ''Secretary of Defense''.

(d) FUNDING.—(1) Subsection (f) of that section is amended by striking ''the Army'' and inserting ''the military departments or defense-wide''.

(2) The amendment made by paragraph (1) shall not affect the availability for the purpose of the demonstration program under section 2814 of the Military Construction Authorization Act for Fiscal Year 2002, as amended by this section, of any amounts authorized to be appropriated before the date of the enactment of this Act for the Army for military construction that have been obligated for the demonstration program, but not expended, as of that date.

Subtitle C—Land Conveyances

SEC. 2821. CONVEYANCE OF CERTAIN LANDS IN ALASKA NO LONGER REQUIRED FOR NATIONAL GUARD PURPOSES.

(a) CONVEYANCE AUTHORIZED.—The Secretary of the Army may convey to the State of Alaska, or any governmental entity, Native Corporation, or Indian tribe within the State of Alaska, all right, title, and interest of the United States in and to any parcel of real property, including any improvements thereon, described in subsection (b) that the Secretary considers appropriate in the public interest.

(b) COVERED PROPERTY.—Real property described in this subsection is any property located in the State of Alaska that, as determined by the Secretary—

(1) is currently under the jurisdiction of the Department of the Army;

(2) before December 2, 1980, was under the jurisdiction of the Department of the Army for use of the Alaska National Guard;

(3) is located in a unit of the National Wildlife Refuge System designated in the Alaska National Interest Lands Conservation Act (94 Stat. 2371; 16 U.S.C. 1301 note);

(4) is excess to the needs of the Alaska National Guard and the Department of Defense; and

(5) is in such condition that—

(A) the anticipated cost to the United States of retaining such property exceeds the value of such property; or

(B) such property is unsuitable for retention by the United States.

(c) CONSIDERATION.—(1) The conveyance of real property under this section shall, at the election of the Secretary, be for no consideration or for consideration in an amount determined by the Secretary to be appropriate under the circumstances.

(2) If consideration is received under paragraph (1) for property conveyed under subsection (a), the Secretary may use the amounts received, to the extent provided in appropriations Acts, to pay for—

(A) the cost of a survey described in subsection (d) with respect to such property;

(B) the cost of carrying out any environmental assessment, study, or analysis, and any remediation, that may be required under Federal law, or is considered appropriate by the Secretary, in connection with such property or the conveyance of such property; and

(C) any other costs incurred by the Secretary in conveying such property.

(d) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of any real property to be conveyed under subsection (a) shall be determined by a survey satisfactory to the Secretary.

(e) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with a conveyance of real property under this section as the Secretary considers appropriate to protect the interests of the United States.

(f) DEFINITIONS.—In this section:

(1) The term ''Indian tribe'' has the meaning given such term in section 102 of the Federally Recognized Indian Tribe List Act of 1994 (Public Law 103–454; 108 Stat. 4791; 25 U.S.C. 479a).

(2) The term ''Native Corporation'' has the meaning given such term in section 3 of the Alaska Native Claims Settlement Act (43 U.S.C. 1602).

SEC. 2822. LAND CONVEYANCE, FORT CAMPBELL, KENTUCKY.

(a) CONVEYANCE AUTHORIZED.—The Secretary of the Army may convey, without consideration, to the City of Hopkinsville, Kentucky (in this section referred to as the ''City''), all right, title, and interest of the United States in and to a parcel of real property at Fort Campbell, Kentucky, consisting of approximately 50 acres and containing an abandoned railroad spur for the purpose of permitting the City to use the property for storm water management, recreation, transportation, and other public purposes.

(b) REIMBURSEMENT OF TRANSACTION COSTS.—(1) The City shall reimburse the Secretary for any costs incurred by the Secretary in carrying out the conveyance authorized by subsection (a).

(2) Any reimbursement for costs that is received under paragraph (1) shall be credited to the fund or account providing funds for such costs. Amounts so credited shall be merged with amounts in such fund or account, and shall be available for the same purposes, and subject to the same conditions and limitations, as amounts in such fund or account.

(c) DESCRIPTION OF PROPERTY.—The acreage of the real property to be conveyed under subsection (a) has been determined by the Secretary through a legal description outlining such acreage. No further survey of the property is required before conveyance under that subsection.

(d) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection (a) as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2823. MODIFICATION OF AUTHORITY FOR LAND TRANSFER AND CONVEYANCE, NAVAL SECURITY GROUP ACTIVITY, WINTER HARBOR, MAINE.

(a) MODIFICATION OF CONVEYANCE AUTHORITY FOR COREA AND WINTER HARBOR PROPERTIES.—Section 2845 of the Military Construction Authorization Act for Fiscal Year 2002 (division B of Public Law 107–107; 115 Stat. 1319) is amended—

(1) by striking subsection (b) and inserting the following new subsection (b):

''(b) CONVEYANCE AND TRANSFER OF COREA AND WINTER HARBOR PROPERTIES AUTHORIZED.—(1) The Secretary of the Navy may convey, without consideration, to the State of Maine, any political subdivision of the State of Maine, or any tax-supported agency in the State of Maine, all right, title, and interest of the United States in and to parcels of real property, including any improvements thereon and appurtenances thereto, comprising the former facilities of the Naval Security Group Activity, Winter Harbor, Maine, as follows:

''(A) The parcel consisting of approximately 50 acres known as the Corea Operations Site.

''(B) Three parcels consisting of approximately 23 acres and comprising family housing facilities.

''(2) The Secretary of the Navy may transfer to the administrative jurisdiction of the Secretary of the Interior a parcel of real property consisting of approximately 404 acres at the former Naval Security Group Activity, which is the balance of the real property comprising the Corea Operations Site.

''(3) The Secretary of the Interior shall administer the property transferred under paragraph (2) as part of the National Wildlife Refuge System.''; and

(2) in subsections (c), (d), (e), (f), (g), and (h), by striking ''subsection (b)'' each place it appears and inserting ''subsection (b)(1)''.

(b) EXEMPTION OF MODIFIED CONVEYANCES FROM FEDERAL SCREENING REQUIREMENT.—That section is further amended—

(1) by redesignating subsections (g) and (h) as subsections (h) and (i), respectively; and

(2) by inserting after subsection (f) the following new subsection (g):

''(g) EXEMPTION OF CERTAIN CONVEYANCES FROM FEDERAL SCREENING.—Any conveyance authorized by subsection (b)(1) of this section, as amended by section 2823 of the National Defense Authorization Act for Fiscal Year 2003, is exempt from the requirement to screen the property concerned for further Federal use pursuant to section 2696 of title 10, United States Code.''.

SEC. 2824. LAND CONVEYANCE, WESTOVER AIR RESERVE BASE, MASSACHUSETTS.

(a) CONVEYANCE AUTHORIZED.—The Secretary of the Navy may convey, without consideration, to the City of Chicopee, Massachusetts (in this section referred to as the ''City''), all right, title, and interest of the United States in and to a parcel of real property, including 133 housing units and other improvements thereon, consisting of approximately 30.38 acres located at Westover Air Reserve Base in Chicopee, Massachusetts, for the purpose of permitting the City to use the property for economic development and other public purposes.

(b) ADMINISTRATIVE EXPENSES.—(1) The Secretary may require the City to reimburse the Secretary for the costs incurred by the Secretary to carry out the conveyance under subsection (a), including survey costs, costs related to environmental documentation (other than the environmental baseline survey), and other administrative costs related to the conveyance.

(2) Section 2695(c) of title 10, United States Code, shall apply to any amount received under this subsection.

(c) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of the real property to be conveyed under subsection (a) shall be determined by a survey satisfactory to the Secretary.

(d) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection (a) as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2825. LAND CONVEYANCE, NAVAL STATION NEWPORT, RHODE ISLAND.

(a) CONVEYANCE AUTHORIZED.—The Secretary of the Navy may convey to the State of Rhode Island, or any political subdivision thereof, any or all right, title, and interest of the United States in and to a parcel of real property, together with improvements thereon, consisting of approximately 34 acres located in Melville, Rhode Island, and known as the Melville Marina site.

(b) CONSIDERATION.—(1) As consideration for the conveyance of real property under subsection (a), the conveyee shall pay the United States an amount equal to the fair market value of the real property, as determined by the Secretary based on an appraisal of the real property acceptable to the Secretary.

(2) Any consideration received under paragraph (1) shall be deposited in the account established under section 204(h) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 485(h)), and shall be available as provided for in that section.

(c) REIMBURSEMENT OF TRANSACTION COSTS.—(1) The Secretary may require the conveyee of the real property under subsection (a) to reimburse the Secretary for any costs incurred by the Secretary in carrying out the conveyance.

(2) Any reimbursement for costs that is received under paragraph (1) shall be credited to the fund or account providing funds for such costs. Amounts so credited shall be merged with amounts in such fund or account, and shall be available for the same purposes, and subject to the same conditions and limitations, as amounts in such fund or account.

(d) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of the real property to be conveyed under subsection (a) shall be determined by a survey satisfactory to the Secretary.

(e) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection (a) as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2826. LAND EXCHANGE, BUCKLEY AIR FORCE BASE, COLORADO.

(a) EXCHANGE AUTHORIZED.—Subject to subsection (b), the Secretary of the Air Force may convey to the State of Colorado (in this section referred to as the ''State'') all right, title, and interest of the United States in and to a parcel of real property, including improvements thereon, consisting of all or part of the Watkins Communications Site in Arapahoe County, Colorado.

(b) LIMITATION.—The Secretary of the Air Force may carry out the conveyance authorized by subsection (a) only with the concurrence of the Secretary of Defense.

(c) CONSIDERATION.—(1) As consideration for the conveyance authorized by subsection (a) the State shall convey to the United States of all right, title, and interest of the State in and to a parcel of real property, including improvements thereon, consisting of approximately 41 acres that is owned by the State and is contiguous to Buckley Air Force Base, Colorado.

(2) The Secretary shall have jurisdiction over the real property conveyed under paragraph (1).

(3) Upon conveyance to the United States under paragraph (1), the real property conveyed under that paragraph is withdrawn from all forms of appropriation under the general land laws, including the mining laws and mineral and geothermal leasing laws.

(d) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of the parcels of real property to be conveyed under this section shall be determined by surveys satisfactory to the Secretary.

(e) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyances under authorized by this section as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2827. LAND ACQUISITION, BOUNDARY CHANNEL DRIVE SITE, ARLINGTON, VIRGINIA.

(a) ACQUISITION AUTHORIZED.—The Secretary of Defense may, using amounts authorized to be appropriated to be appropriated by section 2401, acquire all right, title, and interest in and to a parcel of real property, including any improvements thereon, in Arlington County, Virginia, consisting of approximately 7.2 acres and known as the Boundary Channel Drive Site. The parcel is located southeast of Interstate Route 395 at the end of Boundary Channel Drive and was most recently occupied by the Twin Bridges Marriott.

(b) INCLUSION IN PENTAGON RESERVATION.—Upon its acquisition under subsection (a), the parcel acquired under that subsection shall be included in the Pentagon Reservation, as that term is defined in section 2674(f)(1) of title 10, United States Code.

(c) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of the real

property to be acquired under subsection (a) shall be determined by a survey satisfactory to the Secretary.

(d) TERMS AND CONDITIONS.—The Secretary may require such terms and conditions in connection with the acquisition under this section as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2828. LAND CONVEYANCES, WENDOVER AIR FORCE BASE AUXILIARY FIELD, NEVADA.

(a) CONVEYANCES AUTHORIZED TO WEST WENDOVER, NEVADA.—(1) The Secretary of the Interior may convey, without consideration, to the City of West Wendover, Nevada, all right, title, and interest of the United States in and to the following:

(A) The lands at Wendover Air Force Base Auxiliary Field, Nevada, identified in Easement No. AFMC–HL–2–00–334 that are determined by the Secretary of the Air Force to be no longer required.

(B) The lands at Wendover Air Force Base Auxiliary Field identified for disposition on the map entitled ''West Wendover, Nevada–Excess'', dated January 5, 2001, that are determined by the Secretary of the Air Force to be no longer required.

(2) The purposes of the conveyances under this subsection are—

(A) to permit the establishment and maintenance of runway protection zones; and

(B) to provide for the development of an industrial park and related infrastructure.

(3) The map referred to in paragraph (1)(B) shall be on file and available for public inspection in the offices of the Director of the Bureau of Land Management and the Elko District Office of the Bureau of Land Management.

(b) CONVEYANCE AUTHORIZED TO TOOELE COUNTY, UTAH.—(1) The Secretary of the Interior may convey, without consideration, to Tooele County, Utah, all right, title, and interest of the United States in and to the lands at Wendover Air Force Base Auxiliary Field identified in Easement No. AFMC–HL–2–00–318 that are determined by the Secretary of the Air Force to be no longer required.

(2) The purpose of the conveyance under this subsection is to permit the establishment and maintenance of runway protection zones and an aircraft accident potential protection zone as necessitated by continued military aircraft operations at the Utah Test and Training Range.

(c) MANAGEMENT OF CONVEYED LANDS.—The lands conveyed under subsections (a) and (b) shall be managed by the City of West Wendover, Nevada, City of Wendover, Utah, Tooele County, Utah, and Elko County, Nevada—

(1) in accordance with the provisions of an Interlocal Memorandum of Agreement entered into between the Cities of West Wendover, Nevada, and Wendover, Utah, Tooele County, Utah, and Elko County, Nevada, providing for the coordinated management and development of the lands for the economic benefit of both communities; and

(2) in a manner that is consistent with such provisions of the easements referred to subsections (a) and (b) that, as jointly determined by the Secretary of the Air Force and Secretary of the Interior, remain applicable and relevant to the operation and management of the lands following conveyance and are consistent with the provisions of this section.

(d) ADDITIONAL TERMS AND CONDITIONS.—The Secretary of the Air Force and the Secretary of the Interior may jointly require such additional terms and conditions in connection with the conveyances required by subsections (a) and (b) as the Secretaries consider appropriate to protect the interests of the United States.

SEC. 2829. LAND CONVEYANCE, FORT HOOD, TEXAS.

(a) CONVEYANCE AUTHORIZED.—The Secretary of the Army may convey, without consideration, to the Veterans Land Board of the State of Texas (in this section referred to as the ''Board''), all right, title, and interest of the United States in and to a parcel of real property, including any improvements thereon, consisting of approximately 174 acres at Fort Hood, Texas, for the purpose of permitting the Board to establish a State-run cemetery for veterans.

(b) REVERSIONARY INTEREST.—(1) If at the end of the five-year period beginning on the date of the conveyance authorized by subsection (a), the Secretary determines that the property conveyed under that subsection is not being used for the purpose specified in that subsection, all right, title, and interest in and to the property, including any improvements thereon, shall revert to the United States, and the United States shall have the right of immediate entry thereon.

(2) Any determination of the Secretary under this subsection shall be made on the record after an opportunity for a hearing.

(c) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of the real property to be conveyed under subsection (a) shall be determined by a survey satisfactory to the Secretary. The cost of the survey shall be borne by the Board.

(d) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection (a) as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2830. LAND CONVEYANCES, ENGINEER PROVING GROUND, FORT BELVOIR, VIRGINIA.

(a) CONVEYANCE TO FAIRFAX COUNTY, VIRGINIA, AUTHORIZED.—(1) The Secretary of the Army may convey, without consideration, to Fairfax County, Virginia, all right, title, and interest of the United States in and to a parcel of real property, including any improvements thereon, consisting of approximately 135 acres, located in the northwest portion of the Engineer Proving Ground (EPG) at Fort Belvoir, Virginia, in order to permit the County to use such property for park and recreational purposes.

(2) The parcel of real property authorized to be conveyed by paragraph (1) is generally described as that portion of the Engineer Proving Ground located west of Accotink Creek, east of the Fairfax County Parkway, and north of Cissna Road to the northern boundary, but excludes a parcel of land consisting of approximately 15 acres located in the southeast corner of such portion of the Engineer Proving Ground.

(3) The land excluded under paragraph (2) from the parcel of real property authorized to be conveyed by paragraph (1) shall be reserved for an access road to be constructed in the future.

(b) CONVEYANCE OF BALANCE OF PROPERTY AUTHORIZED.—The Secretary may convey to any competitively selected grantee all right, title, and interest of the United States in and to the real property, including any improvements thereon, at the Engineering Proving Ground, not conveyed under the authority in subsection (a).

(c) CONSIDERATION.—(1) As consideration for the conveyance authorized by subsection (b), the grantee shall provide the United States, whether by cash payment, in-kind contribution, or a combination thereof, an amount that is not less than the fair market value, as determined by the Secretary, of the property conveyed under that subsection.

(2) In-kind consideration under paragraph (1) may include the maintenance, improvement, alteration, repair, remodeling, restoration (including environmental restoration), or construction of facilities for the Department of the Army at Fort Belvoir or at any other site or sites designated by the Secretary.

(3) If in-kind consideration under paragraph (1) includes the construction of facilities, the grantee shall also convey to the United States—

(A) title to such facilities, free of all liens and other encumbrances; and

(B) if the United States does not have fee simple title to the land underlying such facilities, convey to the United States all right, title, and interest in and to such lands not held by the United States.

(4) The Secretary shall deposit any cash received as consideration under this subsection in the special account established pursuant to section 204(h) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 485(h)).

(d) REPEAL OF SUPERSEDED AUTHORITY.—Section 2821 of the Military Construction Authorization Act for Fiscal Years 1990 and 1991 (division B of Public Law 101–189; 103 Stat. 1658), as amended by section 2854 of the Military Construction Authorization Act for Fiscal Year 1996 (division B of Public Law 104–106; 110 Stat. 568), is repealed.

(e) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of the real property to be conveyed under subsections (a) and (b) shall be determined by surveys satisfactory to the Secretary. The cost of each such survey shall be borne by the grantee.

(f) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyances under subsections (a) and (b) as the Secretary considers appropriate to protect the interests of the United States.

SEC. 2831. MASTER PLAN FOR USE OF NAVY ANNEX, ARLINGTON, VIRGINIA.

(a) REPEAL OF COMMISSION ON NATIONAL MILITARY MUSEUM.—Title XXIX of the Military Construction Authorization Act for Fiscal Year 2000 (division B of Public Law 106–65; 113 Stat. 880; 10 U.S.C. 111 note) is repealed.

(b) MODIFICATION OF AUTHORITY FOR TRANSFER FROM NAVY ANNEX.—Section 2881 of the Military Construction Authorization Act for Fiscal Year 2000 (113 Stat. 879) is amended—

(1) in subsection (b)(2), as amended by section 2863(f) of the Military Construction Authorization Act for Fiscal Year 2002 (division B of Public Law 107–107; 115 Stat. 1332), by striking ''as a site—'' and all that follows and inserting ''as a site for such other memorials or museums that the Secretary considers compatible with Arlington National Cemetery and the Air Force Memorial.''; and

(2) in subsection (d)—

(A) in paragraph (2), by striking ''the recommendation (if any) of the Commission on the National Military Museum to use a portion of the Navy Annex property as the site for the National Military Museum'', and inserting ''the use of the acres reserved under (b)(2) as a memorial or museum''; and

(B) in paragraph (4), by striking ''the date on which the Commission on the National Military Museum submits to Congress its report under section 2903'' and inserting ''the date of the enactment of the National Defense Authorization Act for Fiscal Year 2003''.

(c) CONSTRUCTION OF AMENDMENTS.—The amendments made by subsections (a) and (b) may not be construed to delay the establishment of the United States Air Force Memorial authorized by section 2863 of the Military Construction Authorization Act for Fiscal Year 2002 (115 Stat. 1330).

SEC. 2832. LAND CONVEYANCE, SUNFLOWER ARMY AMMUNITION PLANT, KANSAS.

(a) CONVEYANCE AUTHORIZED.—The Secretary of the Army or the Administrator of General Services may convey, without consideration, to the Johnson County Park and Recreation District, Kansas (in this section referred to as the ''District''), all right, title, and interest of the United States in and to a parcel of real property, including any improvements thereon, in the State of Kansas consisting of approximately 2,000 acres, a portion of the Sunflower Army Ammunition Plant. The purpose of the conveyance is to permit the District to use the parcel for public recreational purposes.

(b) DESCRIPTION OF PROPERTY.—The exact acreage, location, and legal description of the real property to be conveyed under subsection (a) shall be determined by a survey satisfactory to the official making the conveyance. The cost of such legal description, survey, or both shall be borne by the District.

(c) ADDITIONAL TERMS AND CONDITIONS.—The official making the conveyance of real property under subsection (a) may require such additional terms and conditions in connection with the conveyance as that official considers appropriate to protect the interests of the United States.

(d) EFFECTIVE DATE.—This section shall take effect on January 31, 2003.

SEC. 2833. LAND CONVEYANCE, BLUEGRASS ARMY DEPOT, RICHMOND, KENTUCKY.

(a) CONVEYANCE AUTHORIZED.—(1) The Secretary of the Army may convey, without consideration, to Madison County, Kentucky (in this section referred to as the ''County''), all right, title, and interest of the United States in and to a parcel of real property, including any improvements thereon, consisting of approximately 10 acres at the Bluegrass Army Depot, Richmond, Kentucky, for the purpose of facilitating the construction of a veterans' center on the parcel by the State of Kentucky.

(2) The Secretary may not make the conveyance authorized by this subsection unless the Secretary determines that the State of Kentucky has appropriated adequate funds for the construction of the veterans' center.

(b) REVERSIONARY INTEREST.—If the Secretary determines that the real property conveyed under subsection (a) ceases to be utilized for the sole purpose of a veterans' center or that reasonable progress is not demonstrated in constructing the center and initiating services to veterans, all right, title, and interest in and to the property shall revert to the United States, and the United States shall have the right of immediate entry onto the property. Any determination under this subsection shall be made on the record after an opportunity for a hearing.

(c) ADMINISTRATIVE EXPENSES.—The Secretary shall apply section 2695 of title 10, United States Code, to the conveyance authorized by subsection (a).

(d) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of the real property to be conveyed under subsection (a) shall be determined by a survey satisfactory to the Secretary. The cost of the survey shall be borne by the County.

(e) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection (a) as the Secretary considers appropriate to protect the interests of the United States.

Subtitle D—Other Matters

SEC. 2841. TRANSFER OF FUNDS FOR ACQUISITION OF REPLACEMENT PROPERTY FOR NATIONAL WILDLIFE REFUGE SYSTEM LANDS IN NEVADA.

(a) TRANSFER OF FUNDS AUTHORIZED.—(1) The Secretary of the Air Force may, using amounts authorized to be appropriated by section 2304(a), transfer to the United States Fish and Wildlife Service $15,000,000 to fulfill the obligations of the Air Force under section 3011(b)(5)(F) of the Military Lands Withdrawal Act of 1999 (title XXX of Public Law 106–65; 113 Stat. 889).

(2) Upon receipt by the Service of the funds transferred under paragraph (1), the obligations of the Air Force referred to in that paragraph shall be considered fulfilled.

(b) CONTRIBUTION TO FOUNDATION.—(1) The United States Fish and Wildlife Service may grant funds received by the Service under subsection (a) in a lump sum to the National Fish and Wildlife Foundation for use in accomplishing the purposes of section 3011(b)(5)(F) of the Military Lands Withdrawal Act of 1999.

(2) Funds received by the Foundation under paragraph (1) shall be subject to the provisions of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3701 et seq.), other than section 10(a) of that Act (16 U.S.C. 3709(a)).

DIVISION C—DEPARTMENT OF ENERGY NATIONAL SECURITY AUTHORIZATIONS AND OTHER AUTHORIZATIONS

TITLE XXXI—DEPARTMENT OF ENERGY NATIONAL SECURITY PROGRAMS

Subtitle A—National Security Programs Authorizations

SEC. 3101. NATIONAL NUCLEAR SECURITY ADMINISTRATION.

Funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 2003 for the activities of the National Nuclear Security Administration in carrying out programs necessary for national security in the amount of $8,160,043,000, to be allocated as follows:

(1) WEAPONS ACTIVITIES.—For weapons activities, $5,988,188,000, to be allocated as follows:

(A) For directed stockpile work, $1,218,967,000.

(B) For campaigns, $2,090,528,000, to be allocated as follows:

(i) For operation and maintenance, $1,740,983,000.

(ii) For construction, $349,545,000, to be allocated as follows:

Project 01–D–101, distributed information systems laboratory, Sandia National Laboratories, Livermore, California, $13,305,000.

Project 00–D–103, terascale simulation facility, Lawrence Livermore National Laboratory, Livermore, California, $35,030,000.

Project 00–D–107, joint computational engineering laboratory, Sandia National Laboratories, Albuquerque, New Mexico, $7,000,000.

Project 98–D–125, tritium extraction facility, Savannah River Plant, Aiken, South Carolina, $70,165,000.

Project 96–D–111, national ignition facility (NIF), Lawrence Livermore National Laboratory, Livermore, California, $224,045,000.

(C) For readiness in technical base and facilities, $1,735,129,000, to be allocated as follows:

(i) For operation and maintenance, $1,464,783,000.

(ii) For plant projects (including maintenance, restoration, planning, construction, acquisition, modification of facilities, and the continuation of projects authorized in prior years, and land acquisition related thereto), $270,346,000, to be allocated as follows:

Project 03–D–101, Sandia underground reactor facility (SURF), Sandia National Laboratory, Livermore, California, $2,000,000.

Project 03–D–103, project engineering and design (PED), various locations, $17,839,000.

Project 03–D–121, gas transfer capacity expansion, Kansas City Plant, Kansas City, Missouri, $4,000,000.

Project 03–D–122, purification prototype facility, Y–12 Plant, Oak Ridge, Tennessee, $20,800,000.

Project 03–D–123, special nuclear material component requalification facility, Pantex Plant, Amarillo, Texas, $3,000,000

Project 02–D–103, project engineering and design (PED), various locations, $24,945,000.

Project 02–D–105, engineering technology complex upgrade, Lawrence Livermore National Laboratory, Livermore, California, $10,000,000.

Project 02–D–107, electrical power systems safety communications and bus upgrades, Nevada Test Site, Nevada, $7,500,000.

Project 01–D–103, project engineering and design (PED), various locations, $6,164,000.

Project 01–D–107, Atlas relocation, Nevada Test Site, Nevada, $4,123,000.

Project 01–D–108, microsystems and engineering sciences applications (MESA), Sandia National Laboratories, Albuquerque, New Mexico, $75,000,000.

Project 01–D–124, HEU storage facility, Y–12 Plant, Oak Ridge, Tennessee, $25,000,000.

Project 01–D–126, weapons evaluation test laboratory, Pantex Plant, Amarillo, Texas, $8,650,000.

Project 01–D–800, sensitive compartmented information facility, Lawrence Livermore National Laboratory, Livermore, California, $9,611,000.

Project 99–D–103, isotope sciences facilities, Lawrence Livermore National Laboratory, Livermore, California, $4,011,000.

Project 99–D–104, protection of real property (roof reconstruction, phase II), Lawrence Livermore National Laboratory, Livermore, California, $5,915,000.

Project 99–D–127, stockpile management restructuring initiative, Kansas City Plant, Kansas City, Missouri, $29,900,000.

Project 99–D–128, stockpile management restructuring initiative, Pantex Plant, Amarillo, Texas, $407,000.

Project 98–D–123, stockpile management restructuring initiative, tritium facility modernization and consolidation, Savannah River Plant, Aiken, South Carolina, $10,481,000.

Project 96–D–102, stockpile stewardship facilities revitalization, Phase VI, various locations, $1,000,000.

(C) For secure transportation asset, $157,083,000, to be allocated as follows:

(i) For operation and maintenance, $102,578,000.

(ii) For program direction, $54,505,000.

(D) For safeguards and security, $574,954,000, to be allocated as follows:

(i) For operation and maintenance, $566,054,000.

(ii) For plant projects (including maintenance, restoration, planning, construction, acquisition, modification of facilities, and the continuation of projects authorized in prior years, and land acquisition related thereto), $8,900,000, to be allocated as follows:

Project 99–D–132, stockpile management restructuring initiative, nuclear material safeguards and security upgrades project, Los Alamos National Laboratory, Los Alamos, New Mexico, $8,900,000.

(E) For facilities and infrastructure, $242,512,000.

(2) DEFENSE NUCLEAR NONPROLIFERATION.—For defense nuclear nonproliferation activities, $1,129,130,000, to be allocated as follows:

(A) For operation and maintenance, $1,037,130,000, to be allocated as follows:

(i) For nonproliferation and verification research and development, $298,907,000.

(ii) For nonproliferation programs, $446,223,000.

(iii) For fissile materials, $292,000,000.

(B) For plant projects (including maintenance, restoration, planning, construction, acquisition, modification of facilities, and

the continuation of projects authorized in prior years, and land acquisition related thereto), $156,000,000, to be allocated as follows:

Project 01–D–407, highly enriched uranium blend-down, Savannah River Site, Aiken, South Carolina, $30,000,000.

Project 99–D–141, pit disassembly and conversion facility, Savannah River Site, Aiken, South Carolina, $33,000,000.

Project 99–D–143, mixed oxide fuel fabrication facility, Savannah River Site, Aiken, South Carolina, $93,000,000.

(3) NAVAL REACTORS.—For naval reactors, $707,020,000, to be allocated as follows:

(A) For naval reactors development, $682,590,000, to be allocated as follows:

(i) For operation and maintenance, $671,290,000.

(ii) For plant projects (including maintenance, restoration, planning, construction, acquisition, modification of facilities, and the continuation of projects authorized in prior years, and land acquisition related thereto), $11,300,000, to be allocated as follows:

Project 03–D–201, cleanroom technology facility, Bettis Atomic Power Laboratory, West Mifflin, Pennsylvania, $7,200,000.

Project 01–D–200, major office replacement building, Schenectady, New York, $2,100,000.

Project 90–N–102, expended core facility dry cell project, Naval Reactors Facility, Idaho, $2,000,000.

(B) For program direction, $24,430,000.

(4) OFFICE OF ADMINISTRATOR FOR NUCLEAR SECURITY.—For the Office of the Administrator for Nuclear Security, and for program direction for the National Nuclear Security Administration (other than for naval reactors and secure transportation asset), $335,705,000.

SEC. 3102. DEFENSE ENVIRONMENTAL MANAGEMENT.

Funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 2003 for environmental management activities in carrying out programs necessary for national security in the amount of $6,710,774,000, to be allocated as follows:

(1) CLOSURE PROJECTS.—For closure projects carried out in accordance with section 3143 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 110 Stat. 2836; 42 U.S.C. 7277n), $1,109,314,000.

(2) SITE/PROJECT COMPLETION.—For site completion and project completion in carrying out environmental management activities necessary for national security programs, $793,950,000, to be allocated as follows:

(A) For operation and maintenance, $779,706,000.

(B) For plant projects (including maintenance, restoration, planning, construction, acquisition, modification of facilities, and the continuation of projects authorized in prior years, and land acquisition related thereto), $14,244,000, to be allocated as follows:

Project 02–D–402, Intec cathodic protection system expansion, Idaho National Engineering and Environmental Laboratory, Idaho Falls, Idaho, $1,119,000.

Project 02–D–420, plutonium stabilization and packaging, Savannah River Site, Aiken, South Carolina, $2,000,000.

Project 01–D–414, project engineering and design (PED), various locations, $5,125,000.

Project 86–D–103, decontamination and waste treatment facility, Lawrence Livermore National Laboratory, Livermore, California, $6,000,000.

(3) POST-2006 COMPLETION.—For post-2006 completion in carrying out environmental restoration and waste management activities necessary for national security programs, $2,617,199,000, to be allocated as follows:

(A) For operation and maintenance, $1,704,341,000.

(B) For plant projects (including maintenance, restoration, planning, construction, acquisition, modification of facilities, and the continuation of projects authorized in prior years, and land acquisition related thereto), $14,870,000, to be allocated as follows:

Project 93–D–187, high-level waste removal from filled waste tanks, Savannah River Site, Aiken, South Carolina, $14,870,000.

(C) For the Office of River Protection in carrying out environmental restoration and waste management activities necessary for national security programs, $897,988,000, to be allocated as follows:

(i) For operation and maintenance, $226,256,000.

(ii) For plant projects (including maintenance, restoration, planning, construction, acquisition, modification of facilities, and the continuation of projects authorized in prior years, and land acquisition related thereto), $671,732,000, to be allocated as follows:

Project 03–D–403, immobilized high-level waste interim storage facility, Richland, Washington, $6,363,000.

Project 01–D–416, waste treatment and immobilization plant, Richland, Washington, $619,000,000.

Project 97–D–402, tank farm restoration and safe operations, Richland, Washington, $25,424,000.

Project 94–D–407, initial tank retrieval systems, Richland, Washington, $20,945,000.

(4) SCIENCE AND TECHNOLOGY DEVELOPMENT.—For science and technology development in carrying out environmental management activities necessary for national security programs, $92,000,000.

(5) EXCESS FACILITIES.—For excess facilities in carrying out environmental management activities necessary for national security programs, $1,300,000.

(6) SAFEGUARDS AND SECURITY.—For safeguards and security in carrying out environmental management activities necessary for national security programs, $278,260,000.

(7) URANIUM ENRICHMENT DECONTAMINATION AND DECOMMISSIONING FUND.—For contribution to the Uranium Enrichment Decontamination and Decommissioning Fund under chapter 28 of the Atomic Energy Act of 1954 (42 U.S.C. 2297g et seq.), $441,000,000.

(8) ENVIRONMENTAL MANAGEMENT CLEANUP REFORM.—For accelerated environmental restoration and waste management activities, $1,000,000,000.

(9) PROGRAM DIRECTION.—For program direction in carrying out environmental restoration and waste management activities necessary for national security programs, $396,098,000.

SEC. 3103. OTHER DEFENSE ACTIVITIES.

Funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 2003 for other defense activities in carrying out programs necessary for national security in the amount of $489,883,000, to be allocated as follows:

(1) INTELLIGENCE.—For intelligence, $43,559,000.

(2) COUNTERINTELLIGENCE.—For counterintelligence, $48,083,000.

(3) OFFICE OF SECURITY.—For the Office of Security for security, $252,218,000, to be allocated as follows:

(A) For nuclear safeguards and security, $156,102,000.

(B) For security investigations, $45,870,000.

(C) For program direction, $50,246,000.

(4) INDEPENDENT OVERSIGHT AND PERFORMANCE ASSURANCE.—For independent oversight and performance assurance, $22,615,000.

(5) OFFICE OF ENVIRONMENT, SAFETY, AND HEALTH.—For the Office of Environment, Safety, and Health, $104,910,000, to be allocated as follows:

(A) For environment, safety, and health (defense), $86,892,000.

(B) For program direction, $18,018,000.

(6) WORKER AND COMMUNITY TRANSITION ASSISTANCE.—For worker and community transition assistance, $25,774,000, to be allocated as follows:

(A) For worker and community transition, $22,965,000.

(B) For program direction, $2,809,000.

(7) OFFICE OF HEARINGS AND APPEALS.—For the Office of Hearings and Appeals, $3,136,000.

SEC. 3104. DEFENSE ENVIRONMENTAL MANAGEMENT PRIVATIZATION.

Funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 2003 for privatization initiatives in carrying out environmental restoration and waste management activities necessary for national security programs in the amount of $158,399,000, to be allocated as follows:

Project 98–PVT–2, spent nuclear fuel dry storage, Idaho Falls, Idaho, $53,399,000.

Project 97–PVT–2, advanced mixed waste treatment project, Idaho Falls, Idaho, $105,000,000.

SEC. 3105. DEFENSE NUCLEAR WASTE DISPOSAL.

Funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 2003 for payment to the Nuclear Waste Fund established in section 302(c) of the Nuclear Waste Policy Act of 1982 (42 U.S.C. 10222(c)) in the amount of $215,000,000.

Subtitle B—Recurring General Provisions

SEC. 3121. REPROGRAMMING.

(a) IN GENERAL.—Until the Secretary of Energy submits to the congressional defense committees the report referred to in subsection (b) and a period of 30 days has elapsed after the date on which such committees receive the report, the Secretary may not use amounts appropriated pursuant to this title for any program—

(1) in amounts that exceed, in a fiscal year—

(A) 115 percent of the amount authorized for that program by this title; or

(B) $5,000,000 more than the amount authorized for that program by this title; or

(2) which has not been presented to, or requested of, Congress.

(b) REPORT.—(1) The report referred to in subsection (a) is a report containing a full and complete statement of the action proposed to be taken and the facts and circumstances relied upon in support of the proposed action.

(2) In the computation of the 30-day period under subsection (a), there shall be excluded any day on which either House of Congress is not in session because of an adjournment of more than 3 days to a day certain.

(c) LIMITATIONS.—(1) In no event may the total amount of funds obligated pursuant to this title exceed the total amount authorized to be appropriated by this title.

(2) Funds appropriated pursuant to this title may not be used for an item for which Congress has specifically denied funds.

SEC. 3122. LIMITS ON MINOR CONSTRUCTION PROJECTS.

(a) AUTHORITY.—The Secretary of Energy may carry out any minor construction project using operation and maintenance funds, or facilities and infrastructure funds, authorized by this title.

(b) ANNUAL REPORT.—The Secretary shall submit to the congressional defense committees on an annual basis a report on each exercise of the authority in subsection (a) during the preceding year. Each report shall provide a brief description of each minor construction project covered by the report.

(c) COST VARIATION REPORTS TO CONGRESSIONAL COMMITTEES.—If, at any time during the construction of any minor construction project authorized by this title, the estimated cost of the project is revised and the revised cost of the project exceeds $5,000,000, the Secretary shall immediately submit to the congressional defense committees a report explaining the reasons for the cost variation.

(d) MINOR CONSTRUCTION PROJECT DEFINED.—In this section, the term ''minor construction project'' means any plant project not specifically authorized by law if the approved total estimated cost of the plant project does not exceed $5,000,000.

SEC. 3123. LIMITS ON CONSTRUCTION PROJECTS.

(a) IN GENERAL.—(1) Except as provided in paragraph (2), construction on a construction project may not be started or additional obligations incurred in connection with the project above the total estimated cost, whenever the current estimated cost of the construction project, authorized by section 3101, 3102, or 3103, or which is in support of national security programs of the Department of Energy and was authorized by any previous Act, exceeds by more than 25 percent the higher of—

(A) the amount authorized for the project; or

(B) the amount of the total estimated cost for the project as shown in the most recent budget justification data submitted to Congress.

(2) An action described in paragraph (1) may be taken if—

(A) the Secretary of Energy has submitted to the congressional defense committees a report on the actions and the circumstances making such action necessary; and

(B) a period of 30 days has elapsed after the date on which the report is received by the committees.

(b) EXCEPTION.—Subsection (a) does not apply to a construction project with a current estimated cost of less than $5,000,000.

SEC. 3124. FUND TRANSFER AUTHORITY.

(a) TRANSFER TO OTHER FEDERAL AGENCIES.—The Secretary of Energy may transfer funds authorized to be appropriated to the Department of Energy pursuant to this title to other Federal agencies for the performance of work for which the funds were authorized. Funds so transferred may be merged with and be available for the same purposes and for the same time period as the authorizations of the Federal agency to which the amounts are transferred.

(b) TRANSFER WITHIN DEPARTMENT OF ENERGY.—(1) Subject to paragraph (2), the Secretary of Energy may transfer funds authorized to be appropriated to the Department of Energy pursuant to this title between any such authorizations. Amounts of authorizations so transferred may be merged with and be available for the same purposes and for the same period as the authorization to which the amounts are transferred.

(2) Not more than 5 percent of any such authorization may be transferred between authorizations under paragraph (1). No such authorization may be increased or decreased by more than 5 percent by a transfer under such paragraph.

(c) LIMITATIONS.—The authority provided by this subsection to transfer authorizations—

(1) may be used only to provide funds for items relating to activities necessary for national security programs that have a higher priority than the items from which the funds are transferred; and

(2) may not be used to provide funds for an item for which Congress has specifically denied funds.

(d) NOTICE TO CONGRESS.—The Secretary of Energy shall promptly notify the Committees on Armed Services of the Senate and House of Representatives of any transfer of funds to or from authorizations under this title.

SEC. 3125. AUTHORITY FOR CONCEPTUAL AND CONSTRUCTION DESIGN.

(a) REQUIREMENT OF CONCEPTUAL DESIGN.—(1) Subject to paragraph (2) and except as provided in paragraph (3), before submitting to Congress a request for funds for a construction project that is in support of a national security program of the Department of Energy, the Secretary of Energy shall complete a conceptual design for that project.

(2) If the estimated cost of completing a conceptual design for a construction project exceeds $3,000,000, the Secretary shall submit to Congress a request for funds for the conceptual design before submitting a request for funds for the construction project.

(3) The requirement in paragraph (1) does not apply to a request for funds—

(A) for a minor construction project the total estimated cost of which is less than $5,000,000; or

(B) for emergency planning, design, and construction activities under section 3126.

(b) AUTHORITY FOR CONSTRUCTION DESIGN.—(1) Within the amounts authorized by this title, the Secretary of Energy may carry out construction design (including architectural and engineering services) in connection with any proposed construction project if the total estimated cost for such design does not exceed $600,000.

(2) If the total estimated cost for construction design in connection with any construction project exceeds $600,000, funds for that design must be specifically authorized by law.

SEC. 3126. AUTHORITY FOR EMERGENCY PLANNING, DESIGN, AND CONSTRUCTION ACTIVITIES.

(a) AUTHORITY.—The Secretary of Energy may use any funds available to the Department of Energy pursuant to an authorization in this title, including funds authorized to be appropriated for advance planning, engineering, and construction design, and for plant projects, under sections 3101, 3102, 3103, and 3104 to perform planning, design, and construction activities for any Department of Energy national security program construction project that, as determined by the Secretary, must proceed expeditiously in order to protect public health and safety, to meet the needs of national defense, or to protect property.

(b) LIMITATION.—The Secretary may not exercise the authority under subsection (a) in the case of any construction project until the Secretary has submitted to the congressional defense committees a report on the activities that the Secretary intends to carry out under this section and the circumstances making those activities necessary.

(c) SPECIFIC AUTHORITY.—The requirement of section 3125(b)(2) does not apply to emergency planning, design, and construction activities conducted under this section.

SEC. 3127. FUNDS AVAILABLE FOR ALL NATIONAL SECURITY PROGRAMS OF THE DEPARTMENT OF ENERGY.

Subject to the provisions of appropriation Acts and section 3121, amounts appropriated pursuant to this title for management and support activities and for general plant projects are available for use, when necessary, in connection with all national security programs of the Department of Energy.

SEC. 3128. AVAILABILITY OF FUNDS.

(a) IN GENERAL.—Except as provided in subsection (b), when so specified in an appropriations Act, amounts appropriated for operation and maintenance or for plant projects may remain available until expended.

(b) EXCEPTION FOR PROGRAM DIRECTION FUNDS.—Amounts appropriated for program direction pursuant to an authorization of appropriations in subtitle A shall remain available to be expended only until the end of fiscal year 2004.

SEC. 3129. TRANSFER OF DEFENSE ENVIRONMENTAL MANAGEMENT FUNDS.

(a) TRANSFER AUTHORITY FOR DEFENSE ENVIRONMENTAL MANAGEMENT FUNDS.—The Secretary of Energy shall provide the manager of each field office of the Department of Energy with the authority to transfer defense environmental management funds from a program or project under the jurisdiction of that office to another such program or project.

(b) LIMITATIONS.—(1) Not more than three transfers may be made to or from any program or project under subsection (a) in a fiscal year.

(2) The amount transferred to or from a program or project in any one transfer under subsection (a) may not exceed $5,000,000.

(3) A transfer may not be carried out by a manager of a field office under subsection (a) unless the manager determines that the transfer is necessary—

(A) to address a risk to health, safety, or the environment; or

(B) to assure the most efficient use of defense environmental management funds at the field office.

(4) Funds transferred pursuant to subsection (a) may not be used for an item for which Congress has specifically denied funds or for a new program or project that has not been authorized by Congress.

(c) EXEMPTION FROM REPROGRAMMING REQUIREMENTS.—The requirements of section 3121 shall not apply to transfers of funds pursuant to subsection (a).

(d) NOTIFICATION.—The Secretary, acting through the Assistant Secretary of Energy for Environmental Management, shall notify Congress of any transfer of funds pursuant to subsection (a) not later than 30 days after such transfer occurs.

(e) DEFINITIONS.—In this section:

(1) The term ''program or project'' means, with respect to a field office of the Department of Energy, any of the following:

(A) A program referred to or a project listed in paragraph (2) or (3) of section 3102.

(B) A program or project not described in subparagraph (A) that is for environmental restoration or waste management activities necessary for national security programs of the Department, that is being carried out by that office, and for which defense environmental management funds have been authorized and appropriated before the date of the enactment of this Act.

(2) The term ''defense environmental management funds'' means funds appropriated to the Department of Energy pursuant to an authorization for carrying out environmental restoration and waste management activities necessary for national security programs.

(f) DURATION OF AUTHORITY.—The managers of the field offices of the Department may exercise the authority provided under subsection (a) during the period beginning on October 1, 2002, and ending on September 30, 2003.

SEC. 3130. TRANSFER OF WEAPONS ACTIVITIES FUNDS.

(a) TRANSFER AUTHORITY FOR WEAPONS ACTIVITIES FUNDS.—The Secretary of Energy shall provide the manager of each field office of the Department of Energy with the authority to transfer weapons activities funds from a program or project under the jurisdiction of that office to another such program or project.

(b) LIMITATIONS.—(1) Not more than three transfers may be made to or from any program or project under subsection (a) in a fiscal year.

(2) The amount transferred to or from a program or project in any one transfer under subsection (a) may not exceed $5,000,000.

(3) A transfer may not be carried out by a manager of a field office under subsection (a) unless the manager determines that the transfer—

(A) is necessary to address a risk to health, safety, or the environment; or

(B) will result in cost savings and efficiencies.

(4) A transfer may not be carried out by a manager of a field office under subsection (a) to cover a cost overrun or scheduling delay for any program or project.

(5) Funds transferred pursuant to subsection (a) may not be used for an item for which Congress has specifically denied funds or for a new program or project that has not been authorized by Congress.

(c) EXEMPTION FROM REPROGRAMMING REQUIREMENTS.—The requirements of section 3121 shall not apply to transfers of funds pursuant to subsection (a).

(d) NOTIFICATION.—The Secretary, acting through the Administrator for Nuclear Security, shall notify Congress of any transfer of funds pursuant to subsection (a) not later than 30 days after such transfer occurs.

(e) DEFINITIONS.—In this section:

(1) The term ''program or project'' means, with respect to a field office of the Department of Energy, any of the following:

(A) A program referred to or a project listed in section 3101(1).

(B) A program or project not described in subparagraph (A) that is for weapons activities necessary for national security programs of the Department, that is being carried out by that office, and for which weapons activities funds have been authorized and appropriated before the date of the enactment of this Act.

(2) The term ''weapons activities funds'' means funds appropriated to the Department of Energy pursuant to an authorization for carrying out weapons activities necessary for national security programs.

(f) DURATION OF AUTHORITY.—The managers of the field offices of the Department may exercise the authority provided under subsection (a) during the period beginning on October 1, 2002, and ending on September 30, 2003.

Subtitle C—Program Authorizations, Restrictions, and Limitations

SEC. 3131. AVAILABILITY OF FUNDS FOR ENVIRONMENTAL MANAGEMENT CLEANUP REFORM.

(a) LIMITATION ON AVAILABILITY FOR ENVIRONMENTAL MANAGEMENT CLEANUP REFORM.—None of the funds authorized to be appropriated by section 3102(8) for the Department of Energy for environmental management cleanup reform may be obligated or expended until the Secretary of Energy—

(1) publishes in the Federal Register, and submits to the congressional defense committees, a report setting forth criteria established by the Secretary—

(A) for selecting the projects that will receive funding using such funds; and

(B) for setting priorities among the projects selected under subparagraph (A); or

(2) notifies the congressional defense committees that the criteria described by paragraph (1) will not be established.

(b) REQUIREMENTS REGARDING ESTABLISHMENT OF CRITERIA.—Before establishing criteria, if any, under subsection (a)(1), the Secretary shall publish a proposal for such criteria in the Federal Register, and shall provide a period of 45 days for public notice and comment on the proposal.

(c) AVAILABILITY OF FUNDS IF CRITERIA ARE NOT ESTABLISHED.—(1) If the Secretary exercises the authority under subsection (a)(2), the Secretary shall reallocate the funds referred to in subsection (a) among sites that received funds during fiscal year 2002 for defense environmental restoration and waste management activities under section 3102 of the National Defense Authorization Act for Fiscal Year 2002 (Public Law 107–197; 115 Stat. 1358).

(2) The amount of funds referred to in subsection (a) that are allocated under paragraph (1) to a site described in that paragraph shall bear the same ratio to the amount of funds referred to in subsection (a) as the amount of funds received by such site during fiscal year 2002 under section 3102 of the National Defense Authorization Act for Fiscal Year 2002 bears to the total amount of funds made available to all sites during fiscal year 2002 under that section.

(3) No funds allocated under paragraph (1) may be obligated or expended until 30 days after the Secretary submits to the congressional defense committee a list of the projects at each site allocated funds under that paragraph, and the amount of such funds to be provided to each such project at each such site.

(4) Funds referred to in subsection (a) may not be obligated or expended for any site that was not funded in fiscal year 2002 from amounts available to the Department of Energy under title XXXI of the National Defense Authorization Act for Fiscal Year 2002.

SEC. 3132. ROBUST NUCLEAR EARTH PENETRATOR.

Not later than February 3, 2003, the Secretary of Defense shall, in consultation with the Secretary of Energy, submit to the congressional defense committees a report on the Robust Nuclear Earth Penetrator (RNEP). The report shall set forth—

(1) the military requirements for the Robust Nuclear Earth Penetrator;

(2) the nuclear weapons employment policy regarding the Robust Nuclear Earth Penetrator;

(3) a detailed description of the categories or types of targets that the Robust Nuclear Earth Penetrator is designed to hold at risk; and

(4) an assessment of the ability of conventional weapons to address the same categories and types of targets described under paragraph (3).

SEC. 3133. DATABASE TO TRACK NOTIFICATION AND RESOLUTION PHASES OF SIGNIFICANT FINDING INVESTIGATIONS.

(a) AVAILABILITY OF FUNDS FOR DATABASE.—Amounts authorized to be appropriated by section 3101(1) for the National Nuclear Security Administration for weapons activities shall be available to the Deputy Administrator for Nuclear Security for Defense Programs for the development and implementation of a database for all national security laboratories to track the notification and resolution phases of Significant Finding Investigations (SFIs). The purpose of the database is to facilitate the monitoring of the progress and accountability of the national security laboratories in Significant Finding Investigations.

(b) IMPLEMENTATION DEADLINE.—The database required by subsection (a) shall be implemented not later than September 30, 2003.

(c) NATIONAL SECURITY LABORATORY DEFINED.—In this section, the term ''national security laboratory'' has the meaning given that term in section 3281(1) of the National Nuclear Security Administration Act (title XXXII of Public Law 106–65; 113 Stat. 968; 50 U.S.C. 2471(1)).

SEC. 3134. REQUIREMENTS FOR SPECIFIC REQUEST FOR NEW OR MODIFIED NUCLEAR WEAPONS.

(a) REQUIREMENT FOR REQUEST FOR FUNDS FOR DEVELOPMENT.—(1) In any fiscal year after fiscal year 2002 in which the Secretary of Energy plans to carry out activities described in paragraph (2) relating to the development of a new nuclear weapon or modified nuclear weapon, the Secretary shall specifically request funds for such activities in the budget of the President for that fiscal year under section 1105(a) of title 31, United States Code.

(2) The activities described in this paragraph are as follows:

(A) The conduct, or provision for conduct, of research and development which could lead to the production of a new nuclear weapon by the United States.

(B) The conduct, or provision for conduct, of engineering or manufacturing to carry out the production of a new nuclear weapon by the United States.

(C) The conduct, or provision for conduct, of research and development which could lead to the production of a modified nuclear weapon by the United States.

(D) The conduct, or provision for conduct, of engineering or manufacturing to carry out the production of a modified nuclear weapon by the United States.

(b) BUDGET REQUEST FORMAT.—The Secretary shall include in a request for funds under subsection (a) the following:

(1) In the case of funds for activities described in subparagraph (A) or (C) of subsection (a)(2), a dedicated line item for each such activity for a new nuclear weapon or modified nuclear weapons that is in phase 1 or 2A or phase 6.1 or 6.2A, as the case may be, of the nuclear weapons acquisition process.

(2) In the case of funds for activities described in subparagraph (B) or (D) of subsection (a)(2), a dedicated line item for each such activity for a new nuclear weapon or modified nuclear weapon that is in phase 3 or higher or phase 6.3 or higher, as the case may be, of the nuclear weapons acquisition process.

(c) EXCEPTION.—Subsections (a) shall not apply to funds for purposes of conducting, or providing for the conduct of, research and development, or manufacturing and engineering, determined by the Secretary to be necessary—

(1) for the nuclear weapons life extension program;

(2) to modify an existing nuclear weapon solely to address safety or reliability concerns; or

(3) to address proliferation concerns.

(d) CONSTRUCTION WITH PROHIBITION ON RESEARCH AND DEVELOPMENT ON LOW-YIELD NUCLEAR WEAPONS.—Nothing in this section may be construed to modify, repeal, or in any way affect the provisions of section 3136 of the National Defense Authorization Act for Fiscal Year 1994 (Public Law 103–160; 107 Stat. 1946; 42 U.S.C. 2121 note), relating to prohibitions on research and development on low-yield nuclear weapons.

(e) DEFINITIONS.—In this section:

(1) The term ''life extension program'' means the program to repair or replace nonnuclear components, or to modify the pit or canned subassembly, of nuclear weapons in the nuclear weapons stockpile on the date of the enactment of this Act in order to assure that such nuclear weapons retain the ability to meet the military requirements applicable to such nuclear weapons when first placed in the nuclear weapons stockpile.

(2) The term ''modified nuclear weapon'' means a nuclear weapon that contains a pit or canned subassembly, either of which—

(A) is in the nuclear weapons stockpile as of the date of the enactment of this Act; and

(B) is being modified in order to meet a military requirement that is other than the military requirements applicable to such nuclear weapon when first placed in the nuclear weapons stockpile.

(3) The term ''new nuclear weapon'' means a nuclear weapon that contains a pit or canned subassembly, either of which is neither—

(A) in the nuclear weapons stockpile on the date of the enactment of this Act; nor

(B) in production as of that date.

SEC. 3135. REQUIREMENT FOR AUTHORIZATION BY LAW FOR FUNDS OBLIGATED OR EXPENDED FOR DEPARTMENT OF ENERGY NATIONAL SECURITY ACTIVITIES.

Section 660 of the Department of Energy Organization Act (42 U.S.C. 7270) is amended—

(1) by inserting ''(a)'' before ''Appropriations''; and

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

''(b)(1) No funds for the Department may be obligated or expended for—

''(A) national security programs and activities of the Department; or

''(B) activities under the Atomic Energy Act of 1954 (42 U.S.C. 2012 et seq.);

unless funds therefor have been specifically authorized by law.

''(2) Nothing in paragraph (1) may be construed to preclude the requirement under subsection (a), or under any other provision of law, for an authorization of appropriations for programs and activities of the Department (other than programs and activities covered by that paragraph) as a condition to the obligation and expenditure of funds for programs and activities of the Department (other than programs and activities covered by that paragraph).''.

SEC. 3136. LIMITATION ON AVAILABILITY OF FUNDS FOR PROGRAM TO ELIMINATE WEAPONS GRADE PLUTONIUM PRODUCTION IN RUSSIA.

(a) LIMITATION.—Of the amounts authorized to be appropriated by this title for the program to eliminate weapons grade plutonium production, the Administrator for Nuclear Security may not obligate or expend more than $100,000,000 for that program until 30 days after the date on which the Administrator submits to the congressional defense committees a copy of an agreement entered into between the United States Government and the Government of the Russian Federation to shut down the three plutonium-producing reactors in Russia.

(b) AGREEMENT ELEMENTS.—The agreement under subsection (a)—

(1) shall contain—

(A) a commitment to shut down the three plutonium-producing reactors;

(B) the date on which each such reactor will be shut down;

(C) a schedule and milestones for each such reactor to complete the shut down of such reactor by the date specified under subparagraph (B);

(D) an arrangement for access to sites and facilities necessary to meet such schedules and milestones; and

(E) an arrangement for audit and examination procedures in order to evaluate progress in meeting such schedules and milestones; and

(2) may include cost sharing arrangements.

Subtitle D—Proliferation Matters

SEC. 3151. ADMINISTRATION OF PROGRAM TO ELIMINATE WEAPONS GRADE PLUTONIUM PRODUCTION IN RUSSIA.

(a) TRANSFER OF PROGRAM TO DEPARTMENT OF ENERGY.—The program to eliminate weapons grade plutonium production in Russia shall be transferred from the Department of Defense to the Department of Energy.

(b) TRANSFER OF ASSOCIATED FUNDS.—(1) Notwithstanding any restriction or limitation in law on the availability of Cooperative Threat Reduction funds specified in paragraph (2), the Cooperative Threat Reduction funds specified in that paragraph that are available for the program referred to in subsection (a) shall be transferred from the Department of Defense to the Department of Energy.

(2) The Cooperative Threat Reduction funds specified in this paragraph are the following:

(A) Fiscal year 2002 Cooperative Threat Reduction funds, as specified in section 1301(b) of the National Defense Authorization Act for Fiscal Year 2002 (Public Law 107–107; 115 Stat. 1254; 22 U.S.C. 5952 note).

(B) Fiscal year 2001 Cooperative Threat Reduction funds, as specified in section 1301(b) of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (as enacted into law by Public Law 106–398; 114 Stat. 1654A–339).

(C) Fiscal year 2000 Cooperative Threat Reduction funds, as specified in section 1301(b) of the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106–65; 113 Stat. 792; 22 U.S.C. 5952 note).

(c) AVAILABILITY OF TRANSFERRED FUNDS.—(1) Notwithstanding any restriction or limitation in law on the availability of Cooperative Threat Reduction funds specified in subsection (b)(2), the Cooperative Threat Reduction funds transferred under subsection (b) for the program referred to in subsection (a) shall be available for activities as follows:

(A) To design and construct, refurbish, or both, fossil fuel energy plants in Russia that provide alternative sources of energy to the energy plants in Russia that produce weapons grade plutonium.

(B) To carry out limited safety upgrades of not more than three energy plants in Russia that produce weapons grade plutonium in order to permit the shutdown of such energy plants and eliminate the production of weapons grade plutonium in such energy plants.

(2) Amounts available under paragraph (1) for activities referred to in that paragraph shall remain available for such activities until expended.

SEC. 3152. REPEAL OF REQUIREMENT FOR REPORTS ON OBLIGATION OF FUNDS FOR PROGRAMS ON FISSILE MATERIALS IN RUSSIA.

Section 3131 of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104–106; 110 Stat. 617; 22 U.S.C. 5952 note) is amended—

(1) in subsection (a), by striking ''(a) AUTHORITY.—''; and

(2) by striking subsection (b).

SEC. 3153. EXPANSION OF ANNUAL REPORTS ON STATUS OF NUCLEAR MATERIALS PROTECTION, CONTROL, AND ACCOUNTING PROGRAMS.

(a) COVERED PROGRAMS.—Subsection (a) of section 3171 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (as enacted into law by Public Law 106–398; 114 Stat. 1654A–475) is amended by striking ''Russia that'' and inserting ''countries where such materials''.

(b) REPORT CONTENTS.—Subsection (b) of that section is amended—

(1) in paragraph (1) by inserting ''in each country covered by subsection (a)'' after ''locations,'';

(2) in paragraph (2), by striking ''in Russia'' and inserting ''in each such country'';

(3) in paragraph (3), by inserting ''in each such country'' after ''subsection (a)''; and

(4) in paragraph (5), by striking ''by total amount and by amount per fiscal year'' and inserting ''by total amount per country and by amount per fiscal year per country''.

SEC. 3154. TESTING OF PREPAREDNESS FOR EMERGENCIES INVOLVING NUCLEAR, RADIOLOGICAL, CHEMICAL, OR BIOLOGICAL WEAPONS.

(a) EXTENSION OF TESTING.—Section 1415 of the Defense Against Weapons of Mass Destruction Act of 1996 (title XIV of Public Law 104–201; 110 Stat. 2720; 50 U.S.C. 2315) is amended—

(1) in subsection (a)(2), by striking ''of five successive fiscal years beginning with fiscal year 1997'' and inserting ''of fiscal years 1997 through 2013''; and

(2) in subsection (b)(2), by striking ''of five successive fiscal years beginning with fiscal year 1997'' and inserting ''of fiscal years 1997 through 2013''.

(b) CONSTRUCTION OF EXTENSION WITH DESIGNATION OF ATTORNEY GENERAL AS LEAD OFFICIAL.—The amendment made by subsection (a) may not be construed as modifying the designation of the President entitled ''Designation of the Attorney General as the Lead Official for the Emergency Response Assistance Program Under Sections 1412 and 1415 of the National Defense Authorization Act for Fiscal Year 1997'', dated April 6, 2000, designating the Attorney General to assume programmatic and funding responsibilities for the Emergency Response Assistance Program under sections 1412 and 1415 of the Defense Against Weapons of Mass Destruction Act of 1996.

SEC. 3155. PROGRAM ON RESEARCH AND TECHNOLOGY FOR PROTECTION FROM NUCLEAR OR RADIOLOGICAL TERRORISM.

(a) PROGRAM REQUIRED.—(1) The Administrator for Nuclear Security shall carry out a program on research and technology for protection from nuclear or radiological terrorism, including technology for the detection (particularly as border crossings and ports of entry), identification, assessment, control, disposition, consequence management, and consequence mitigation of the dispersal of radiological materials or of nuclear terrorism.

(2) The Administrator shall carry out the program as part of the support of the Administrator for homeland security and counterterrorism within the National Nuclear Security Administration

(b) PROGRAM ELEMENTS.—In carrying out the program required by subsection (a), the Administrator shall—

(1) provide for the development of technologies to respond to threats or incidents involving nuclear or radiological terrorism in the United States;

(2) demonstrate applications of the technologies developed under paragraph (1), including joint demonstrations with the Office of Homeland Security and other appropriate Federal agencies;

(3) provide, where feasible, for the development in cooperation with the Russian Federation of technologies to respond to nuclear or radiological terrorism in the former states of the Soviet Union, including the demonstration of technologies so developed;

(4) provide, where feasible, assistance to other countries on matters relating to nuclear or radiological terrorism, including—

(A) the provision of technology and assistance on means of addressing nuclear or radiological incidents;

(B) the provision of assistance in developing means for the safe disposal of radioactive materials;

(C) in coordination with the Nuclear Regulatory Commission, the provision of assistance in developing the regulatory framework for licensing and developing programs for the protection and control of radioactive sources; and

(D) the provision of assistance in evaluating the radiological sources identified as

not under current accounting programs in the report of the Inspector General of the Department of Energy entitled ''Accounting for Sealed Sources of Nuclear Material Provided to Foreign Countries'', and in identifying and controlling radiological sources that represent significant risks; and

(5) in coordination with the Office of Environment, Safety, and Health of the Department of Energy, the Department of Commerce, and the International Atomic Energy Agency, develop consistent criteria for screening international transfers of radiological materials.

(c) REQUIREMENTS FOR INTERNATIONAL ELEMENTS OF PROGRAM.—(1) In carrying out activities in accordance with paragraphs (3) and (4) of subsection (b), the Administrator shall consult with—

(A) the Secretary of Defense, Secretary of State, and Secretary of Commerce; and

(B) the International Atomic Energy Agency.

(2) The Administrator shall encourage joint leadership between the United States and the Russian Federation of activities on the development of technologies under subsection (b)(4).

(d) INCORPORATION OF RESULTS IN EMERGENCY RESPONSE ASSISTANCE PROGRAM.—To the maximum extent practicable, the technologies and information developed under the program required by subsection (a) shall be incorporated into the program on responses to emergencies involving nuclear and radiological weapons carried out under section 1415 of the Defense Against Weapons of Mass Destruction Act of 1996 (title XIV of Public Law 104–201; 50 U.S.C. 2315).

(e) AMOUNT FOR ACTIVITIES.—Of the amount authorized to be appropriated by section 3101(2) for the Department of Energy for the National Nuclear Security Administration for defense nuclear nonproliferation and available for the development of a new generation of radiation detectors for homeland defense, up to $15,000,000 shall be available for carrying out this section.

SEC. 3156. EXPANSION OF INTERNATIONAL MATERIALS PROTECTION, CONTROL, AND ACCOUNTING PROGRAM.

(a) EXPANSION OF PROGRAM TO ADDITIONAL COUNTRIES AUTHORIZED.—The Secretary of Energy may expand the International Materials Protection, Control, and Accounting (MPC&A) program of the Department of Energy to encompass countries outside the Russian Federation and the independent states of the former Soviet Union.

(b) NOTICE TO CONGRESS OF USE OF FUNDS FOR ADDITIONAL COUNTRIES.—Not later than 30 days after the Secretary obligates funds for the International Materials Protection, Control, and Accounting program, as expanded under subsection (a), for activities in or with respect to a country outside the Russian Federation and the independent states of the former Soviet Union, the Secretary shall submit to Congress a notice of the obligation of such funds for such activities.

(c) ASSISTANCE TO DEPARTMENT OF STATE FOR NUCLEAR MATERIALS SECURITY PROGRAMS.—(1) As part of the International Materials Protection, Control, and Accounting program, the Secretary of Energy may provide technical assistance to the Secretary of State in the efforts of the Secretary of State to assist other nuclear weapons states to review and improve their nuclear materials security programs.

(2) The technical assistance provided under paragraph (1) may include the sharing of technology or methodologies to the states referred to in that paragraph. Any such sharing shall—

(A) be consistent with the treaty obligations of the United States; and

(B) take into account the sovereignty of the state concerned and its weapons programs, as well the sensitivity of any information involved regarding United States weapons or weapons systems.

(3) The Secretary of Energy may include the Russian Federation in activities under paragraph (1) if the Secretary determines that the experience of the Russian Federation under the International Materials Protection, Control, and Accounting program with the Russian Federation would make the participation of the Russian Federation in such activities useful in providing technical assistance under that paragraph.

(d) PLAN FOR ACCELERATED CONVERSION OR RETURN OF WEAPONS-USABLE NUCLEAR MATERIALS.—(1) The Secretary shall develop a plan to accelerate the conversion or return to the country of origin of all weapons-usable nuclear materials located in research reactors and other facilities outside the country of origin.

(2) The plan under paragraph (1) for nuclear materials of origin in the Soviet Union shall be developed in consultation with the Russian Federation.

(3) As part of the plan under paragraph (1), the Secretary shall identify the funding and schedules required to assist the research reactors and facilities referred to in that paragraph in upgrading their materials protection, control, and accounting procedures until the weapons-usable nuclear materials in such reactors and facilities are converted or returned in accordance with that paragraph.

(4) The provision of assistance under paragraph (3) shall be closely coordinated with ongoing efforts of the International Atomic Energy Agency for the same purpose.

(e) RADIOLOGICAL DISPERSAL DEVICE MATERIALS PROTECTION, CONTROL, AND ACCOUNTING.—(1) The Secretary shall establish within the International Materials Protection, Control, and Accounting program a program on the protection, control, and accounting of materials usable in radiological dispersal devices.

(2) The program under paragraph (1) shall include—

(A) an identification of vulnerabilities regarding radiological materials worldwide;

(B) the mitigation of vulnerabilities so identified through appropriate security enhancements; and

(C) an acceleration of efforts to recover and control diffused radiation sources and 'orphaned'' radiological sources that are of sufficient strength to represent a significant risk.

(3) The program under paragraph (1) shall be known as the Radiological Dispersal Device Materials Protection, Control, and Accounting program.

(f) STUDY OF PROGRAM TO SECURE CERTAIN RADIOLOGICAL MATERIALS.—(1) The Secretary, acting through the Administrator for Nuclear Security, shall require the Office of International Materials Protection, Control, and Accounting of the Department of Energy to conduct a study to determine the feasibility and advisability of developing a program to secure radiological materials outside the United States that pose a threat to the national security of the United States.

(2) The study under paragraph (1) shall include the following:

(A) An identification of the categories of radiological materials that are covered by that paragraph, including an order of priority for securing each category of such radiological materials.

(B) An estimate of the number of sites at which such radiological materials are present.

(C) An assessment of the effort required to secure such radiological materials at such sites, including—

(i) a description of the security upgrades, if any, that are required at such sites;

(ii) an assessment of the costs of securing such radiological materials at such sites;

(iii) a description of any cost-sharing arrangements to defray such costs;

(iv) a description of any legal impediments to such effort, including a description of means of overcoming such impediments; and

(v) a description of the coordination required for such effort among appropriate United States Government entities (including the Nuclear Regulatory Commission), participating countries, and international bodies (including the International Atomic Energy Agency).

(D) A description of the pilot project undertaken in Russia.

(3) In identifying categories of radiological materials under paragraph (2)(A), the Secretary shall take into account matters relating to specific activity, half-life, radiation type and energy, attainability, difficulty of handling, and toxicity, and such other matters as the Secretary considers appropriate.

(4) Not later than one year after the date of the enactment of this Act, the Secretary shall submit to Congress a report on the study conducted under this subsection. The report shall include the matters specified under paragraph (2) and such other matters, including recommendations, as the Secretary considers appropriate as a result of the study.

(5) In this subsection, the term ''radiological material'' means any radioactive material, other than plutonium (Pu) or uranium enriched above 20 percent uranium–235.

(g) AMENDMENT OF CONVENTION ON PHYSICAL PROTECTION OF NUCLEAR MATERIAL.—(1) It is the sense of Congress that the President should encourage amendment of the Convention on the Physical Protection of Nuclear Materials in order to provide that the Convention shall—

(A) apply to both the domestic and international use and transport of nuclear materials;

(B) incorporate fundamental practices for the physical protection of such materials; and

(C) address protection against sabotage involving nuclear materials.

(2) In this subsection, the term ''Convention on the Physical Protection of Nuclear Materials'' means the Convention on the Physical Protection of Nuclear Materials, With Annex, done at Vienna on October 26, 1979.

(h) AMOUNT FOR ACTIVITIES.—Of the amount authorized to be appropriated by section 3102(2) for the Department of Energy for the National Nuclear Security Administration for defense nuclear nonproliferation, up to $5,000,000 shall be available for carrying out this section.

SEC. 3157. ACCELERATED DISPOSITION OF HIGHLY ENRICHED URANIUM AND PLUTONIUM.

(a) SENSE OF CONGRESS ON PROGRAM TO SECURE STOCKPILES OF HIGHLY ENRICHED URANIUM AND PLUTONIUM.—(1) It is the sense of Congress that the Secretary of Energy, in consultation with the Secretary of State and Secretary of Defense, should develop a comprehensive program of activities to encourage all countries with nuclear materials to adhere to, or to adopt standards equivalent to, the International Atomic Energy Agency standard on The Physical Protection of Nuclear Material and Nuclear Facilities (INFCIRC/225/Rev.4), relating to the security of stockpiles of highly enriched uranium (HEU) and plutonium (Pu).

(2) To the maximum extent practicable, the program should be developed in consultation with the Russian Federation, other Group of 8 countries, and other allies of the United States.

(3) Activities under the program should include specific, targeted incentives intended

to encourage countries that cannot undertake the expense of conforming to the standard referred to in paragraph (1) to relinquish their highly enriched uranium (HEU) or plutonium (Pu), including incentives in which a country, group of countries, or international body—

(A) purchase such materials and provide for their security (including by removal to another location);

(B) undertake the costs of decommissioning facilities that house such materials;

(C) in the case of research reactors, convert such reactors to low-enriched uranium reactors; or

(D) upgrade the security of facilities that house such materials in order to meet stringent security standards that are established for purposes of the program based upon agreed best practices.

(b) PROGRAM ON ACCELERATED DISPOSITION OF HEU AUTHORIZED.—(1) The Secretary of Energy may carry out a program to pursue with the Russian Federation, and any other nation that possesses highly enriched uranium, options for blending such uranium so that the concentration of U–235 in such uranium is below 20 percent.

(2) The options pursued under paragraph (1) shall include expansion of the Material Consolidation and Conversion program of the Department of Energy to include—

(A) additional facilities for the blending of highly enriched uranium; and

(B) additional centralized secure storage facilities for highly enriched uranium designated for blending.

(c) INCENTIVES REGARDING HIGHLY ENRICHED URANIUM IN RUSSIA.—As part of the options pursued under subsection (b) with the Russian Federation, the Secretary may provide financial and other incentives for the removal of all highly enriched uranium from any particular facility in the Russian Federation if the Secretary determines that such incentives will facilitate the consolidation of highly enriched uranium in the Russian Federation to the best-secured facilities.

(d) CONSTRUCTION WITH HEU DISPOSITION AGREEMENT.—Nothing in this section may be construed as terminating, modifying, or otherwise effecting requirements for the disposition of highly enriched uranium under the Agreement Between the Government of the United States of America and the Government of the Russian Federation Concerning the Disposition of Highly Enriched Uranium Extracted from Nuclear Weapons, signed at Washington on February 18, 1993.

(e) PRIORITY IN BLENDING ACTIVITIES.—In pursuing options under this section, the Secretary shall give priority to the blending of highly enriched uranium from weapons, though highly enriched uranium from sources other than weapons may also be blended.

(f) TRANSFER OF HIGHLY ENRICHED URANIUM AND PLUTONIUM TO UNITED STATES.—(1) As part of the program under subsection (b), the Secretary may, upon the request of any nation—

(A) purchase highly enriched uranium or weapons grade plutonium from the nation at a price determined by the Secretary;

(B) transport any uranium or plutonium so purchased to the United States; and

(C) store any uranium or plutonium so transported in the United States.

(2) The Secretary is not required to blend any highly enriched uranium purchased under paragraph (1)(A) in order to reduce the concentration of U–235 in such uranium to below 20 percent. Amounts authorized to be appropriated by subsection (m) may not be used for purposes of blending such uranium.

(g) TRANSFER OF HIGHLY ENRICHED URANIUM TO RUSSIA.—(1) As part of the program under subsection (b), the Secretary may encourage nations with highly enriched uranium to transfer such uranium to the Russian Federation for disposition under this section.

(2) The Secretary may pay any nation that transfers highly enriched uranium to the Russian Federation under this subsection an amount determined appropriate by the Secretary.

(3) The Secretary may bear the cost of any blending and storage of uranium transferred to the Russian Federation under this subsection, including any costs of blending and storage under a contract under subsection (h). Any site selected for such storage shall have undergone complete materials protection, control, and accounting upgrades before the commencement of such storage.

(h) CONTRACTS FOR BLENDING AND STORAGE OF HIGHLY ENRICHED URANIUM IN RUSSIA.—(1) As part of the program under subsection (b), the Secretary may enter into one or more contracts with the Russian Federation—

(A) to blend in the Russian Federation highly enriched uranium of the Russian Federation and highly enriched uranium transferred to the Russian Federation under subsection (g); or

(B) to store in the Russian Federation highly enriched uranium before blending or the blended material.

(2) Any site selected for the storage of uranium or blended material under paragraph (1)(B) shall have undergone complete materials protection, control, and accounting upgrades before the commencement of such storage.

(i) LIMITATION ON RELEASE FOR SALE OF BLENDED URANIUM.—Uranium blended under this section may not be released for sale until the earlier of—

(1) January 1, 2014; or

(2) the date on which the Secretary certifies that such uranium can be absorbed into the global market without undue disruption to the uranium mining industry in the United States.

(j) PROCEEDS OF SALE OF URANIUM BLENDED BY RUSSIA.—Upon the sale by the Russian Federation of uranium blended under this section by the Russian Federation, the Secretary may elect to receive from the proceeds of such sale an amount not to exceed 75 percent of the costs incurred by the Department of Energy under subsections (c), (g), and (h).

(k) REPORT ON STATUS OF PROGRAM.—Not later than July 1, 2003, the Secretary shall submit to Congress a report on the status of the program carried out under the authority in subsection (b). The report shall include—

(1) a description of international interest in the program;

(2) schedules and operational details of the program; and

(3) recommendations for future funding for the program.

(l) HIGHLY ENRICHED URANIUM DEFINED.—In this section, the term ''highly enriched uranium'' means uranium with a concentration of U–235 of 20 percent or more.

(m) AMOUNT FOR ACTIVITIES.—Of the amount to be appropriated by section 3102(2) for the Department of Energy for the National Nuclear Security Administration for defense nuclear nonproliferation, up to $40,000,000 shall be available for carrying out this section.

SEC. 3158. DISPOSITION OF PLUTONIUM IN RUSSIA.

(a) NEGOTIATIONS WITH RUSSIAN FEDERATION.—(1) The Secretary of Energy is encouraged to continue to support the Secretary of State in negotiations with the Ministry of Atomic Energy of the Russian Federation to finalize the plutonium disposition program of the Russian Federation (as established under the agreement described in subsection (b)).

(2) As part of the negotiations, the Secretary of Energy may consider providing additional funds to the Ministry of Atomic Energy in order to reach a successful agreement.

(3) If such an agreement, meeting the requirements in subsection (c), is reached with the Ministry of Atomic Energy, which requires additional funds for the Russian work, the Secretary shall either seek authority to use funds available for another purpose, or request supplemental appropriations, for such work.

(b) AGREEMENT.—The agreement referred to in subsection (a) is the Agreement Between the Government of the United States of America and the Government of the Russian Federation Concerning the Management and Disposition of Plutonium Designated As No Longer Required For Defense Purposes and Related Cooperation, signed August 29, 2000, and September 1, 2000.

(c) REQUIREMENT FOR DISPOSITION PROGRAM.— The plutonium disposition program under subsection (a)—

(1) shall include transparent verifiable steps;

(2) shall proceed at a rate approximately equivalent to the rate of the United States program for the disposition of plutonium;

(3) shall provide for cost-sharing among a variety of countries;

(4) shall provide for contributions by the Russian Federation;

(5) shall include steps over the near term to provide high confidence that the schedules for the disposition of plutonium of the Russian Federation will be achieved; and

(6) may include research on more speculative long-term options for the future disposition of the plutonium of the Russian Federation in addition to the near-term steps under paragraph (5).

SEC. 3159. STRENGTHENED INTERNATIONAL SECURITY FOR NUCLEAR MATERIALS AND SAFETY AND SECURITY OF NUCLEAR OPERATIONS.

(a) REPORT ON OPTIONS FOR INTERNATIONAL PROGRAM TO STRENGTHEN SECURITY AND SAFETY.—(1) Not later than 270 days after the date of the enactment of this Act, the Secretary of Energy shall submit to Congress a report on options for an international program to develop strengthened security for all nuclear materials and safety and security for current nuclear operations.

(2) The Secretary shall consult with the Office of Nuclear Energy Science and Technology of the Department of Energy in the development of options for purposes of the report.

(3) In evaluating options for purposes of the report, the Secretary shall consult with the Nuclear Regulatory Commission and the International Atomic Energy Agency on the feasibility and advisability of actions to reduce the risks associated with terrorist attacks on nuclear power plants outside the United States.

(4) Each option for an international program under paragraph (1) may provide that the program is jointly led by the United States, the Russian Federation, and the International Atomic Energy Agency.

(5) The Secretary shall include with the report on options for an international program under paragraph (1) a description and assessment of various management alternatives for the international program. If any option requires Federal funding or legislation to implement, the report shall also include recommendations for such funding or legislation, as the case may be.

(b) JOINT PROGRAMS WITH RUSSIA ON PROLIFERATION RESISTANT NUCLEAR ENERGY TECHNOLOGIES.—The Director of the Office of

Nuclear Energy Science and Technology Energy shall, in coordination with the Secretary, pursue with the Ministry of Atomic Energy of the Russian Federation joint programs between the United States and the Russian Federation on the development of proliferation resistant nuclear energy technologies, including advanced fuel cycles.

(c) PARTICIPATION OF INTERNATIONAL TECHNICAL EXPERTS.—In developing options under subsection (a), the Secretary shall, in consultation with the Nuclear Regulatory Commission, the Russian Federation, and the International Atomic Energy Agency, convene and consult with an appropriate group of international technical experts on the development of various options for technologies to provide strengthened security for nuclear materials and safety and security for current nuclear operations, including the implementation of such options.

(d) ASSISTANCE REGARDING HOSTILE INSIDERS AND AIRCRAFT IMPACTS.—(1) The Secretary may, utilizing appropriate expertise of the Department of Energy and the Nuclear Regulatory Commission, provide assistance to nuclear facilities abroad on the interdiction of hostile insiders at such facilities in order to prevent incidents arising from the disablement of the vital systems of such facilities.

(2) The Secretary may carry out a joint program with the Russian Federation and other countries to address and mitigate concerns on the impact of aircraft with nuclear facilities in such countries.

(e) ASSISTANCE TO IAEA IN STRENGTHENING INTERNATIONAL NUCLEAR SAFETY AND SECURITY.—The Secretary may expand and accelerate the programs of the Department of Energy to support the International Atomic Energy Agency in strengthening international nuclear safety and security.

(f) AMOUNT FOR ACTIVITIES.—Of the amount authorized to be appropriated by section 3102(2) for the Department of Energy for the National Nuclear Security Administration for defense nuclear nonproliferation, up to $35,000,000 shall be available for carrying out this section as follows:

(1) For activities under subsections (a) through (d), $20,000,000, of which—

(A) $5,000,000 shall be available for sabotage protection for nuclear power plants and other nuclear facilities abroad; and

(B) $10,000,000 shall be available for development of proliferation resistant nuclear energy technologies under subsection (b).

(2) For activities under subsection (e), $15,000,000.

SEC. 3160. EXPORT CONTROL PROGRAMS.

(a) AUTHORITY TO PURSUE OPTIONS FOR STRENGTHENING EXPORT CONTROL PROGRAMS.—The Secretary of Energy may pursue in the former Soviet Union and other regions of concern, principally in South Asia, the Middle East, and the Far East, options for accelerating programs that assist countries in such regions in improving their domestic export control programs for materials, technologies, and expertise relevant to the construction or use of a nuclear or radiological dispersal device.

(b) AMOUNT FOR ACTIVITIES.—Of the amount authorized to be appropriated by section 3102(2) for the Department of Energy for the National Nuclear Security Administration for defense nuclear nonproliferation, up to $5,000,000 shall be available for carrying out this section.

SEC. 3161. IMPROVEMENTS TO NUCLEAR MATERIALS PROTECTION, CONTROL, AND ACCOUNTING PROGRAM OF THE RUSSIAN FEDERATION.

(a) REVISED FOCUS FOR PROGRAM.—(1) The Secretary of Energy shall work cooperatively with the Russian Federation to update and improve the Joint Action Plan for the Materials Protection, Control, and Accounting programs of the Department and the Russian Federation Ministry of Atomic Energy.

(2) The updated plan shall shift the focus of the upgrades of the nuclear materials protection, control, and accounting program of the Russian Federation in order to assist the Russian Federation in achieving, as soon as practicable but not later than January 1, 2012, a sustainable nuclear materials protection, control, and accounting system for the nuclear materials of the Russian Federation that is supported solely by the Russian Federation.

(b) PACE OF PROGRAM.—The Secretary shall work with the Russian Federation, including applicable institutes in Russia, to pursue acceleration of the nuclear materials protection, control, and accounting programs at nuclear defense facilities in the Russian Federation.

(c) TRANSPARENCY OF PROGRAM.—The Secretary shall work with the Russian Federation to identify various alternatives to provide the United States adequate transparency in the nuclear materials protection, control, and accounting program of the Russian Federation to assure that such program is meeting applicable goals for nuclear materials protection, control, and accounting.

(d) SENSE OF CONGRESS.—In furtherance of the activities required under this section, it is the sense of Congress the Secretary should—

(1) enhance the partnership with the Russian Ministry of Atomic Energy in order to increase the pace and effectiveness of nuclear materials accounting and security activities at facilities in the Russian Federation, including serial production enterprises; and

(2) clearly identify the assistance required by the Russian Federation, the contributions anticipated from the Russian Federation, and the transparency milestones that can be used to assess progress in meeting the requirements of this section.

SEC. 3162. COMPREHENSIVE ANNUAL REPORT TO CONGRESS ON COORDINATION AND INTEGRATION OF ALL UNITED STATES NONPROLIFERATION ACTIVITIES.

Section 1205 of the National Defense Authorization Act for Fiscal Year 2002 (Public Law 107–107; 115 Stat. 1247) is amended by adding at the end the following new subsection:

''(d) ANNUAL REPORT ON IMPLEMENTATION OF PLAN.—(1) Not later than January 31, 2003, and each year thereafter, the President shall submit to Congress a report on the implementation of the plan required by subsection (a) during the preceding year.

''(2) Each report under paragraph (1) shall include—

''(A) a discussion of progress made during the year covered by such report in the matters of the plan required by subsection (a);

''(B) a discussion of consultations with foreign nations, and in particular the Russian Federation, during such year on joint programs to implement the plan;

''(C) a discussion of cooperation, coordination, and integration during such year in the implementation of the plan among the various departments and agencies of the United States Government, as well as private entities that share objectives similar to the objectives of the plan; and

''(D) any recommendations that the President considers appropriate regarding modifications to law or regulations, or to the administration or organization of any Federal department or agency, in order to improve the effectiveness of any programs carried out during such year in the implementation of the plan.''.

SEC. 3163. UTILIZATION OF DEPARTMENT OF ENERGY NATIONAL LABORATORIES AND SITES IN SUPPORT OF COUNTERTERRORISM AND HOMELAND SECURITY ACTIVITIES.

(a) AGENCIES AS JOINT SPONSORS OF LABORATORIES FOR WORK ON ACTIVITIES.—Each department or agency of the Federal Government, or of a State or local government, that carries out work on counterterrorism and homeland security activities at a Department of Energy national laboratory may be a joint sponsor, under a multiple agency sponsorship arrangement with the Department, of such laboratory in the performance of such work.

(b) AGENCIES AS JOINT SPONSORS OF SITES FOR WORK ON ACTIVITIES.—Each department or agency of the Federal Government, or of a State or local government, that carries out work on counterterrorism and homeland security activities at a Department of Energy site may be a joint sponsor of such site in the performance of such work as if such site were a federally funded research and development center and such work were performed under a multiple agency sponsorship arrangement with the Department.

(c) PRIMARY SPONSORSHIP.—The Department of Energy shall be the primary sponsor under a multiple agency sponsorship arrangement required under subsection (a) or (b).

(d) WORK.—(1) The Administrator for Nuclear Security shall act as the lead agent in coordinating the formation and performance of a joint sponsorship agreement between a requesting agency and a Department of Energy national laboratory or site for work on counterterrorism and homeland security.

(2) A request for work may not be submitted to a national laboratory or site under this section unless approved in advance by the Administrator.

(3) Any work performed by a national laboratory or site under this section shall comply with the policy on the use of federally funded research and development centers under section 35.017(a)(4) of the Federal Acquisition Regulation.

(4) The Administrator shall ensure that the work of a national laboratory or site requested under this section is performed expeditiously and to the satisfaction of the head of the department or agency submitting the request.

(e) FUNDING.—(1) Subject to paragraph (2), a joint sponsor of a Department of Energy national laboratory or site under this section shall provide funds for work of such national laboratory or site, as the case may be, under this section under the same terms and conditions as apply to the primary sponsor of such national laboratory under section 303(b)(1)(C) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253(b)(1)(C)) or of such site to the extent such section applies to such site as a federally funded research and development center by reason of subsection (b).

(2) The total amount of funds provided a national laboratory or site in a fiscal year under this subsection by joint sponsors other than the Department of Energy shall not exceed an amount equal to 25 percent of the total funds provided such national laboratory or site, as the case may be, in such fiscal year from all sources.

Subtitle E—Other Matters

SEC. 3171. INDEMNIFICATION OF DEPARTMENT OF ENERGY CONTRACTORS.

Section 170d.(1)(A) of the Atomic Energy Act of 1954 (42 U.S.C. 2210(d)(1)(A)) is amended by striking ''until August 1, 2002,'' and inserting ''until August 1, 2012''.

SEC. 3172. WORKER HEALTH AND SAFETY RULES FOR DEPARTMENT OF ENERGY FACILITIES.

The Atomic Energy Act of 1954 is amended by inserting after section 234B (42 U.S.C. 2282b) the following:

"SEC. 234C. WORKER HEALTH AND SAFETY RULES FOR DEPARTMENT OF ENERGY NUCLEAR FACILITIES.

''(a) PERSONS SUBJECT TO PENALTY.—

''(1) CIVIL PENALTY.—

''(A) IN GENERAL.—A person (or any subcontractor or supplier of the person) who has entered into an agreement of indemnification under section 2210(d) (or any subcontractor or supplier of the person) that violates (or is the employer of a person that violates) Department of Energy Order No. 440.1A (1998), or any rule or regulation relating to industrial or construction health and safety promulgated by the Secretary of Energy (referred to in this section as the ''Secretary'') after public notice and opportunity for comment under section 553 of title 5, United States Code (commonly known as the 'Administrative Procedure Act'), shall be subject to a civil penalty of not more than $100,000 for each such violation.

''(B) CONTINUING VIOLATIONS.—If any violation under this subsection is a continuing violation, each day of the violation shall constitute a separate violation for the purpose of computing the civil penalty under subparagraph (A).

''(2) REGULATIONS.—

''(A) IN GENERAL.—Not later than 270 days after the date of enactment of this section, the Secretary shall promulgate regulations for industrial and construction health and safety that incorporate the provisions and requirements contained in Department of Energy Order No. 440.1A (1998).

''(B) EFFECTIVE DATE.—The regulations promulgated under subparagraph (A) shall take effect on the date that is 1 year after the promulgation date of the regulations.

''(3) VARIANCES OR EXEMPTIONS.—

''(A) IN GENERAL.—The Secretary may provide in the regulations promulgated under paragraph (2) a procedure for granting variances or exemptions to the extent necessary to avoid serious impairment of the national security of the United States.

''(B) DETERMINATION.—In determining whether to provide a variance or exemption under subparagraph (A), the Secretary of Energy shall assess—

''(i) the impact on national security of not providing a variance or exemption; and

''(ii) the benefits or detriments to worker health and safety of providing a variance or exemption.

''(C) PROCEDURE.—Before granting a variance or exemption, the Secretary of Energy shall—

''(i) notify affected employees;

''(ii) provide an opportunity for a hearing on the record; and

''(iii) notify Congress of any determination to grant a variance at least 60 days before the proposed effective date of the variance or exemption.

''(4) APPLICABILITY.—This subsection does not apply to any facility that is a component of, or any activity conducted under, the Naval Nuclear Propulsion Program.

''(5) ENFORCEMENT GUIDANCE ON STRUCTURES TO BE DISPOSED OF.—

''(A) IN GENERAL.—In enforcing the regulations under paragraph (2), the Secretary of Energy shall, on a case-by-case basis, evaluate whether a building, facility, structure, or improvement of the Department of Energy that is permanently closed and that is expected to be demolished, or title to which is expected to be transferred to another entity for reuse, should undergo major retrofitting to comply with specific general industry standards.

''(B) NO EFFECT ON HEALTH AND SAFETY ENFORCEMENT.—This subsection does not diminish or otherwise affect—

''(i) the enforcement of any worker health and safety regulations under this section with respect to the surveillance and maintenance or decontamination, decommissioning, or demolition of buildings, facilities, structures, or improvements; or

''(ii) the application of any other law (including regulations), order, or contractual obligation.

''(b) CONTRACT PENALTIES.—

''(1) IN GENERAL.—The Secretary shall include in each contract with a contractor of the Department provisions that provide an appropriate reduction in the fees or amounts paid to the contractor under the contract in the event of a violation by the contractor or contractor employee of any regulation or order relating to industrial or construction health and safety.

''(2) CONTENTS.—The provisions shall specify various degrees of violations and the amount of the reduction attributable to each degree of violation.

''(c) POWERS AND LIMITATIONS.—The powers and limitations applicable to the assessment of civil penalties under section 234A, except for subsection (d) of that section, shall apply to the assessment of civil penalties under this section.

''(d) TOTAL AMOUNT OF PENALTIES.—In the case of an entity described in subsection (d) of section 234A, the total amount of civil penalties under subsection (a) or under subsection (a) of section 234B in a fiscal year may not exceed the total amount of fees paid by the Department of Energy to that entity in that fiscal year.''.

SEC. 3173. ONE-YEAR EXTENSION OF AUTHORITY OF DEPARTMENT OF ENERGY TO PAY VOLUNTARY SEPARATION INCENTIVE PAYMENTS.

(a) IN GENERAL.—Section 3161(a) of the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106–65; 5 U.S.C. 5597 note) is amended by striking ''January 1, 2004'' and inserting ''January 1, 2005''.

(b) CONSTRUCTION.—The amendment made by subsection (a) may be superseded by another provision of law that takes effect after the date of the enactment of this Act, and before January 1, 2004, establishing a uniform system for providing voluntary separation incentives (including a system for requiring approval of plans by the Office of Management and Budget) for employees of the Federal Government.

SEC. 3174. SUPPORT FOR PUBLIC EDUCATION IN THE VICINITY OF LOS ALAMOS NATIONAL LABORATORY, NEW MEXICO.

(a) SUPPORT FOR FISCAL YEAR 2003.—From amounts authorized to be appropriated to the Secretary of Energy by this title, $6,900,000 shall be available for payment by the Secretary for fiscal year 2003 to the Los Alamos National Laboratory Foundation, a not-for-profit foundation chartered in accordance with section 3167(a) of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105–85; 111 Stat. 2052).

(b) USE OF FUNDS.—The foundation referred to in subsection (a) shall—

(1) utilize funds provided under this section as a contribution to the endowment fund for the foundation; and

(2) use the income generated from investments in the endowment fund that are attributable to the payment made under this section to fund programs to support the educational needs of children in the public schools in the vicinity of Los Alamos National Laboratory, New Mexico.

(c) REPEAL OF SUPERSEDED AUTHORITY AND MODIFICATION OF AUTHORITY TO EXTEND CONTRACT.—(1) Subsection (b) of section 3136 of the National Defense Authorization Act for Fiscal Year 2002 (Public Law 107–107; 115 Stat. 1368) is amended to read as follows:

''(b) SUPPORT FOR FISCAL YEARS 2003 THROUGH 2013.—Subject to the availability of appropriations, the Secretary may provide for a contract extension through fiscal year 2013 similar to the contract extension referred to in subsection (a)(2).''.

(2) The amendment made by paragraph (1) shall take effect on October 1, 2002.

Subtitle F—Disposition of Weapons-Usable Plutonium at Savannah River, South Carolina

SEC. 3181. FINDINGS.

Congress makes the following findings:

(1) In September 2000, the United States and the Russian Federation signed a Plutonium Management and Disposition Agreement by which each agreed to dispose of 34 metric tons of weapons-grade plutonium.

(2) The agreement with Russia is a significant step toward safeguarding nuclear materials and preventing their diversion to rogue states and terrorists.

(3) The Department of Energy plans to dispose of 34 metric tons of weapons-grade plutonium in the United States before the end of 2019 by converting the plutonium to a mixed-oxide fuel to be used in commercial nuclear power reactors.

(4) The Department has formulated a plan for implementing the agreement with Russia through construction of a mixed-oxide fuel fabrication facility, the so-called MOX facility, and a pit disassembly and conversion facility at the Savannah River Site, Aiken, South Carolina.

(5) The United States and the State of South Carolina have a compelling interest in the safe, proper, and efficient operation of the plutonium disposition facilities at the Savannah River Site. The MOX facility will also be economically beneficial to the State of South Carolina, and that economic benefit will not be fully realized unless the MOX facility is built.

(6) The State of South Carolina desires to ensure that all plutonium transferred to the State of South Carolina is stored safely; that the full benefits of the MOX facility are realized as soon as possible; and, specifically, that all defense plutonium or defense plutonium materials transferred to the Savannah River Site either be processed or be removed expeditiously.

SEC. 3182. DISPOSITION OF WEAPONS-USABLE PLUTONIUM AT SAVANNAH RIVER SITE.

(a) PLAN FOR CONSTRUCTION AND OPERATION OF MOX FACILITY.—(1) Not later than February 1, 2003, the Secretary of Energy shall submit to Congress a plan for the construction and operation of the MOX facility at the Savannah River Site, Aiken, South Carolina.

(2) The plan under paragraph (1) shall include—

(A) a schedule for construction and operations so as to achieve, as of January 1, 2009, and thereafter, the MOX production objective, and to produce 1 metric ton of mixed oxide fuel by December 31, 2009; and

(B) a schedule of operations of the MOX facility designed so that 34 metric tons of defense plutonium and defense plutonium materials at the Savannah River Site will be processed into mixed oxide fuel by January 1, 2019.

(3)(A) Not later than February 15 each year, beginning in 2004 and continuing for as long as the MOX facility is in use, the Secretary shall submit to Congress a report on the implementation of the plan required by paragraph (1).

(B) Each report under subparagraph (A) for years before 2010 shall include—

(i) an assessment of compliance with the schedules included with the plan under paragraph (2); and

(ii) a certification by the Secretary whether or not the MOX production objective can be met by January 2009.

(C) Each report under subparagraph (A) for years after 2009 shall—

(i) address whether the MOX production objective has been met; and

(ii) assess progress toward meeting the obligations of the United States under the Plutonium Management and Disposition Agreement.

(D) For years after 2017, each report under subparagraph (A) shall also include an assessment of compliance with the MOX production objective and, if not in compliance, the plan of the Secretary for achieving one of the following:

(i) Compliance with such objective.

(ii) Removal of all remaining defense plutonium and defense plutonium materials from the State of South Carolina.

(b) CORRECTIVE ACTIONS.—(1) If a report under subsection (a)(3) indicates that construction or operation of the MOX facility is behind the applicable schedule under subsection (a)(2) by 12 months or more, the Secretary shall submit to Congress, not later than August 15 of the year in which such report is submitted, a plan for corrective actions to be implemented by the Secretary to ensure that the MOX facility project is capable of meeting the MOX production objective by January 1, 2009.

(2) If a plan is submitted under paragraph (1) in any year after 2008, the plan shall include corrective actions to be implemented by the Secretary to ensure that the MOX production objective is met.

(3) Any plan for corrective actions under paragraph (1) or (2) shall include established milestones under such plan for achieving compliance with the MOX production objective.

(4) If, before January 1, 2009, the Secretary determines that there is a substantial and material risk that the MOX production objective will not be achieved by 2009 because of a failure to achieve milestones set forth in the most recent corrective action plan under this subsection, the Secretary shall suspend further transfers of defense plutonium and defense plutonium materials to be processed by the MOX facility until such risk is addressed and the Secretary certifies that the MOX production objective can be met by 2009.

(5) If, after January 1, 2009, the Secretary determines that the MOX production objective has not been achieved because of a failure to achieve milestones set forth in the most recent corrective action plan under this subsection, the Secretary shall suspend further transfers of defense plutonium and defense plutonium materials to be processed by the MOX facility until the Secretary certifies that the MOX production objective can be met by 2009.

(6)(A) Upon making a determination under paragraph (4) or (5), the Secretary shall submit to Congress a report on the options for removing from the State of South Carolina an amount of defense plutonium or defense plutonium materials equal to the amount of defense plutonium or defense plutonium materials transferred to the State of South Carolina after April 15, 2002.

(B) Each report under subparagraph (A) shall include an analysis of each option set forth in the report, including the cost and schedule for implementation of such option, and any requirements under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) relating to consideration or selection of such option.

(C) Upon submittal of a report under paragraph (A), the Secretary shall commence any analysis that may be required under the National Environmental Policy Act of 1969 in order to select among the options set forth in the report.

(c) CONTINGENT REQUIREMENT FOR REMOVAL OF PLUTONIUM AND MATERIALS FROM SAVANNAH RIVER SITE.—If the MOX production objective is not achieved as of January 1, 2009, the Secretary shall, consistent with the National Environmental Policy Act of 1969 and other applicable laws, remove from the State of South Carolina, for storage or disposal elsewhere—

(1) not later than January 1, 2011, not less than 1 metric ton of defense plutonium or defense plutonium materials; and

(2) not later than January 1, 2017, an amount of defense plutonium or defense plutonium materials equal to the amount of defense plutonium or defense plutonium materials transferred to the Savannah River Site between April 15, 2002 and January 1, 2017, but not processed by the MOX facility.

(d) ECONOMIC AND IMPACT ASSISTANCE.—(1) If the MOX production objective is not achieved as of January 1, 2011, the Secretary shall pay to the State of South Carolina each year beginning on or after that date through 2016 for economic and impact assistance an amount equal to $1,000,000 per day until the later of—

(A) the passage of 100 days in such year;

(B) the MOX production objective is achieved in such year; or

(C) the Secretary has removed from the State of South Carolina in such year at least 1 metric ton of defense plutonium or defense plutonium materials.

(2)(A) If the MOX production objective is not achieved as of January 1, 2017, the Secretary shall pay to the State of South Carolina each year beginning on or after that date through 2024 for economic and impact assistance an amount equal to $1,000,000 per day until the later of—

(i) the passage of 100 days in such year;

(ii) the MOX production objective is achieved in such year; or

(iii) the Secretary has removed from the State of South Carolina an amount of defense plutonium or defense plutonium materials equal to the amount of defense plutonium or defense plutonium materials transferred to the Savannah River Site between April 15, 2002 and January 1, 2017, but not processed by the MOX facility.

(B) Nothing in this paragraph may be construed to terminate, supersede, or otherwise affect any other requirements of this section.

(3) The Secretary shall make payments, if any, under this subsection, from amounts authorized to be appropriated to the Department of Energy.

(4) If the State of South Carolina obtains an injunction that prohibits the Department from taking any action necessary for the Department to meet any deadline specified by this subsection, that deadline shall be extended for a period of time equal to the period of time during which the injunction is in effect.

(e) FAILURE TO COMPLETE PLANNED DISPOSITION PROGRAM.—If on July 1 each year beginning in 2020 and continuing for as long as the MOX facility is in use, less than 34 metric tons of defense plutonium or defense plutonium materials have been processed by the MOX facility, the Secretary shall submit to Congress a plan for—

(1) completing the processing of 34 metric tons of defense plutonium and defense plutonium material by the MOX facility; or

(2) removing from the State of South Carolina an amount of defense plutonium or defense plutonium materials equal to the amount of defense plutonium or defense plutonium materials transferred to the Savannah River Site after April 15, 2002, but not processed by the MOX facility.

(f) REMOVAL OF MIXED-OXIDE FUEL UPON COMPLETION OF OPERATIONS OF MOX FACILITY.—If, one year after the date on which operation of the MOX facility permanently ceases any mixed-oxide fuel remains at the Savannah River Site, the Secretary shall submit to Congress—

(1) a report on when such fuel will be transferred for use in commercial nuclear reactors; or

(2) a plan for removing such fuel from the State of South Carolina.

(g) DEFINITIONS.—In this section:

(1) MOX PRODUCTION OBJECTIVE.—The term ''MOX production objective'' means production at the MOX facility of mixed-oxide fuel from defense plutonium and defense plutonium materials at an average rate equivalent to not less than one metric ton of mixed-oxide fuel per year. The average rate shall be determined by measuring production at the MOX facility from the date the facility is declared operational to the Nuclear Regulatory Commission through the date of assessment.

(2) MOX FACILITY.—The term ''MOX facility'' means the mixed-oxide fuel fabrication facility at the Savannah River Site, Aiken, South Carolina.

(3) DEFENSE PLUTONIUM; DEFENSE PLUTONIUM MATERIALS.—The terms ''defense-plutonium'' and ''defense plutonium materials'' mean weapons-usable plutonium.

SEC. 3183. STUDY OF FACILITIES FOR STORAGE OF PLUTONIUM AND PLUTONIUM MATERIALS AT SAVANNAH RIVER SITE.

(a) STUDY.—The Defense Nuclear Facilities Safety Board shall conduct a study of the adequacy of K-Area Materials Storage facility (KAMS), and related support facilities such as Building 235–F, at the Savannah River Site, Aiken, South Carolina, for the storage of defense plutonium and defense plutonium materials in connection with the disposition program provided in section 3182 and in connection with the amended Record of Decision of the Department of Energy for fissile materials disposition.

(b) REPORT.—Not later than one year after the date of enactment of this Act, the Defense Nuclear Facilities Safety Board shall submit to Congress and the Secretary of Energy a report on the study conducted under subsection (a).

(c) REPORT ELEMENTS.—The report under subsection (b) shall—

(1) address—

(A) the suitability of KAMS and related support facilities for monitoring and observing any defense plutonium or defense plutonium materials stored in KAMS;

(B) the adequacy of the provisions made by the Department for remote monitoring of such defense plutonium and defense plutonium materials by way of sensors and for handling of retrieval of such defense plutonium and defense plutonium materials; and

(C) the adequacy of KAMS should such defense plutonium and defense plutonium materials continue to be stored at KAMS after 2019; and

(2) include such recommendations as the Defense Nuclear Facilities Safety Board considers appropriate to enhance the safety, reliability, and functionality of KAMS.

(d) REPORTS ON ACTIONS ON RECOMMENDATIONS.—Not later than 6 months after the date on which the report under subsection (b) is submitted to Congress, and every year thereafter, the Secretary and the Board shall each submit to Congress a report on the actions taken by the Secretary in response to the recommendations, if any, included in the report.

TITLE XXXII—DEFENSE NUCLEAR FACILITIES SAFETY BOARD

SEC. 3201. AUTHORIZATION.

There are authorized to be appropriated for fiscal year 2003, $19,494,000 for the operation of the Defense Nuclear Facilities Safety Board under chapter 21 of the Atomic Energy Act of 1954 (42 U.S.C. 2286 et seq.).

SEC. 3202. AUTHORIZATION OF APPROPRIATIONS FOR THE FORMERLY USED SITES REMEDIAL ACTION PROGRAM OF THE CORPS OF ENGINEERS.

There is hereby authorized to be appropriated for fiscal year 2003 for the Department of the Army, $140,000,000 for the formerly used sites remedial action program of the Corps of Engineers.

AUTHORIZING TESTIMONY, DOCUMENT PRODUCTION, AND LEGAL REPRESENTATION

Mr. REID. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of S. Res. 299 submitted earlier today by the majority and the Republican leaders.

The PRESIDING OFFICER. The clerk will report the resolution by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 299) to authorize testimony, document production and legal representation in City of Columbus versus Jacqueline Downing, et al. and City of Columbus versus Vincent Ramos.

There being no objection, the Senate proceeded to consider the resolution.

Mr. DASCHLE. Mr. President, this resolution concerns requests for testimony in criminal actions in Franklin County Municipal Court in Ohio. In the cases of City of Columbus v. Jacqueline Downing, et al. and City of Columbus v. Vincent Ramos, the city prosecutor has charged the defendants with criminal trespass for refusing to leave Senator DEWINE's Columbus office after the building was closed for the night, and with resisting arrest. Pursuant to subpoenas issued on behalf of the city prosecutor, this resolution authorizes an employee in Senator DEWINE'S office who witnessed the events giving rise to the trespass charges, and any other employee in the Senator's office from whom testimony may be required, to testify and produce documents at trial in these cases, with representation by the Senate legal counsel.

Mr. REID. I ask unanimous consent that the resolution and preamble be agreed to en bloc, the motion to reconsider be laid upon the table, and that a statement by the majority leader be printed in the RECORD, with no intervening action or debate.

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

The resolution (S. Res. 299) was agreed to.

The preamble was agreed to.

The resolution (S. Res. 299), with its preamble, reads as follows:

S. RES. 299

Whereas, in the cases of City of Columbus v. Jacqueline Downing, et al., Nos. 2002 CR B 01082–25, 010835–37 and City of Columbus v. Vincent Ramos, No. 2002 CR B 010835–37 pending in the Franklin County Municipal Court in the State of Ohio, testimony has been requested from Michael Dawson, an employee in the office of Senator Mike DeWine;

Whereas, pursuant to sections 703(a) and 704(a)(2) of the Ethics in Government Act of 1978, 2 U.S.C. §§288b(a) and 288c(a)(2), the Senate may direct its counsel to represent employees of the Senate with respect to any subpoena, order, or request for testimony relating to their official responsibilities;

Whereas, by the privileges of the Senate of the United States and Rule XI of the Standing Rules of the Senate, no evidence under the control or in the possession of the Senate may, by the judicial or administrative process, be taken from such control or possession but by permission of the Senate;

Whereas, when it appears that evidence under the control or in the possession of the Senate may promote the administration of justice, the Senate will take such action as will promote the ends of justice consistent with the privileges of the Senate: Now, therefore, be it

Resolved, That Michael Dawson and any other employee of Senator DeWine's office from whom testimony may be required are authorized to testify and produce documents in the cases of City of Columbus v. Jacqueline Downing, et al., and City of Columbus v. Vincent Ramos, except concerning matters for which a privilege should be asserted.

SEC. 2. The Senate Legal Counsel is authorized to represent Michael Dawson and any other employee of Senator DeWine's office in connection with the testimony and document production authorized in section one of this resolution.

EXPRESSING SENSE OF SENATE THAT SMALL BUSINESS PARTICIPATION IS VITAL TO DEFENSE OF OUR NATION

Mr. REID. Mr. President, I ask unanimous consent that the Small Business and Entrepreneurship Committee be discharged from further consideration of S. Res. 264 and the Senate now proceed to its consideration.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report the resolution by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 264) expressing the sense of the Senate that small business participation is vital to the defense of our Nation, and that Federal, State, and local governments should aggressively seek out and purchase innovative technologies and services from American small businesses to help in homeland defense and the fight against terrorism.

There being no objection, the Senate proceeded to consider the resolution.

Mr. REID. I ask unanimous consent that the resolution and preamble be agreed to en bloc; the motion to reconsider be laid upon the table; that any statements relating thereto be printed in the RECORD, with no intervening action or debate.

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

The resolution (S. Res. 299) was agreed to.

The preamble was agreed to.

The resolution (S. Res. 299), with its preamble, reads as follows:

S. RES. 264

Whereas on September 11, 2001, the people of the United States were subject to the worst terrorist attack in American history;

Whereas in October 2001, the Pentagon's Technical Support Working Group, which is responsible for seeking new technologies to assist the military, sent an urgent plea, seeking ideas on how to fight terrorism;

Whereas in just 2 months, over 12,500 ideas were submitted to the Technical Support Working Group, most of them from small businesses;

Whereas small businesses remain the most innovative sector of the United States economy, accounting for the vast majority of new product ideas and technological innovations; and

Whereas despite their achievements, small businesses often have difficulty marketing and supplying goods and services to Federal, State, and local governments: Now, therefore, be it

Resolved, That it is the sense of the Senate that—

(1) small business participation is vital to the defense of the United States and should play an active role in assisting the United States military, Federal intelligence and law enforcement agencies, and State and local police forces to combat terrorism through the design and development of innovative products; and

(2) Federal, State, and local governments should aggressively seek out and purchase innovative technologies and services from, and promote research opportunities for, American small businesses to help in homeland defense and the fight against terrorism.

ORDERS FOR TUESDAY, JULY 9, 2002

Mr. REID. Mr. President, I ask unanimous consent that when the Senate completes its business today, it adjourn until 9:30 a.m., Tuesday, July 9; that following the prayer and the pledge, the Journal of Proceedings be approved to date, the morning hour be deemed expired, the time for the two leaders be reserved for their use later in the day, and there be a period for morning business until 10:15 a.m., with Senators permitted to speak for up to 10 minutes each, with the first half of the time under the control of the Republican leader or his designee, and the second half of the time under the control of the Republican leader or his designee; that at 10:15 a.m., the Senate resume consideration of the accounting reform bill.

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

ADJOURNMENT UNTIL 9:30 A.M. TOMORROW

Mr. REID. Mr. President, if there is no further business to come before the Senate, I ask unanimous consent that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 6:38 p.m., adjourned until Tuesday, July 9, 2002, at 9:30 a.m.

EXTENSIONS OF REMARKS

MEDICARE MODERNIZATION AND PRESCRIPTION DRUG ACT OF 2002

SPEECH OF

HON. DARRELL E. ISSA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 27, 2002

Mr. ISSA. Mr. Speaker, I rise today to commend Chairman Thomas, Chairman TAUZIN, and the House Republican leadership for their work on H.R. 4954, a bill which attempts to balance the needs of two national objectives: ensuring that all Americans have access to affordable prescription drugs and exercising fiscal responsibility.

No American should be denied needed prescription drugs because he or she cannot afford them. This bill, if adopted, will ensure that low income seniors, who cannot afford them will receive the prescription drugs they need.

H.R. 4954 takes a new approach to providing Medicare beneficiaries with prescription drugs and improves the mechanisms for paying healthcare providers, Under this approach, the federal government will pay some of the costs and private insurance plans will be expected to pick up the tab for others. This setup will encourage participants to seek out cost effective ways of addressing potential health problems through preventive measures and competitive bidding. Rival proposals that do not include the participation of the private sector choke out the innovation of competition and often lead to price gouging.

According to Congressional Budget Office estimates, H.R. 4954 should fit within the framework of the budget resolution this House agreed to this year. The Democratic alternative to H.R. 4954 would burst the seams of the budget resolution and is in no way a fiscally responsible plan. Nonetheless, I harbor ominous concerns about the wisdom of spending $350 billion on a new entitlement program at a time when we are already running a deficit. Although I have not seen any specific plan that takes a better approach to helping needy Americans obtain prescription drug benefits, I hesitate in lending my support to H.R. 4954 because I believe that a more thoughtful process might result in a better and more fiscally responsible proposal than any this body is scheduled to consider today.

Mr. Speaker, in our lifetimes we have seen too many government programs expand to the detriment of our nation. The actual cost of entitlement programs has sometimes doubled, tripled, and even quadrupled that of the original estimate. The authors of this bill have taken many precautions to preserve the private medical insurance system and have attempted to limit government aid to Americans who actually need assistance. My greatest concern about this bill, however, is that it may lure Americans who can afford prescription drugs away from private plans and into the black hole of dependency on the taxpayers. If this Congress adopts this bill we must all remain vigilant and turn away from all temptations to morph this entitlement program into a monster that will take a trillion dollar bite out of the general revenues.

This Congress will be credited or held responsible for the results of this initiative for many years to come. I, nevertheless, recognize that our nation's seniors are in need and know that we must respond. H.R. 4954 is the best prescription drug benefit plan before us and I support its passage.

PERSONAL EXPLANATION

HON. MICHAEL M. HONDA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 8, 2002

Mr. HONDA. Mr. Speaker, on rollcall No.'s 249, 250, 251 and 252, I was unavoidably detained. Had I been present, I would have voted ''yea'' on rollcall No. 249, ''yea'' on rollcall No. 250, ''yea'' on rollcall No. 251 and ''yea'' on rollcall No. 252.

THE REDEDICATION OF THE CARROLL COUNTY COURTHOUSE

HON. SAM GRAVES

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, July 8, 2002

Mr. GRAVES. Mr. Speaker, I rise today to recognize the rededication of the Carroll County Courthouse on June 29th, 2002, located in Carrollton, Missouri.

This year will mark the 100th year that the courthouse has served the good people of Carroll County. Serving as a place for the community to gather and for the dispensation of justice, the courthouse has stood the test of time. Within its walls, juries have served, county government has convened, and elections have been tallied ensuring that the will of the people of Carroll County is carried out.

Although age and time have been kind to the courthouse, it was not until recently that the courthouse was renovated to include new elevators and restrooms that make it fully accessible to all the people of the county.

Mr. Speaker, please join me in celebrating the Rededication of the Carroll County Courthouse.

IN RECOGNITION OF HOWARD BERNSTEIN

HON. E. CLAY SHAW, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 8, 2002

Mr. SHAW. Mr. Speaker, I rise today to pay tribute to my constituent and friend, Howard Bernstein, of Boca Raton, Florida.

In 1945, instead of being at home with his family, Howard Bernstein was on a ship near Okinawa, Japan, ''engulfed in the fight for freedom.'' He was fighting a war where the enemy had threatened the security and liberty of his home, a war in which he wondered if ''there would even be a tomorrow.''

On April 2nd, while going about his duties, his ship encountered a group of Japanese kamikaze planes, bent on destroying his fleet. During the attack, Howard was hit by a piece of shrapnel, injuring his right eye. Not noticing the blood, he continued fighting, seeking medical attention only when the battle had ended. After receiving treatment, he told both the Captain's Yeoman and the medical Corpsman not to report his injury, as he did not want to alarm his mother, who had another son fighting in the Pacific, in addition to having lost her husband unexpectedly.

Howard Bernstein returned home after the war, enjoying the freedom he and his comrades had worked so hard to preserve. Only recently did he want to commemorate his injury with a Purple Heart, as he wanted to have the medal ''as part of [his] heritage.'' However, since Howard had not reported his injury, he was initially denied a Purple Heart. It took two sworn affidavits of support from his former comrades for him to finally be given the tribute he so richly deserves.

Today, we recognize Howard Bernstein for his courage and bravery in battle and his unflagging devotion to home and family. In honoring Howard, we honor all those who would risk their lives to preserve the liberty of all people, and all those who would sacrifice personal gain for the consideration of others.

TRIBUTE TO COLONEL BRENT SWART

HON. BOB RILEY

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 8, 2002

Mr. RILEY. Mr. Speaker, I rise today to commemorate the retirement of Colonel Brent Swart, the Garrison Commander of the United States Army Aviation and Missile Command (AMCOM) at Redstone Arsenal in Alabama. His unwavering patriotism and dedication to the armed services is truly commendable.

Colonel Swart's 26 years of meritorious service in the Army represent his loyalty to the United States of America. This milestone is one many strive for, but few reach. Colonel Swart is a decorated officer and has received the Army Meritorious Service Medal with four Oak Leaf Clusters, the Parachutist Badge and the Army Commendation and the Army Achievement medals, both with Oak Leaf Clusters. On July 1, 2002, when Colonel Swart retires from 26 years of service, it will truly be a day worthy of commendation.

As the Garrison Commander at AMCOM, it was Colonel Swart's duty to allocate the base's operating budget of over $130 million. Under his command were 1,649 military, civilian, and contract employees who came to

work each day confident they could put their lives in Colonel Swart's hands. Through Colonel Swart's leadership, four separate multifunctional organizations housed in four separate buildings were consolidated under one roof, therefore increasing effectiveness, productivity and communications.

Colonel Swart's guidance has also been instrumental in providing community service to North Alabama. Over 40 community and family service organizations that enhance the overall quality of life of soldiers, civilians, retirees and their families have benefited from Swart's leadership. The beneficiaries range from a bowling center that received a $750,000 renovation, to a significant upgrading of the Child Development Center, to drastic assistance given to the neighborhood child rearing center.

Colonel Stewart also took strides during his tenure at AMCOM to advance an environmental program. Swart improved relationships with surrounding communities affected by the Redstone Arsenal Environmental Restoration Program. Additionally, he spearheaded a ground breaking water treatment program which eliminated large quantities of hazardous substances from the water.

Colonel Swart's family is from Clay County, Alabama, the same county in which my family has resided for several generations. During his 26 years of service to the Army, Colonel Swart has made Clay County and all of Alabama proud. We thank him for serving our Nation during his career in the Army and wish him well in retirement.

TRIBUTE TO JAMES A. AHRENS

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, July 8, 2002

Mr. SKELTON. Mr. Speaker, it has come to my attention that a long and exceptionally distinguished career has come to an end. Lt. Col. James Ahrens has retired as Director of Institutional Research from Wentworth Military Academy and Junior College in Lexington, MO.

Lt. Col. Ahrens has led a life of serving his family, community and country. In 1962, he graduated from Grinnell College, Iowa, with a history degree and entered the United States Air Force as a radar controller and public affairs officer. While in the United States Air Force, James received a master's degree in Public Relations from the School of Public Communications at Boston University. He retired from all military service in 1995.

Lt. Col. Ahrens arrived at Wentworth in January of 1982 to teach social science courses in the junior college division. While at Wentworth, he joined the 418th Civil Affairs Company in Grandview, MO, after receiving a direct commission in the United States Army Reserve as a Civil Affairs Officer. Lt. Col. Ahrens mobilized and commanded this unit as it served in Saudi Arabia, Iraq, and Turkey during Operations Desert Storm and Provide Comfort in 1991. He served as a detachment commander, company executive officer and commander before the end of his tour.

During his years at Wentworth, he served as Assistant/Associate Dean, managing the Junior College from 1989 through academic year 1994. He served as acting Dean of Continuing Education until January 1995. He was also assigned as Director of Institutional Research from 1995 through May 2001. Lt. Col. Ahrens also coached soccer, track, was a sponsor of the Civil War Living History Club and assisted with academic competition for high school students for a number of years.

Lt. Col. Ahrens is an accomplished historian who has completed a history of Wentworth Military Academy and Junior College from 1947 through 2000. He is also published in Vertical World magazine, which is a history of the United States Air Force Helicopter School.

Lt. Col. Ahrens has distinguished himself as a husband, father, grandfather, teacher and soldier. He has and continues to make his friends and family proud. I am certain that my colleagues will join me in wishing Lt. Col. Ahrens and his family all the best.

SENSE OF HOUSE THAT NEWDOW V. U.S. CONGRESS WAS ERRONEOUSLY DECIDED

SPEECH OF

HON. DARRELL E. ISSA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 27, 2002

Mr. ISSA. Mr. Speaker, I rise today in support of H. Res. 459, a resolution condemning the 9th U.S. Circuit Court of Appeals for ruling that the phrase ''under God'' in the Pledge of Allegiance is unconstitutional.

The ruling by the 9th Circuit Court of Appeals flies directly in the face of Thomas Jefferson's reasoning for the formation of our Nation. In writing the Declaration of Independence, Thomas Jefferson reasoned that all men have been endowed with inalienable rights by God and to defend these rights governments are instituted among men.

Mr. Speaker, Judge Goodwin and Judge Reinhardt do not understand the irony of their decision: without God, according to Thomas Jefferson, there is no American government and thus no 9th Circuit Court of Appeals.

Judges are supposed to interpret the Constitution and laws passed by Congress: not revise the wisdom of our founding fathers to their own liking. If this harmful judicial attitude is not soon corrected, we may find ourselves condemning judicial decisions to delete text from the Declaration of Independence.

I would like to assure my colleagues and the American people that, although the 9th Circuit Court of Appeals exercises appellate jurisdiction over the State of California, this decision is not indicative of the sentiment of the people of California. The 9th Circuit Court of Appeals is notorious for the fact that its decisions are overturned by the U.S. Supreme Court more often than any other circuit. I am confident that this decision will, like many others this court has made, be overturned.

The Senate has acted swiftly to condemn this decision. I urge them to back up their rhetoric with action and expedite their approval of the President's Judicial nominations for the five existing vacancies on the 9th Circuit Court of Appeals so that similar decisions may be avoided in the future.

Mr. Speaker, I thank you for the opportunity to speak and I urge all my colleagues to vote in favor of this resolution.

ON NAMING THE DEER PARK, NEW YORK POST OFFICE FOR RAY DOWNEY, A TRUE AMERICAN HERO

HON. STEVE ISRAEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, July 8, 2002

Mr. ISRAEL. Mr. Speaker, on June 30th, I was honored to attend a ceremony where the Post Office in Deer Park, New York was renamed for New York Fire Department Chief of Operations Ray Downey, one of the many firefighters lost in the terrorist attacks on the World Trade Center on September 11, 2002. In fact, Chief Downey was the most senior member of the Fire Department killed that day. As you may recall, Mr. Speaker, this House voted in December to rename the Post Office. I wanted to share my remarks from that day with the House:

Our country has been reunited with the tragedy of September 11th. And we should be. But I want to tell you about something that I experienced on September 12th. Something that has stood out in my mind, above everything else that occurred that week.

It was a unique week in American history—unprecedented tragedy, unprecedented heroism. For me, one moment stands out even more than the evening of September 11th, when I stood with my colleagues on the steps of the Capitol, that we were told was a target of terrorists only hours before, holding hands and singing God Bless America as the sun descended over the dome and over one of America's most horrific days.

A moment stands out even more than September 13th, when I sat with President Bush in the White House Cabinet room and we talked about the battle to come. More than September 15th, when I went with the President to the site of the World Trade Center, where we lost Ray Downey and 3000 innocent victims of terror.

It stands above that evening, when I cast the proudest vote of my career: the vote authorizing the President to do what had to be done for the protection of our children and survival of our values and our way of life.

Of all those extraordinary experiences, one really stands out . . . from September 12th.

I was on the Floor of the House. And we had just heard from CNN or AP that Ray Downey didn't make it. I went to a phone, and I called Ray's daughter, Marie Tortorici. It would be the very first of what turned out to be over 100 condolence calls I would make as a Member of Congress to the families of my constituents who died from terror on September 11th.

''I'm sorry,''I told Marie.

And here's what she said: 'We still have hope. We still have faith. We are praying and we want you to pray also.

And so, I went back to the floor of the House, and addressed the Congress, and asked them to say a prayer for the Downey family.

In their darkest hour, the Downey family still had hope, still had faith, still had prayer. And this is what Osama bin Laden and those who live in the darkness of nature don't understand about our country, who we are, what are our values, and where we summon our strength.

When I visited with the President on September 14th I saw the destruction the terrorists caused: the twisted metal and the shattered glass and the smoky, acrid ruins. But I also saw the signs of the true America. Rescue workers who had planted tiny American

flags in their battered helmets. Their arms were weary from digging for three straight days and three straight nights, but not so weary that they couldn't pump their arms into the air and chant USA, USA, USA when the President arrived.

I spoke to two workers: one from Huntington Station and the other from Islip. I said, how long have you been here? They said, since the building went down. I said, how long will you stay, they said, we're not leaving. This is something al Qaeda could never understand or appreciate. When Americans saw bloodshed, we lined up for hours to give blood back. When we feel fear, we turn to our faith. We unfurl our flags. When Ray Downey's family was in trouble, they responded with hope and with faith.

Because that's what Ray was all about. When Ray Downey saw a building come down, he headed for it. When Ray Downey saw a building collapse in Oklahoma City, half a country away, he headed for it. That's what made him special. Not a hero looking for accolades. Just an American doing his job in the best way he could with a courage forged by hope and faith. That will inspire generations of Americans yet unborn.

When I went to the floor weeks later and asked my colleagues to cosponsor the bill that named this post office, they lined up to sign it. Republicans. Democrats. From New York. From Oklahoma. From California. When I asked Senator Clinton to introduce it in the Senate, she rushed it. And when I asked the President to sign it, he said, ''how soon.''

Ray Downey had a way of bringing us together. In sports . . . in the Fire Department . . . in Deer Park. We could really use him in Washington right now. We may not have him physically. But we will always have his spirit of hope, and faith and strength to guide us.

And when generations to come visit this post office and say, ''who was Ray Downey?'' The answer will be clear. He was a kind, gentle and loving man who died so that others would live.

He was one of those guys who gave his life to make us the home of the brave . . . and the land of the free. And when I think of him, as I do often, I recall the words from Romeo and Juliet:

And, when he shall die,
Take him and cut him out in little stars,
And he will make the face of heaven so fine
That all the world will be in love with night
And pay no worship to the garish sun.

God bless the Downey family. God bless America.

CITY OF SANTA CLARA'S SESQUICENTENNIAL ANNIVERSARY

HON. MICHAEL M. HONDA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 8, 2002

Mr. HONDA. Mr. Speaker, I rise today to commemorate the City of Santa Clara, California, on the occasion of its 150th anniversary as an incorporated city. The sesquicentennial celebration for this ''All-America City'' gives us the chance to honor the past, enjoy the present, and look towards a bright future.

Santa Clara is a city where tourists love to explore, students love to learn, and locals love to live. What was once a land of wide-open spaces and orchards is now the home of over 100,000 people and several globally-recognized technology companies. Santa Clara's evolution has been an exciting one, but even as the community has become fertile ground where the high tech industry can flourish, it has continued to embrace the human touch.

The region's history started long before the city's incorporation, dating back 6000 years to the time of the Ohlone Indians. Thousands of years passed before the next settlers arrived, drawn to the area by the scenic landscape and the abundant water resources. These settlers, mostly missionaries and military explorers, chose the area that is now the City of Santa Clara to build a new mission, and in 1777 the Mission Santa Clara de Asis was established. This Franciscan mission, the eighth-oldest of California's 21 original missions, still stands on the campus of Santa Clara University, and is a living tribute to the legacy of Father Junipero Serra and to the work of Father Francisco Palou, founder of the mission.

After Santa Clara's incorporation in 1852, the allure of the region's natural resources attracted ranchers and farmers from the Eastern United States, Mexico, and Europe. Stores were opened and soil was cultivated, and by 1900 Santa Clara boasted a population of 3,650. The city suffered through and survived the historic San Francisco Earthquake of 1906, and later sent many brave women and men to serve in the World Wars.

Following World War II, Santa Clara experienced another population boom thanks to a growing number of manufacturing concerns such as the Owens-Corning Fiberglass Corporation. The growing population of almost 60,000 began to fill the suburbs developing around the city, a precursor to the population boom that would accompany a skyrocketing new industry arriving just a few decades later.

The arrival and rapid expansion of the technology industry would quickly bring Santa Clara and the whole of Silicon Valley to worldwide prominence. The technology industry has seen incredible growth in the past twenty years, and the City of Santa Clara has permanently established itself at the forefront of this phenomenon. Some of the most powerful names in the industry, names like Sun Microsystems, Applied Materials, and Intel are all headquartered here. Santa Clara's entire history is full of originality and opportunity, recent history being no exception.

The most important aspect of the relationship between the technology sector and the City of Santa Clara is that it is built on a foundation of reciprocity and mutual respect. The city's two major challenges—providing affordable housing and reusing state surplus land—are being addressed in a collaborative effort by the city and leading high-tech firms. The Intel Teacher Housing Fund, for example, will provide $500 a month for eligible teachers' mortgage payments, and Sun Microsystems set aside part of the land occupied by their headquarters for the preservation of historic buildings and for use by the public. The city, of course, provides a willing and able workforce, and has done a tremendous job of accommodating the large inflow of tech-savvy job hunters and entrepreneurs.

The mutually beneficial relationship between the city and the tech industry is just one of the many reasons why Santa Clara is a special place, and those of us who live in the area aren't the only ones noticing. Last year, the City of Santa Clara won an All-America City award from the National Civic League, one of only 10 cities to receive the award. We who know the city have always believed that Santa Clara is a special place, but the 54-member delegation representing Santa Clara at the competition last June did an exceptional job of ensuring that the panel of judges understood Santa Clara as well. The delegation, consisting of community groups, government officials, business leaders, and private citizens outlined the ways in which Santa Clara goes above and beyond meeting the requirements for the award, from the symbiotic relationship between the city and industry, to the contributions of Santa Clara's volunteer work force, to the city's commitment towards improving the lives of local youths. These factors, combined with the intangible qualities that only a native can describe, helped the City of Santa Clara bring home this prestigious award.

I believe that the words of the All-America City delegation put it best: ''Santa Clara blends the best of a modern, urban metropolis with the comfortable charm of Small Town, USA.'' Santa Clara is a perfect place to raise a family, pursue a career, and fulfill lifelong dreams. It is the home of California's oldest institution of higher learning—Santa Clara University—and other fine schools like Mission College and the Santa Clara, Wilcox, and Wilson High Schools. The weather is beautiful, and the best that California has to offer is right around every corner. I am proud to represent this city as a Member of Congress.

Mr. Speaker, I ask my colleagues in the House of Representatives to join me in honoring the history and celebrating the achievements of Santa Clara, California, on the occasion of its 150th anniversary. The city is an example for all others, and I look forward to being a part of its bright future.

MEDICARE MODERNIZATION AND PRESCRIPTION DRUG ACT OF 2002

SPEECH OF

HON. LYNN N. RIVERS

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 27, 2002

Ms. RIVERS. Mr. Speaker, I rise today to express my disappointment with H.R. 4954, the Medicare Modernization and Prescription Drug Act of 2002. 1 am very concerned about the burden many seniors bear in paying for their prescription drugs, and I support adding prescription drug coverage as part of the Medicare benefit. However, this sham bill will not help seniors, and it particularly fails senior women in Michigan.

Too many seniors have to choose between paying for food or medicine. Medicare made a promise of better health to America's seniors. It's time to make good on that promise and provide prescription drugs as part of the entitlement. I know what it's like to go without health insurance—I did it when my children were small and our jobs didn't provide it. It's terrifying and it forces families to make excruciating choices.

Unfortunately, H.R. 4954 is no answer to the problem of seniors' lack of drug coverage. The bill relies on private insurance companies to supply the drug benefit rather than the Medicare program itself, despite the fact that the insurance industry has already explained that such policies are not viable and that it is

unlikely many companies will offer drug benefit policies. What we have learned from the attempt to push Medicare patients into HMOs in order to cut down costs should have been instructive. Many HMOs have found the Medicare+Choice reimbursement rates to be too low and have stopped taking and treating Medicare+Choice patients. Many of my constituents have been forced to return to Medicare fee-for-service because their HMOs have left the state or now refuse Medicare+Choice patients. Private drug coverage seems even less likely to be successful.

In addition, the proposal fails to provide any coverage to beneficiaries who spend between $2,000 and $3,700 annually on prescription drugs, leaving a substantial portion of seniors with no drug coverage. It is unfair to exclude this group of seniors from coverage solely because their expenditure levels lie in a particular range.

In addition, the bill provides no guaranteed drug benefit, no guaranteed premium, no consistency for seniors in different regions of the country, and no measures to address rapid increases in the costs of prescription drugs. To propose such a benefit knowing it will be ineffective is highly misleading.

I take the struggles of seniors to afford essential drugs too seriously to support a bill that provides rhetoric without real assistance. It is unfortunate that we will not have the chance to debate and vote on a bill that would truly address seniors' needs, such as the Medicare Rx Drug Benefit and Discount Act. The Democratic plan lowers drug prices and covers ALL seniors under Medicare. This plan is also voluntary—if seniors have prescription coverage they can keep it. Under the Democratic plan, seniors will have a deductible of $25 a month, and their expenses are capped at $2,000 per year. There is absolutely no gap in coverage. This is by far the better plan for Michigan's seniors.

I hope I will have the opportunity to vote for an effective and comprehensive Medicare drug benefit in the future. In the meantime, I will oppose this bill and other proposals that provide ineffective or inadequate drug assistance to seniors.

MEDICARE MODERNIZATION AND PRESCRIPTION DRUG ACT OF 2002

SPEECH OF

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 27, 2002

Mr. GILMAN. Mr. Speaker, I rise today in qualified support of H.R. 4954, the Medicare Modernization and Prescription Drug Act. I urge my colleagues to carefully consider this issue before making a final decision.

Mr. Speaker, we are all aware of the explosion in costs for prescription drugs in recent years. This phenomenon has in part been linked to the rapid proliferation of the number of new drugs that have become available in the past decade. We are currently enjoying a period of revolutionary advances in the fields of medicine and medical technology. Yet at the same time, a significant portion of our elderly population is unable to benefit from these new advances, due to the high costs that are associated with them. This is ironic, when one realizes that senior citizens are the primary group that these new advances are targeting.

One fact that has become increasingly apparent is that Medicare is woefully inadequate in meeting the medical needs of today's senior citizens. When Medicare was created in 1965, outpatient prescription drugs were simply not a major component of health care. For this reason, Medicare did not provide coverage for self-administered medicine.

Today's health care environment is vastly different from that of 1965. The majority of care is now provided in an outpatient setting, and dozens of new prescription drugs enter the market every year to treat the common ailments of the elderly, including cancer, heart disease, arthritis and osteoporosis.

But while the health care environment has made remarkable progress since 1965, Medicare has stood in place. Consequently, along with most of my colleagues, I have heard from constituents who are now facing the dilemma of paying for these expensive new drugs while living on a fixed income. The story of the individual who is forced to choose between food and medicine is no exaggeration. It is an all too common occurrence across the country. The high cost of prescription drugs have become a threat to the retirement security of our Nation's senior citizens.

It is for this reason that I am pleased to learn that both the Ways and Means and Energy and Commerce Committees have completed their work on a proposal to provide prescription drug coverage for Medicare beneficiaries. What concerns me, however, is the process by which this measure was brought to the full House for consideration.

Mr. Speaker, the decision to add prescription drug coverage will result in the largest change to the Medicare program since its creation. This is not something that should be done lightly or in haste, or in response to an arbitrarily imposed political deadline. Given that, I have serious reservations about bringing such major policy-changing legislation to the floor for final passage less than three weeks after it was introduced.

With that said, I would like to comment on the positive points of the bill as well as highlight some of my specific concerns with the legislation.

In my view, any proposal to offer prescription drug coverage under Medicare needs to contain the following characteristics: be voluntary, have universal eligibility under Medicare, contain stop-loss protections to guard against catastrophic expenses, offer choices in the type of coverage provided, and remain a good value over time.

The proposal outlined in H.R. 4954 clearly meets these requirements. In fact, it is an improvement over the first attempt by Congress to deal with this issue back in 2000. It contains a lower premium, lower catastrophic protection threshold, greater savings for the average senior, and higher subsidies for low-income individuals and couples.

H.R. 4954 establishes a comprehensive, permanent prescription drug benefit for those eligible under Medicare. Specifically, the measure provides $310 billion over ten years for a voluntary plan with the following standard benefits: an annual $250 deductible; for the first $251–$1,000 spent on prescription drugs, the senior pays 20 percent; for the next $1,001–$2,000 spent on prescription drugs, the senior pays 50 percent; it provides 100 percent coverage for every out of pocket dollar spent over $3700; it contains a premium of around $33 per month.

This measure avoids a one-size-fits-all government imposed solution by offering senior citizens a choice in the types of plans in which to enroll. In doing this, the government will guarantee that at least two plans will be available in every area of the country. Moreover, the proposal fully funds all costs for those enrollees below 150% of the poverty rate, and partially funds the costs of those up to 175% of the poverty rate. Those seniors will be responsible for a $2 copayment on generic and preferred drugs, and a $5 copayment on non-preferred drugs.

Participation in the plan will be purely voluntary. However, to encourage healthy seniors to enroll, there is a cumulative penalty for those who elect not to opt into the program when they are first eligible to do so. An important exception to this, however, are those seniors already enrolled in a continuing coverage plan, whether through their employer or through an employee retirement plan.

This is an important component that was not included in the measure passed in 2000. Its inclusion should prevent the danger of adverse selection, the condition whereby most seniors in good health avoid signing up for a plan, leaving the majority of enrollees coming from the sickest segment of the population. If this were to occur, the premiums and deductibles would have to be far higher than presently outlined.

Moreover, by covering part or all of the costs of those with incomes up to 175% of the poverty level, the measure further reduces the danger from adverse selection. In the final analysis, the legislation strives to ensure that there would be an adequate base of healthy seniors to offset the portion in greatest need of the benefit.

As I noted, I do have some reservations about certain aspects of this bill. My chief concern is that this legislation does not adequately address the matter of those drug companies which are raising the prices on their products annually at rates three to ten times the rate of inflation.

While it is true that this measure exempts the new plan from the Medicaid ''best prices requirement,'' whereby any savings achieved through this plan would need to be extended to Medicaid as well, I am unsure whether this in itself is enough to deter the drug companies from trying to take advantage of the perceived windfall that they might see in the Federal Government assuming a large portion of the costs of drugs used by senior citizens.

We also need to be cognizant of the viability of private insurers underwriting plans in areas where it is not profitable for them to do so. Recent experience with Medicare + Choice plans in my district have borne out this concern. In such cases, the government would step in as the ''insurer of last resort,'' assuming a share of the risk as well as subsidizing the cost of offering service in a rural area. My chief concern with this is that it has the potential to become a costly venture for the government, where the private insurers deliberately hold out in order to secure a greater level of government funding.

In spite of these reservations, I firmly believe that this legislation is an important first

step in providing a benefit to our senior citizens which is long overdue. The prescription drugs situation will not change on its own in the future. The pharmaceutical companies have demonstrated scant interest in holding the levels of their annual price increases in line with inflation. Rather, while we will continue to see a flood of new revolutionary products hitting the market, this will be accompanied by price increases that put these products out of reach of their intended audience.

I am not calling for price controls. I believe in the free market, and in market capitalism. However, since the last time the House visited this issue, the drug companies have ignored the invisible hand in favor of the cash cow. Drug marketers, like any other entrepreneur, have the right to make a profit, but they are not entitled to do so on the back of the American taxpayer. If the government is going to subsidize a portion of the drug costs borne by seniors, the manufacturers need to be placed on notice that this will not be an opportunity for them to raid the Federal treasury in order to pad their bottom line.

This bill is the first step towards meeting a long overdue need. For that reason, despite my stated reservations, I intend to give it my support. It is my hope that my concerns will be addressed in a future House-Senate conference on this issue.

Finally, this legislation provides $40 billion in badly needed adjustments and improvements to the Medicare Part B system. These include, but are not limited to: repeal of the 15% reimbursement cut for home health care providers, which was scheduled to go into effect in October 2002, increased payments to sole community hospitals, which serve rural areas, increased Medicare payment adjustment rates for physicians, reduced paperwork burdens for all providers, and stabilization for the Medicare + Choice system, which has bled out recently.

Mr. Speaker, this issue is too serious for party politics, and, as I stated at the outset, I urge my colleagues to give it their careful and thoughtful consideration. Our seniors and Medicare health care providers have waited long enough for relief. It is past time for the Congress to act.

MEDICARE MODERNIZATION AND PRESCRIPTION DRUG ACT OF 2002

SPEECH OF

HON. CYNTHIA A. McKINNEY

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 27, 2002

Ms. MCKINNEY. Mr. Speaker, I rise in support of a strong and comprehensive prescription drug benefit for all Americans. As the prices for prescription drugs have risen at twice as the inflation rate, this issue is of the utmost importance to Americans in need of prescription drugs.

Unfortunately, in the House there is only one prescription drug coverage proposal that will truly serve America's seniors and medically dependent populations. The Democrat prescription drug plan is the only proposal that is under Medicare, that gives consumers choice, that has no gap in coverage, that has legitimate drug cost controls, and that will truly assist American's with the exorbitantly rising costs of prescription drugs.

The health of our nation depends on a strong drug proposal such as this.

The Republican's bill would not provide the American people with an assured, reliable or substantive prescription drug benefit.

The Republican bill would cover less than 25 percent of Medicare beneficiaries drug costs, leaving millions of Americans with much of the high drug costs they now face.

The Republican bill includes a ''hole'' in the middle, where there is no coverage for drug costs between $2000 and $5600. Perhaps the other side didn't do their research, as nearly half of all seniors have drug costs over $2000, and would receive no coverage under the Republican plan for part of the year.

Where is the benefit of this drug plan? Isn't the point of a prescription drug benefit to alleviate costs? Well, the Republican plan will hardly alleviate costs. Nor will it insure that a plan exists for all Americans.

The Republican bill would rely on private insurance companies to provide a yet-to-exist prescription drug-only plan. This proposal includes no guarantee for stable coverage by private insurance companies but merely suggests what plans private firms may offer. Under this plan, costs of the plans may vary, and seniors on fixed incomes will have less opportunity to plan for their drug expenditures and personal budgets.

As for consumer choice, the Republican proposal stops well short of providing any choices. Under the Republican plan, if a drug is not on a formulary, then it is not covered, and even when a drug is on the formulary, this bill permits private insurance not to cover it.

The Republican plan does not let people choose their own pharmacies, and instead creates private networks for drug delivery, increasing the time, trouble and travel seniors, caregivers and the disabled must go through to obtain necessary medication.

Finally, the people that this program should most benefit—America's low-income senior population—are left out in the cold. In the Republican plan, low-income seniors will be required to pay up to $3600 out-of-pocket expenses per year to cover the ''hole'' in coverage, would have weak protections from high medicine copayments, and worse, could face denial of medicine if they are unable to cover the co-pay.

The Democrat bill is not deficient in these ways.

The Democrat plan has no hole in the coverage, and would not stick seniors with the $3600 potential bill that the Republican plan would.

The Democrat plan limits out-of-pocket costs to just $2000 per year—as much as 47 percent less than the limit under the Republican plan.

The Democrat plan gives consumers choice, allowing them the freedom to use the pharmacy of choice, instead of the restrictive ''private network'' limitations of the Republican plan.

Nor does the Democrat plan limit the access to specific medicines, and instead pays some coverage for all drugs, regardless if they are on the formulary or not. The Democrat plan would not steer, limit or channel American's to specific drugs as the Republican plan would.

And perhaps most importantly, the Democrat plan has a method for controlling the actual costs for drugs. It is the dramatic increase in prescription drugs that has brought us to this juncture, and the Democrat plan would enable the Health and Human Services Secretary to negotiate prices on behalf of all Americans, thereby saving American consumers, taxpayers, and the government millions in drug costs. Under the Republican plan, there is no collective effort towards cost controls, and realistically, there will be no control of spiraling drug costs.

Mr. Speaker, I am not alone in my opposition to the Republican bill and my support for a strong and true prescription drug benefit. The National Association of Chain Drug Stores, the AFL–CIO, the Medical Group Management Association, the National Education Association and the American Federation of Teachers, Families USA, the National Council on Aging, and perhaps most importantly, the American Association of Retired Persons all either oppose the Republican plan, or endorse the Democrat prescription drug plan.

America's senior community—what has been called ''America's Greatest Generation''—deserves no less than a substantive and strong prescription drug benefit bill. I urge my colleagues not to fall for the smoke and mirrors, and to realize that the Republican plan will not provide the relief and benefit that is needed to combat the rising costs of prescription drugs. Our seniors do not deserve limited choices on drugs and pharmacies, and should not be made to shoulder the high costs of the Republican plan.

Don't be duped America—there is only one bill that works for America, only one bill that will provide Americans affordable access to drugs, and that is the Democrat prescription drug bill.

MEDICARE MODERNIZATION AND PRESCRIPTION DRUG ACT OF 2002

SPEECH OF

HON. NANCY L. JOHNSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday June 27, 2002

Mrs. JOHNSON of Connecticut. Mr. Speaker, I rise in strong support of H.R. 4954 because it provides prescription drugs for all seniors as an entitlement under Medicare. Equally important, it prepares Medicare to deliver state-of-the-art health care to our seniors in the decades to come. Without passage of this bill, Medicare will continue to deny seniors the care they need and will continue to force the diversion of critical care hours from patients to paper work. Seniors would continue to be held hostage to an antiquated benefit structure while the rest of America benefits from advances in medicine, technology, and best practices.

First, in the area of prescription drugs, this bill captures deep discounts on drug prices, and then further reduces the cost of drugs to seniors through direct subsidies of 50 to 80%—up to $2000 of costs. Two-thirds of seniors use less than $2000 in prescription drugs a year, so this bill will provide them with tremendous relief. For low-income seniors—up to 150% of the federal poverty level (in 2005, $15,065 for individuals and $19,392 for couples)—drug costs will be paid 100 percent up to $2000 a year (this includes premiums, copays, and the deductible). I want to stress that because twice as many women as men have

low incomes in their elder years, this is a tremendous boon to women's health and does what Americans want: helps those most who need the most help!

The bill also provides catastrophic protections to all. It assures that no senior need fear that cancer or another dread disease will consume their life savings and leave them destitute.

You've all been hearing from pharmacists. This bill recognizes the expertise of pharmacists more specifically and constructively than any legislation ever has. It requires that drug plans establish medication therapy management programs for patients with chronic health conditions. Pharmacists must be paid adequately to provide their services. Pharmacists must be involved in developing formularies.

And access to local pharmacies is encouraged, not discouraged. To encourage face-to-face visits, all drug plans must provide convenient access to a ''bricks and mortar'' pharmacy in their network, as defined by Medicare; all drug plans must offer a point-of-service option that allows beneficiaries to go to any pharmacy they desire (for an additional charge); and no mail-order only plans are permitted.

Second, this bill provides better access to preventive health care by offering an annual physical on entry into Medicare, cholesterol screenings, and new choices in Medigap plans that have no co-payment for preventive care. In addition, the bill revitalizes Medicare+Choice plans that have the flexibility to cover far more preventive services than traditional Medicare, from simple, useful annual physicals to disease management programs.

Third, by strengthening the Medicare+Choice plans so that they can once again grow, this bill prepares Medicare to meet the growing challenge of helping seniors manage chronic illness—to dramatically improve their health and quality of life and manage their health care costs. As the majority of our seniors have multiple chronic illnesses and the M+C plans alone have the technology to offer disease management, this alternative must be available to seniors nationwide. Acute care coverage is simply no longer enough.

Fourth, passage of this bill will reduce medication errors that are causing injury and death, because it requires adoption of computerized prescription ordering that will flag drug interactions and provide health care professionals better quality data to improve clinical care.

Fifth, it will enable Medicare to compensate provider more realistically and fairly. Without action, Medicare will continue to follow the path of Medicaid, undermining both the quality of our health care system and access to services by underpaying providers and driving them out of serving our seniors.

Last, this bill will enable Medicare services to be delivered more efficiently and cost-effectively. At long last, in fact for the first time in Medicare's history, this bill will radically reform the bureaucracy that has grown substantially as our laws and payment structures have exploded in number and complexity. In fact, the Medicare bureaucracy is in crisis.

Medicare is governed by over 125,000 pages of regulations—more than the IRS regulations for the entire tax system. The error rate in carriers answering basic questions from physicians was 85%, dwarfing the problems at IRS. This problem is so great that it threatens to force small providers out of Medicare, be they physician practices, small visiting nurse providers, small nursing homes, or small hospitals. It doesn't take a rocket scientist to understand the impact of such a consequence on rural America or our urban neighborhoods.

So while the words ''regulatory reform'' don't have the power over seniors' attention that ''prescription drugs'' have, in the long run they are equally important.

This is a good, solid, balanced bill. It modernizes Medicare to meet the future. It provides prescription drugs as an entitlement to all seniors under Medicare. It provides total benefits to those on Medicaid and—with states—will provide such total coverage to seniors under 175% of the poverty level, 44% of the population over 65. And for all others, this bill provides deep discounts, generous subsidies, and the peace of mind of catastrophic protection against high-cost drugs.

CONGRATULATING CORPORAL TOM PENUEL AND AGENT FIRST CLASS DREW AYDELOTTE FOR HEROISM IN RESCUING THREE BOATERS FROM DROWNING

HON. MICHAEL N. CASTLE

OF DELAWARE

IN THE HOUSE OF REPRESENTATIVES

Monday, July 8, 2002

Mr. CASTLE. Mr. Speaker, it is with great pride that I rise today to congratulate two employees of the Delaware Fish and Wildlife Division for their heroic rescue on Sunday, June 30, 2002 of three boaters whose boat sunk in the Delaware Bay. Corporal Tom Penuel and Agent First Class Drew Aydelotte rescued Richard and Beth Owens and their friend, Beth Mariani, who were stranded in Delaware Bay for an hour after their boat sunk.

Mr. and Mrs. Owens and Ms. Mariani had been returning in a 17-foot Grady White boat from a fishing trip and stopped to check two crab pots a half-mile from Kitts Hummock. At that time, a wave crashed over the bow and filled up a live-bait well, Within 30 seconds, the boat sunk to the bottom of the Delaware Bay. Through quick thinking they were able to radio for help before the boat was lost. The Fish and Wildlife officers were dispatched from Bowers Beach 15 minutes later. This quick action was essential because as the boaters started to paddle toward shore on a boat seat, the seat became waterlogged and also sunk. Corporal Penuel and Agent First Class Aydelotte found them 1 hour later floating in the Delaware Bay a half-mile offshore. These two officers deserve our utmost gratitude and respect for their courageous efforts. Mr. and Mrs. Owens and Ms. Mariani also deserve recognition for their quick thinking and tremendous courage in surviving this tragic event. I wish them a full and speedy recovery.

Corporal Tom Penuel and Agent First Class Drew Aydelotte of the Delaware Fish and Wildlife Division serve as role models of dedication for all officials, not only in Delaware, but throughout the country. I commend them for their immense bravery in executing their life-saving training.

TRIBUTE TO DR. WILLIAM F. GUNN, JR.

HON. JAMES E. CLYBURN

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 8, 2002

Mr. CLYBURN. Mr. Speaker, I rise today to pay tribute to my fellow South Carolinian, Dr. William F. Gunn, Jr. Dr. Gunn is a graduate of Morehouse College, where he earned a Bachelors degree in Physical Education. He then continued his educational quest for knowledge at Indiana University receiving a Masters in Physical Education, and later a Doctorate in Education Administration at the University of South Carolina.

Dr. Gunn began his South Carolina teaching experience at Benedict College in Columbia in 1964, where he remained until 1999, when he retired as Professor of Health, Physical Education and Recreation and the Chair of the Health, Physical Education and Recreation Department. While at Benedict his commitment to the school extended out of the classroom onto the athletic field as coach of the tennis, cross-country, and soccer teams throughout the years.

Dr. Gunn is also a member of the American Alliance of Health, Physical Education, Recreation and Dance, the American Association of University Professors, Phi Delta Kappa, the Association for the Study of Classical African Civilizations, and the South Carolina Parks Recreation Association. Dr. Gunn is also a member of Alpha Phi Alpha fraternity. He has also served as Chairman of the Saint Luke's Center Commnunity Council, the Ethnic Minorities Committee for South Carolina Association of Health, Physical Education and dance, and the South Carolina Governor's Council on Physical Fitness from 1984–1987. Additionally, he has served on the United Black Fund of Midlands Board of Directors, and on the Richland County Board of the Tuberculosis Association.

Dr. Gunn's many accomplishments include being recipient of a United Negro College Fund Study Grant, 1972; University Year Academic Grant, 1976, Who's Who in the South and Southwest, 1976–1977, named Alpha Phi Alpha Fraternity ''Man of the Year'' for South Carolina by the Ethnic Minorities Committee, 1985; and the recipient of a ten, fifteen, twenty, and thirty year awards for excellence in teaching from Benedict College.

Throughout his career, Dr. Gunn has also written and published numerous papers and books on community health related projects, the Health profession, and African American Education/Group Leadership. Some of his more notable publications include the Hip-Hop Culture: A Suggested Leisure Counseling Model for Young Clients,'' 1998; ''Leisure and Spiritual Well-Being: Vital for Maximizing Human Potential,'' 1999; and ''Healing the Body and Mind Through Cosmic Rhythms in Music and Dance,'' 2002.

Mr. Speaker. I ask you and my colleagues to join me today in honoring Dr. William F. Gunn, Jr., a man who's contributions to his community and the educational system will leave lasting impressions on the numerous lives he has touched. I wish him continued success and Godspeed!

IN RECOGNITION OF THE EFFORTS TO ELIMINATE THE WORST FORMS OF CHILD LABOR IN WEST AFRICA

HON. ELIOT L. ENGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, July 8, 2002

Mr. ENGEL. Mr. Speaker, I rise today to inform you and our colleagues about the progress that has been made toward ending a shameful practice of child slavery. Just one year ago on June 28th, the House of Representatives voted 291–115 to set aside funding within the Food and Drug Administration to develop a labeling program for products made with cocoa. The label was intended to distinguish between cocoa products made with child slave labor and those that were not.

As you may recall, last summer we all became aware of this problem through media reports, such as those in the Knight-Ridder Newspapers, that told the stories of children being kidnaped from their home countries, such as Mali, and then sold into slavery in the Ivory Coast. The stories were horrifying. Children as young as 9 years of age are being forced to work without pay, live in squalor, and fear for their physical safety.

Last year, the House of Representatives resoundingly said ''This is not acceptable.'' Chocolate is one of our most beloved treats, but it doesn't taste as sweet with the bitterness of child slavery in its mix.

Since that day last year much has happened. I am pleased with and proud of the enormous progress that has been made toward ending this terrible situation. First, let me congratulate the chocolate industry for so quickly deciding to tackle this problem head on. The industry joined a number of non-governmental organizations in signing an agreement, now known as the ''Harkin-Engel Protocol,'' which set up a framework for dealing with the problem of child slavery in the cocoa fields. The protocol is a serious commitment by the stakeholders to create an historic effort to end child slavery in this industry.

This effort is not just the result of the United States Congress though. Our colleagues in the parliament of Great Britain have also been working on this issue. On May 20, 2002 the House of Commons held what we would call a special order on the specific issue of child slavery in the cocoa fields of West Africa. During the debate, the Honorable Tony Colman of Putney quoted his constituent who is an expert on the problems of child trafficking and slavery, Professor Kevin Bales, as saying ''The Protocol . . . is a very good thing. It is the first time that an industry has taken social, moral and economic responsibility for their entire product chain. The Anti-Slavery movement has been seeking such an agreement for 160 years.''

Throughout the past year, the world's cocoa producers and users have met and signed onto agreements that commit everyone to ending this practice. For example, on November 30, 2001 a wide array of organizations from around the globe signed a joint statement regarding their efforts toward eliminating child slave labor in the cocoa fields. The list of organizations is very impressive: the Association of the Chocolate, Biscuit, and Confectionary Industries of the European Union; the Chocolate Manufacturers of Association of the USA; the Confectionary Manufacturers Association of Canada; the Cocoa Association of London and the Federation for Cocoa Commerce; the Cocoa Merchants Association of America; the European Cocoa Association; the International Office of Cocoa, Chocolate, and Confectionary; the World Cocoa Foundation; the Child Labor Coalition; Free The Slaves; the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers Associations; the National Consumers League; and the Government of the Ivory Coast. The joint statement recognized the ''urgent need to identify and eliminate child labour in violation of the International Labour Organization (ILO) Convention 182 with respect to the growing and processing of cocoa beans and their derivative products.''

Furthermore, in January of this year the Government of the Ivory Coast ratified two important international labor agreements governing child labor—Conventions 138 and 182 of the International Labor Organization. By becoming signatories to these conventions, the Government of the Ivory Coast took a huge step forward toward implementing responsible labor standards for children within its own borders. In part, because of this step, the Bush Administration in May 2002 granted the Ivory Coast eligibility status under the African Growth and Opportunity Act.

Finally, last week the efforts of dozens of organizations and hundreds of people culminated in the creation of an international foundation that will ''oversee and sustain efforts to eliminate abusive child labor practices in the growing of cocoa.'' In future years, the foundation, with assistance from the governments of the world, will put in place ''credible standards of public certification that cocoa beans have been grown without any of the worst forms of child labor.''

These are not easy problems to remedy. Many of these children do not speak French, the main language of the Ivory Coast. Many parents willingly let them go, believing their children will be learning a trade as part of an apprenticeship. Many children are orphaned. How we deal with these children on an individual basis will be difficult. Repatriating the children, reunifying the families, finding alternatives for orphaned and abandoned children all must happen. It will take hard work. It will not happen overnight. But we must try and we must succeed.

In declaring our own independence and throwing off the shackles of tyranny, our forefathers wrote ''We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness.'' Never once in the history of our great nation have we ever believed that these rights were reserved to the people of the United States. In fact at the core of our beliefs is that all people everywhere have the unalienable right to liberty. The problem of child slavery in West Africa is as much the responsibility of the governments there as it is our own.

Today, I am pleased and proud to report that we here in Congress are a part of the movement to put an end to one of the most egregious ills in the world today—child slavery.

TRIBUTE TO MR. KONRAD K. DANNENBERG

HON. ROBERT E. (BUD) CRAMER, JR.

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 8, 2002

Mr. CRAMER. Mr. Speaker, I rise today to recognize a great member of the North Alabama community, Mr. Konrad K. Dannenberg. On August 6th, Mr. Dannenberg will celebrate his 90th birthday. Throughout his ninety years, Mr. Dannenberg has been a leader in our nation's space program, retiring from Marshall Space Flight Center in 1973 as Deputy Director of Program Development's Mission and Payload Planning Office. Today, Mount Hope Elementary School in Decatur, Alabama is honoring Mr. Dannenberg for his service to their school, the North Alabama community, and the nation.

Konrad Dannenberg, born in Weissenfels, Germany, worked with Wernher von Braun in Peenemunde, Germany and came to the United States after World War II under ''Project Paperclip.'' He later helped develop and produce the Redstone and Jupiter missile systems for the Army Ballistic Missile Agency at Redstone Arsenal. In 1960, he joined NASA's Marshall Space Flight Center as Deputy Manager of the Saturn program, where he received the NASA Exceptional Service Medal.

Mr. Dannenberg is a Fellow of the American Institute of Aeronautics and Astronautics and was past president of the Alabama/Mississippi Chapter. He was the recipient of the 1960 DURAND Lectureship and the 1995 Hermann Oberth Award. Additionally, the NASA Alumni League, the Hermann Oberth Society of Germany, and the L–5 Society (now the National Space Society) have the benefit of Mr. Dannenberg's membership. In 1992, the Alabama Space and Rocket Center created a scholarship in his name to allow one student to attend a Space Academy session.

Mr. Speaker, as you can tell, during Mr. Dannenberg's career, he was a valuable player in the advancement of our space program and was appreciated by co-workers and important organizations throughout the industry. Following his retirement, he has remained a major influence in the North Alabama community and still serves as a consultant for the Alabama Space and Rocket Center in Huntsville. I want to congratulate Mr. Konrad Dannenberg on his 90th birthday and thank him for the important contributions he has made to our community in North Alabama and the entire United States.

H.R. 4623—CHILD OBSCENITY AND PORNOGRAPHY PREVENTION ACT

SPEECH OF

HON. EARL POMEROY

OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 25, 2002

Mr. POMEROY. Mr. Speaker, I rise today in support of the bill I cosponsored, H.R. 4623, the Child Obscenity and Pornography Prevention Act. This bill marks a truly important step forward in protecting our Nation's kids from the scourge of pedophiles and child exploitation.

Troubling headlines involving kids around the country are showing that there is a dark side to the Internet. The very technology that has wired the world, allowing information to flow like never before, also presents new dangers for our children, even in our small, safe hometowns. Parents used to worry about their kids talking to strangers. Now it seems commonplace for them to do so everyday online. I know the Internet helps our children with everything from schoolwork to applying to college to keeping in touch with their friends, but I also recognize that this more frequent contact with strangers exposes children to the dangers of pornographers and other exploitation. Worse yet, the prevalence of virtual child pornography—computer generated images that are indistinguishable from real children and only serve to whet the appetites of pedophiles and would-be molesters—has become more difficult to prevent as a result of a recent court decision.

In April, the Supreme Court, in Ashcroft v. The Free Speech Coalition, struck down as unconstitutional portions of the Child Pornography Prevention Act (Pub. L. 104–208) that made it illegal to create, distribute or possess ''virtual'' child pornography. In its opinion striking down the provisions of the law, however, the court ruled that extending the reach of child pornography laws to computer-generated and other images involving no real children was ''overbroad and unconstitutional'' and that the law would prohibit visual depictions, such as movies, art or medical manuals, that have redeeming social value.

The Court's decision left our children vulnerable, so I am pleased to support this legislation to strengthen the laws to go after those who would bring harm to our children. By carefully crafting this bill to narrowly define the terms and scope of the law, we have addressed the concerns raised by the Court and will provide lasting protection for our children against would-be pedophiles and exploiters. Because of the many important freedoms our constitution guarantees, it is a delicate exercise to prohibit even the most vile forms of expression. I believe we have achieved a balance in this bill of clearly defining that which we seek to ban, while protecting the freedom of speech that the constitution intends, and I am confident that this legislation will stand up to challenge.

It is imperative that Congress act swiftly to restore the prohibitions in law that recognize this horrible use of technology for what it is: yet another way for pedophiles and molesters to exploit children. I urge my colleagues to join me in supporting this important legislation.

HONORING THE WETLANDS INSTITUTE ON ITS 30TH ANNIVERSARY

HON. FRANK A. LoBIONDO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, July 8, 2002

Mr. LoBIONDO. Mr. Speaker, I rise today to honor the fine work of the Wetlands Institute of Stone Harbor, New Jersey on its 30th Anniversary. As an important haven for wildlife habitation and education, the Wetlands Institute deserves to be recognized and applauded.

Opened in 1972 by its founder, Herbert Mills, the Wetlands Institute has a clear mission to promote the appreciation and understanding of the vital role wetlands and coastal ecosystems play in the survival of life on this planet. This not for profit organization reaches out and educates the community by providing a fun learning experience for families, school groups and vacationers of all ages. Each year the Institute works hard to hosts thousands of visitors, supplying them with unforgettable views of countless species of birds, salt water aquaria and beautiful gardens.

The ambitious and honorable goals of the Wetland Institute include teaching the value of wetlands and coastal systems, sponsoring important research of these ecosystems and encouraging the stewardship of these habitats worldwide. Since 1972, this organization has involved students in several of its conservation projects. Many of these projects have garnered national attention, such as the diamond back terrapin research reported by ABC and National Geographic, as well as photographs of a horseshoe crab spawning census published in LIFE magazine in 1999.

Through tirelessly striving to educate the public on the critical need for wetlands conservation, the Wetlands Institute has demonstrated a strong commitment to the community. I wish this valuable organization further success and would like to thank everyone involved for their hard work and dedication.

TRIBUTE TO NATIONAL THERAPEUTIC RECREATION WEEK IN SOUTH CAROLINA

HON. JAMES E. CLYBURN

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 8, 2002

Mr. CLYBURN. Mr. Speaker, I rise today in recognition of ''National Therapeutic Recreation Week'' in South Carolina as proclaimed by Governor Jim Hodges.

The purpose of this event, which begins today and is celebrated through July 14, is to increase public awareness of therapeutic recreation programs and services, and expand recreational and leisure opportunities for individuals with disabilities. Physical therapists from all over the state met and worked together to eliminate barriers to leisure activities for many with disabilities and educate people in leisure skills and attitudes. These therapists constantly stressed the importance and advantage of having a clear understanding of how involvement in leisure and recreational activities improves physical and psychosocial health, and how recreation can provide individuals with a sense of self-confidence and satisfaction.

The theme for ''National Therapeutic Recreation Week'' is ''Therapeutic Recreation . . . Examine the Possibilities.'' The theme suited the occasion perfectly, as the aim was to explore a variety of methods used by therapeutic recreation professionals to enhance the quality of life and well being of persons with disabilities.

This year's ''National Therapeutic Recreation Week'' will hopefully generate more interest and encourage all South Carolinians to recognize the positive benefits of leisure and recreation.

Mr. Speaker, thousands of South Carolinians devoted their time and energy to improve their quality of life, and also the lives of others. Please join me in recognizing the gallant efforts of these individuals, and the wonderful accomplishments they made during ''National Therapeutic Recreation Week.''

TRIBUTE TO DR. I. MILEY GONZALEZ

HON. TOM UDALL

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Monday, July 8, 2002

Mr. UDALL of New Mexico. Mr. Speaker, I rise today to recognize Dr. I. Miley Gonzalez who has been serving in the capacity of Interim Vice Provost of Research at New Mexico State University. Dr. Gonzalez will be leaving NMSU after an impressive record as an administrator, an academic, and public servant to the community of Las Cruces, the state of New Mexico and our Nation.

Dr. Gonzalez rejoined the university in 2001 after nearly four years as U.S. Under-Secretary of Agriculture for Research, Education and Economics. Before accepting former President Clinton's appointment to the Department of Agriculture in 1997, he served as assistant dean and deputy director of the Cooperative Extension Service from 1994 to 1996, head of the agricultural and extension education department from 1991 to 1994, and director of the college's international programs from 1992 to 1994. He began his professional career as a high school vocational agriculture teacher in 1970.

Prior to Dr. Gonzalez joining the faculty at New Mexico State University he served as a State 4–H Specialist at Pennsylvania State University and participated in Extension Program activities. He taught numerous undergraduate and graduate courses including guest lectures in Spanish. He is a member of several academic and professional organizations, and has published journal articles and instructional materials in Spanish and English. Dr. Gonzalez received a B.S. and an M.S. from the University of Arizona and a Ph.D. from Pennsylvania State University in Agricultural and Extension Education. In 1999 Dr. Gonzalez was one of six people to receive the Outstanding Alumni awards from Penn State's College of Agricultural Sciences. The award recognizes outstanding graduates and provides opportunities for interaction among the college's alumni, students and faculty.

Mr. Speaker, Dr. Gonzalez has had a prosperous career while at NMSU. During his tenure Dr. Gonzalez was always known for taking time to meet with any student who needed to talk with him. It is often said that if our children are our future, the quality of our schools and their teachers will largely determine the quality of the future that our children will or will not enjoy. Dr. Gonzalez's interest in the well being of his students can be found in the communities throughout New Mexico, the country, as well as in the halls of Congress. Several of those former students, who worked with Dr. Gonzalez in either the academic or extra-curricular environment, have worked or are currently working in my office or in the offices of Representative SKEEN, Senator BINGAMAN, Senator DOMINICI, or members of the President's Cabinet. He has also been named as one of the top 100 Hispanic Leaders in the country.

While serving as Under Secretary of Agriculture, Dr. Gonzalez was known for his strong efforts to forging a closer, more personal link between land-grant and research institutions and the U.S. Department of Agriculture, an agency that we all know provides funding for innovative research into the production of food and fiber, and the preservation of the environment. The Under Secretary of Agriculture for Research, Education, and Economics provides centralized organization and management of the research, education, and economic programs administered by the U.S. Department of Agriculture. In his role Dr. Gonzalez oversaw the Agricultural Research Service, the Cooperative State Research, Education, and Extension Service, the Economic Research Service and the National Statistics Service.

Mr. Speaker, I would like to extend my best wishes to Dr. I. Miley Gonzalez in his future endeavors. The community of Las Cruces and New Mexico State University will greatly miss Dr. Gonzalez's presence—but the product of his work can be found in the faces of our current and future leaders. I ask that my colleagues in the House join me in honoring the achievements and contributions of this outstanding educator, administrator, public servant and New Mexican.

FEDERAL BILL TO MAKE SURVIVOR BENEFITS TO ALL BENEFICIARIES OF SLAIN LAW ENFORCEMENT OFFICERS TAX FREE

HON. ELEANOR HOLMES NORTON

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 8, 2002

Ms. NORTON. Mr. Speaker, today I am introducing a bill to make benefits received by the beneficiaries (who are not a spouse or child) of law enforcement officers killed in the line of duty tax-free. My bill amends the Officer Brian Gibson Tax Free Pension Equity Act that I introduced in 1997 after a District of Columbia police officer was killed in Ward 4, to relieve the spouses and children of law enforcement officers killed in the line of duty from taxation on death benefits. The law now applies to all law enforcement officers in the United States. I wrote the bill after I discovered that officers received disability benefits tax-free while the death benefits of survivors were taxed. I decided to amend my bill after the Mychal Judge Police and Fire Chaplains Public Safety Officers' Benefit Act of 2002, allowing domestic partners to receive Federal death benefits, was enacted and signed by the President last month. That bill was stimulated by September 11th and the discovery that the domestic partners of police and fire officers killed in the Twin Towers tragedy were being denied death benefits.

The bill I introduce today is the logical companion bill to the 9–11 public safety officers bill that is now law because it simply allows the same exemption from taxation that other beneficiaries will now receive. Without this new bill, the very inequity Congress clearly intended to eliminate between the spouses and relatives of slain officers on the one hand and other beneficiaries on the other would be reintroduced. If the death benefits of these beneficiaries of slain officers are tax exempt, it follows that the same benefits to other congressionally recognized beneficiaries should be similarly exempt. I believe that this remaining difference was not deliberate, but resulted from the fact that my earlier bill amended the tax code and was not immediately apparent to the authors of the recent bill.

I ask all of my colleagues to support this corrective measure.

CELEBRATING THE GRUNION GAZETTE'S 25TH ANNIVERSARY

HON. STEPHEN HORN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 8, 2002

Mr. HORN. Mr. Speaker, today I rise to pay tribute to the Grunion Gazette for providing Long Beach with an outstanding weekly newspaper for 25 years.

The Grunion, named after Long Beach's famous grunion runs, was founded by Tedi and Pat Cantalupo who began publishing the Grunion out of their home in the Belmont Shore area of Long Beach in 1977. In 1981, the Cantalupos sold the Grunion to Fran and John Blowitz who have built the paper into what it is today—one of the finest weekly newspapers in Southern California.

The Grunion Gazette has provided its readers with a sense of community and cohesiveness through its in-depth reporting on a variety of local topics. It keeps its readers well informed with news and information from city government, business, education, and the community, and provides a calendar of events, wedding announcements, obituaries, health and fitness advice, and a dining guide. Its opinion columns are based on local insights, along with a lively letters to the editor section and the witty commentary of Charlie the dog (aka Jacques Warshauer) in ''Charlie's Corner,'' one of the Gazette's longest running features. All of this is combined with wonderful photos that capture the personality of the area and a website that opens the Gazette to readers around the world.

Fran and John Blowitz can take great pride in all that they have accomplished as owners of the Grunion Gazette, and as owners of the Downtown Gazette edition that they began 17 years ago. But that is not the whole story. Fran and John and their colleagues have also provided exceptional volunteer service to our community. They have served on numerous boards and committees and have helped to start such traditions as the Belmont Shore Christmas Parade. They also created the Gazette's Valentines' Date Night that draws thousands of people to the Queen Mary and raises more than $50,000 a year for heart programs at Long Beach hospitals.

I salute Fran and John Blowitz, Associate Publisher and Executive Editor Harry Saltzgaver, Editor Kurt Helin, and all the fine staff and contributors for their commitment to the Grunion Gazette. Congratulations for 25 years of setting the highest standard for what a community newspaper can and should be.

PAYING TRIBUTE TO JUNE RENFRO

HON. SCOTT McINNIS

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Monday, July 8, 2002

Mr. McINNIS. Mr. Speaker, it is my honor to bring to the attention of this House the inspiring accomplishments of June Renfro. June was recently awarded the Rifle (Colorado) Chamber of Commerce's 'Person of the Year' award for her dedication to her community. The selfless love with which she has promoted the betterment of the Rifle area has been a moving reminder of the affection many in my state have for their communities.

June Renfro was born on a ranch just northeast of Nunn, Colorado. She spent 18 years in the upholstery business in Greeley while actively pursuing a career with Home Interiors and Gifts, an at-home interior decorating service. However, when Mrs. Renfro's husband tragically passed away, June decided it was time to escape the cold winters in that area and moved to Rifle in 1997 to spend more time with her daughter Judy.

The joy with which June has embraced her new community later in life has been an inspiration to her new neighbors. At the age of 68 June threw herself wholeheartedly into the Rifle community, utilizing her love of people and inquisitive nature to become Rifle's biggest cheerleader. She became involved with the Chamber of Commerce ambassadors and began taping local business profiles for Rifle's Community Access Channel 13. June did everything in her power to share her talents and infectious spirit with her new neighbors in Rifle.

Mr. Speaker it is my privilege to pay tribute to June Renfro for her contributions to the rifle community. I applaud her receipt of the Rifle Chamber of Commerce's 'Person of the Year' award recognizing her significant achievements for the good of the community. At the age of 73, June's commitment to her neighborhood should be a lesson to all of us that we can continue to affect our communities for the public. For this unwavering dedication, as well as her infectious love of her newfound home, I bring June Renfro's example to the attention of this body of Congress.

PAYING TRIBUTE TO GENE TAYLOR

HON. SCOTT McINNIS

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Monday, July 8, 2002

Mr. McINNIS. Mr. Speaker, it is my honor today to pay tribute to a model citizen of the Grand Junction, Colorado community. Gene Taylor has gained the respect and admiration of the community through his company, Gene Taylor's Sporting Goods, and has provided professional and quality service to the city for over forty years. Gene's secret to success is simple; he values the customer and is dedicated to providing quality products in his establishments. He is a pillar of the Grand Junction community and I am honored to bring forth his accomplishments before this body of Congress, and this nation.

As the market for sporting goods and competition for the community's business increased, Gene has managed to stay successful through his hard work and dedication to his community. As an active business and civic member and provider of financial assistance to worthy causes, Gene's stores are covered with banners from local schools thanking him for his help and support to their causes. His latest contribution to the city was the donation of five and one half acres for a new skating rink in Grand Junction, the Charlene Glebler Community Ice Arena. This donation, along with Gene's life-long belief in community service, is one of the many admirable qualities of this man and I am grateful for his service to the area.

As a family friend and admirer of Gene, let me point out that the entire family is involved in the operation and all carry Gene's commitment to excellence in their daily lives. Gene is well known as a loving husband to his wife Beverly, and a devoted father to his six children Roseanne, Duke, Marshall, Amy, Tony, and Jenny.

Mr. Speaker, it is with great pride and satisfaction that I bring the life and accomplishments of Gene Taylor to the attention of this nation today. Gene's success story serves as a model example of hard work and perseverance for a member of the business and civic community and I am honored to represent Gene and his family before this body of Congress. Gene and his family have been well-respected members of the Grand Junction community for many years and I am grateful for their service.

PAYING TRIBUTE TO HENRY H. CAIRNS, SR.

HON. SCOTT McINNIS

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Monday, July 8, 2002

Mr. McINNIS. Mr. Speaker, I would like to take this opportunity to pay tribute to the life and memory of Henry H. Cairns Sr. of San Diego, California. Henry Cairns, known as Hank, honorably devoted his life to defending the freedoms of our nation. He upheld America's liberty and has earned a place amongst our country's leaders. Today we mourn the loss of a courageous father, grandfather, husband, brother, son, and soldier.

Hank moved to Colorado when he was six weeks old, and he spent most of his adolescent and young adult years in Montrose. When he graduated from high school, Hank with the help of his brother opened his own candy store. Hank found his place, honorably serving in our Air Force, and as the Captain of the 852nd Bombardier, 8th Air Force Squadron, Hank upheld liberty and freedom by bravely fighting and living through his detainment at a prisoner of war camp during World War II. Hank served our nation proudly, and after the war he respectably returned to the United States. Hank has contributed greatly to our country by helping build roads, and runways around neighborhoods, military bases, and cities in our communities.

Mr. Speaker, it is my pleasure to honor an individual who contributed selflessly to the betterment of our nation, and although we will grieve the loss, we will rejoice over a man of great character and conduct. I express my sincerest condolences to his family and friends, and I salute Aaron Romero before this body of Congress and this nation.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This 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 Tuesday, July 9, 2002 may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

JULY 10

9:30 a.m.
Veterans' Affairs
To hold hearings to examine the continuing challenges of care and compensation due to military exposures.
SR–418

Energy and Natural Resources
Water and Power Subcommittee
To hold oversight hearings to examine water resource management issues on the Missouri River.
SD–366

Commerce, Science, and Transportation
Surface Transportation and Merchant Marine Subcommittee
To hold hearings to examine railway safety.
SR–253

10 a.m.
Indian Affairs
To hold hearings to examine Elder health issues.
SR–485

Judiciary
Business meeting to consider pending calendar business.
SD–226

Health, Education, Labor, and Pensions
Business meeting to consider S. 710, to require coverage for colorectal cancer screenings; S. 2328, to amend the Public Health Service Act and the Federal Food, Drug, and Cosmetic Act to ensure a safe pregnancy for all women in the United States, to reduce the rate of maternal morbidity and mortality, to eliminate racial and ethnic disparities in maternal health outcomes, to reduce pre-term, labor, to examine the impact of pregnancy on the short and long term health of women, to expand knowledge about the safety and dosing of drugs to treat pregnant women with chronic conditions and women who become sick during pregnancy, to expand public health prevention, education and outreach, and to develop improved and more accurate data collection related to maternal morbidity and mortality; S. 812, to amend the Federal Food, Drug, and Cosmetic Act to provide greater access to affordable pharmaceuticals; S. 2489, to amend the Public Health Service Act to establish a program to assist family caregivers in accessing affordable and high-quality respite care; and the nominations of Richard H. Carmona, of Arizona, to be Medical Director in the Regular Corps of the Public Health Service, and to be Surgeon General of the Public Health Service; Naomi Shihab Nye, of Texas, and Michael Pack, of Maryland, each to be a Member of the National Council on the Humanities; Earl A. Powell III, of Virginia, to be a Member of the National Council on the Arts; Robert Davila, of New York, to be a Member of the National Council On Disability; and Peter J. Hurtgen, of Maryland, to be Federal Mediation and Conciliation Director.
SD–430

11 a.m.
Printing
To hold hearings to examine federal government printing and public access to government documents.
SR–301

2 p.m.
Environment and Public Works
To hold hearings to examine the President's proposal to establish the Department of Homeland Security.
SD–406

2:30 p.m.
Judiciary
Crime and Drugs Subcommittee
To hold hearings to examine issues concerning white collar crime.
SD–226

Energy and Natural Resources
To hold hearings to examine the present and future roles of the Department of Energy/National Security Administration national laboratories in protecting our homeland security.
SD–366

JULY 11

9 a.m.
Judiciary
To hold hearings to examine oversight of the Department of Justice and the impact of a new Department of Homeland Security.
SD–106

9:30 a.m.
Environment and Public Works
To hold hearings to examine the progress of national recycling efforts, focusing on federal procurement of recycled-content products and producer responsibility related to the beverage industry.
SD–406

Commerce, Science, and Transportation
To hold hearings to examine the U.S. Climate Action Report concerning global climate change.
SR–253

10 a.m.
Energy and Natural Resources
To hold hearings to examine the Department of Energy's Environmental Management program, focusing on DOE's progress in implementing its accelerated cleanup initiative, and the changes DOE has proposed to the EM science and technology program.
SD–366

Judiciary
Business meeting to consider pending calendar business.
SD–226

Indian Affairs
To hold hearings to examine contemporary tribal governments, focusing on challenges in law enforcement related to the rulings of the U.S. Supreme Court.
SR–485

2 p.m.
Finance
Social Security and Family Policy Subcommittee
To hold hearings on S. 848, to amend title 18, United States Code, to limit the misuse of social security numbers, to establish criminal penalties for such misuse.
SD–215

2:30 p.m.
Foreign Relations
African Affairs Subcommittee
To hold hearings to examine implementing United States policy in Sudan.
SD–419

JULY 16

9:30 a.m.
Governmental Affairs
To hold hearings to examine the nomination of Mark W. Everson, of Texas, to be Deputy Director for Management, Office of Management and Budget.
SD–342

Energy and Natural Resources
To hold hearings to examine the Administration's plans to request additional funds for wildland firefighting and forest restoration as well as ongoing implementation of the National Fire Plan.
SD–366

10 a.m.
Banking, Housing, and Urban Affairs
To hold oversight hearings to examine the Semi-Annual Report on Monetary Policy of the Federal Reserve.
SD–G50

JULY 17

10 a.m.
Indian Affairs
To hold oversight hearings to examine the protection of Native American sacred places.
SR–485

10:30 a.m.
Foreign Relations
To resume hearings on the Treaty Between the United States of America and the Russian Federation on Strategic Offensive Reductions, Signed at Moscow on May 24, 2002 (Treaty Doc. 107–08).
SD–419

JULY 18

10 a.m.
Indian Affairs
To hold hearings to examine proposed legislation to approve the settlement of water rights claims of the Zuni Indian Tribe in Apache County, Arizona.
SR–485

2 p.m.
Indian Affairs
To hold hearings on proposed legislation to ratify an agreement to regulate air quality on the Southern Ute Indian Reservation.
SR–485

JULY 24

9:30 a.m.
Veterans' Affairs
To hold hearings to examine mental health care issues.
SR–418

10 a.m.
Indian Affairs
To hold hearings on S. 1344, to provide training and technical assistance to Native Americans who are interested in commercial vehicle driving careers.
SR–485

JULY 30

10 a.m.

Indian Affairs

To hold hearings on proposed legislation concerning the Department of the Interior/Tribal Trust Reform Taks Force; and to be followed by S. 2212, to establish a direct line of authority for the Office of Trust Reform Implementations and Oversight to oversee the management and reform of Indian trust funds and assets under the jurisdiction of the Department of the Interior, and to advance tribal management of such funds and assets, pursuant to the Indian Self-Determinations Act.

SR–485

JULY 31

9:30 a.m.

Finance

To hold hearings to examine the Report of the President's Commission to Strengthen Social Security.

SD–215

10 a.m.

Indian Affairs

To hold oversight hearings to examine the application of criteria by the Department of the Interior/Branch of Acknowledgment.

SR–485

AUGUST 1

10 a.m.

Indian Affairs

To hold oversight hearings to examine the Secretary of the Interior's Report on the Hoopa Yurok Settlement Act.

SR–485

2 p.m.

Indian Affairs

To hold oversight hearings to examine problems facing Native youth.

SR–485

Daily Digest

HIGHLIGHTS

See Résumé of Congressional Activity.

Senate

Chamber Action

Routine Proceedings, pages S6327–S6432

Measures Introduced: One resolution was submitted, as follows: S. Res. 299. **Page S6361**

Measures Reported:

Reported on Wednesday, July 3, during the adjournment:

S. 2709, making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 2003. (S. Rept. No. 107–202)

S. 1946, to amend the National Trails System Act to designate the Old Spanish Trail as a National Historic Trail, with amendments. (S. Rept. No. 107–203)

H.R. 640, to adjust the boundaries of Santa Monica Mountains National Recreation Area, with an amendment. (S. Rept. No. 107–204)

Report to accompany S. 2673, to improve quality and transparency in financial reporting and independent audits and accounting services for public companies, to create a Public Company Accounting Oversight Board, to enhance the standard setting process for accounting practices, to strengthen the independence of firms that audit public companies, to increase corporate responsibility and the usefulness of corporate financial disclosure, to protect the objectivity and independence of securities analysts, to improve Securities and Exchange Commission resources and oversight. (S. Rept. No. 107–205)

S. 2525, to amend the Foreign Assistance Act of 1961 to increase assistance for foreign countries seriously affected by HIV/AIDS, tuberculosis, and malaria. (S. Rept. No. 107–206)

S. 2059, to amend the Pubic Health Service Act to provide for Alzheimer's disease research and demonstration grants, with an amendment in the nature of a substitute.

S. 2649, to provide assistance to combat the HIV/AIDS pandemic in developing foreign countries, with an amendment in the nature of a substitute. **Page S6361**

Measures Passed:

Legal Counsel Representation: Senate agreed to S. Res. 299, to authorize testimony, document production, and legal representation in *City of Columbus* v. *Jacqueline Downing, et al.* and *City of Columbus* v. *Vincent Ramos.* **Page S6432**

Small Business Participation in Homeland Defense: Committee on Small Business was discharged from further consideration of S. Res. 264, expressing the sense of the Senate that small business participation is vital to the defense of our Nation, and that Federal, State, and local governments should aggressively seek out and purchase innovative technologies and services from American small businesses to help in homeland defense and the fight against terrorism, and the resolution was then agreed to. **Page S6432**

Accounting Reform Act: Senate began consideration of S. 2673, to improve quality and transparency in financial reporting and independent audits and accounting services for public companies, to create a Public Company Accounting Oversight Board, to enhance the standard setting process for accounting practices, to strengthen the independence of firms that audit public companies, to increase corporate responsibility and the usefulness of corporate financial disclosure, to protect the objectivity and independence of securities analysts, to improve Securities and Exchange Commission resources and oversight, taking action on the following amendment proposed thereto: **Pages S6327–47**

Adopted:

Sarbanes Amendment No. 4173, to make certain technical and conforming amendments. **Page S6340**

A unanimous-consent agreement was reached providing for further consideration of the bill at 10:15 a.m., on Tuesday, July 9, 2002. **Page S6432**

Messages From the House: **Page S6355**

Measures Placed on Calendar: **Page S6355**

Petitions and Memorials: **Page S6355**

Additional Cosponsors: **Page S6361**

Statements on Introduced Bills/Resolutions: **Page S6361**

Amendments Submitted: **Page S6363**

Notices of Hearings/Meetings: **Page S6363**

Privilege of the Floor: **Page S6363**

Text of S. 2514, as Previously Passed: **Pages S6363–S6432**

(For S. 2515—see Division A of S. 2514)
(For S. 2516—see Division B of S. 2514)
(For S. 2517—see Division C of S. 2514)
(For H.R. 4546—see text of S. 2514, as passed)

Adjournment: Senate met at 2 p.m., and adjourned at 6:38 p.m., until 9:30 a.m., on Tuesday, July 9, 2002. (For Senate's program, see the remarks of the Acting Majority Leader in today's Record on page S6432).

Committee Meetings

No committee meetings were held.

House of Representatives

Chamber Action

Measures Introduced: 8 public bills, H.R. 5062–5069; and 3 resolutions, H. Con. Res. 435 and H. Res. 470–471, were introduced. **Page H4350**

Reports Filed: Reports were filed today:

H.R. 4129, to amend the Central Utah Project Completion Act to clarify the responsibilities of the Secretary of the Interior with respect to the Central Utah Project, to redirect unexpended budget authority for the Central Utah Project for wastewater treatment and reuse and other purposes, to provide for prepayment of repayment contracts for municipal and industrial water delivery facilities, and to eliminate a deadline for such prepayment, amended (H. Rept. 107–554); and

H.R. 4635. to amend title 49, United States Code, to establish a program for Federal flight deck officers, amended (H. Rept. 555 part 1). **Page H4349**

Speaker Pro Tempore: Read a letter from the Speaker wherein he appointed Representative Kolbe to act as Speaker pro tempore for today. **Page H4329**

Twenty-Fifth Amendment to the Constitution—Discharge of the Powers and Duties of the Office of President: In accordance with the provisions of Section 3 of the Twenty-Fifth Amendment to the United States Constitution, read a letter to the Speaker from the President of the United States dated June 29 wherein he declared that he was unable to discharge the Constitutional powers and duties of the Office of President and that the Vice President would discharge those powers and duties as Acting President until he transmitted a written declaration stating that he was able to resume the discharge of those powers and duties. Subsequently, read a second letter to the Speaker from the President of the United States dated June 29 wherein he declared that he had resumed the powers and duties of President of the United States. **Page H4330**

Recess: The House recessed at 2:08 p.m. and reconvened at 5:02 p.m. **Page H4330**

Recess: The House recessed at 5:36 p.m. and reconvened at 6:31 p.m.

Suspensions: The House agreed to suspend the rules and pass the following measures:

Study of the Rathdrum Prairie/Spokane Valley Aquifer: H.R. 4609, to direct the Secretary of the Interior to conduct a comprehensive study of the Rathdrum Prairie/Spokane Valley Aquifer, located in Idaho and Washington (agreed to by a yea-and-nay vote of 340 yeas to 9 nays, Roll No. 283); **Pages H4330–4331, H4335**

Pipeline Right of Way Permits Within Great Smoky Mountains National Park: H.R. 3380, to authorize the Secretary of the Interior to issue right-of-way permits for natural gas pipelines within the boundary of Great Smoky Mountains National Park; and **Pages H4331–32**

Expansion of the Lewis and Clark Expedition Winter Encampment Memorial: H.R. 2643, amended, to authorize the acquisition of additional lands for inclusion in the Fort Clatsop National Memorial in the State of Oregon (agreed to by a yea-and-nay vote of 331 yeas to 18 nays, Roll No. 284). **Pages H4332–35, H4336**

Committee Resignation: Read a letter from Representative Capuano wherein he announced his resignation from the Committee on the Budget.

Page H4336

Committee Election: The House agreed to H. Res. 470, electing Representative Holden to the Committee on Resources and Representative Capuano to the Committee on Transportation and Infrastructure.

Page H4336

Motion to Instruct Conferees—Help America Vote Act: Representative Langevin announced his intention to offer a motion, on Tuesday, July 9, to instruct conferees on the disagreeing votes of the two Houses on the Senate amendments to H.R. 3295, Help America Vote Act, to recede from disagreement with the provisions contained in subparagraphs (A) and (B) of section 101 (a)(3) of the Senate amendment to the House bill (relating to the accessibility of voting systems for individuals with disabilities).

Page H4337

Senate Messages: Message received from the Senate appears on page H4329.

Referrals: S. 803 was referred to the Committee on Government Reform and S. 2514, S. 2515, S. 2516, and S. 2517 were held at the desk.

Page H4348

Amendments: Amendments ordered printed pursuant to the rule appear on page H4351.

Quorum Calls—Votes: Two yea-and-nay votes developed during the proceedings of the House today and appear on pages H4335 and H4336. There were no quorum calls.

Adjournment: The House met at 2 p.m. and adjourned at 8:56 p.m.

Committee Meetings

[Omitted from the *Congressional Record* of Friday, June 28, 2002:]

ANTI- AND COUNTER-TERRORISM OPERATIONS—EFFORTS TO IMPROVE

Committee on Armed Services: Special Oversight Panel on Terrorism held a hearing on Navy and Marine Corps initiatives to improve anti- and counter-terrorism operations. Testimony was heard from the following officials of the Department of the Navy: Rear Adm. Joseph J. Krol, Jr., USN, Assistant Deputy Chief, Naval Operations, Plans, Policy and Operations; and Lt. Gen. Emil R. Bedard, USMC, Deputy Commandant, Plans, Policies and Operations, Headquarters, U.S. Marine Corps.

AMEND TEMPORARY EMERGENCY WILDLIFE SUPPRESSION ACT—ALLOW SHARING PERSONNEL TO FIGHT WILDFIRES

Committee on the Judiciary: Subcommittee on Immigration, Border Security, and Claims held a hearing on H.R. 5017, to amend the Temporary Emergency Wildlife Suppression Act to facilitate the ability of the Secretary of the Interior and the Secretary of Agriculture to enter into reciprocal agreements with foreign countries for the sharing of personnel to fight wildfires. Testimony was heard from Paul Harris, Deputy Associate Attorney General, Department of Justice; and Tim Hartzell, Director, Office of Wildland Fire Policy, Department of the Interior.

[Submitted for the *Congressional Record* of Monday, July 8, 2002:]

WORLDCOM—ACCOUNTING PROBLEMS

Committee on Financial Services: Held a hearing entitled "Wrong Numbers: The Accounting Problems at WorldCom." Testimony was heard from Melvin Dick, former Senior Global Managing Partner, Technology, Media and Communications Practice, Arthur Andersen LLP; Jack Grubman, Telecommunications Analyst, Salomon Smith Barney; and the following officials of WorldCom: John Sidgmore, President and Chief Executive Officer; and Bert Roberts, Chairman of the Board.

In refusing to give testimony, the following former officials of WorldCom; Bernard J. Ebbers, Chief Executive Director; and Scott Sullivan, Chief Financial Officer, invoked Fifth Amendment privileges.

NEW PUBLIC LAWS

(For last listing of Public Laws, see DAILY DIGEST *of June 25, 2002, p. D677)*

H.R. 327, to amend chapter 35 of title 44, United States Code, for the purpose of facilitating compliance by small business concerns with certain Federal paperwork requirements, to establish a task force to examine information collection and dissemination. Signed on June 28, 2002. (Public Law 107–198)

S. 2578, to amend title 31 of the United States Code to increase the public debt limit. Signed on June 28, 2002. (Public Law 107–199)

CONGRESSIONAL PROGRAM AHEAD

Week of July 9 through July 13, 2002

Senate Chamber

On *Tuesday,* Senate will continue consideration of S. 2673, Accounting Reform Act. During the balance of the week, Senate will consider any other pending legislative and executive business.

Senate Committees

(Committee meetings are open unless otherwise indicated)

Special Committee on Aging: July 9, to hold hearings to examine public health concerns of counterfeit medicine, focusing on the purchasing of pharmaceuticals, both brand name and generic, from outside the nation's borders and without the series of checks in place for drugs sold domestically, 2:30 p.m., SDS–562.

Committee on Commerce, Science, and Transportation. July 10, Subcommittee on Surface Transportation and Merchant Marine, to hold hearings to examine railway safety, 9:30 a.m., SR–253.

July 11, Full Committee, to hold hearings to examine the U.S. Climate Action Report concerning global climate change, 9:30 a.m., SR–253.

Committee on Energy and Natural Resources: July 10, Subcommittee on Water and Power, to hold oversight hearings to examine water resource management issues on the Missouri River, 9:30 a.m., SD–366.

July 10, Full Committee, to hold hearings to examine the present and future roles of the Department of Energy/National Security Administration national laboratories in protecting our homeland security, 2:30 p.m., SD–366.

July 11, Full Committee, to hold hearings to examine the Department of Energy's Environmental Management program, focusing on DOE's progress in implementing its accelerated cleanup initiative, and the changes DOE has proposed to the EM science and technology program, 10 a.m., SD–366.

Committee on Environment and Public Works: July 9, to hold hearings on sections 2015, 2016, 2017(a) and (b), 2018 and 2019 of S. 2225, the National Defense Authorization Act for Fiscal Year 2003, 2:30 p.m., SD–406.

July 10, Full Committee, to hold hearings to examine the President's proposal to establish the Department of Homeland Security, 2 p.m., SD–406.

July 11, Full Committee, to hold hearings to examine the progress of national recycling efforts, focusing on federal procurement of recycled-content products and producer responsibility related to the beverage industry, 9:30 a.m., SD–406.

Committee on Finance: July 11, Subcommittee on Social Security and Family Policy, to hold hearings on S. 848, to amend title 18, United States Code, to limit the misuse of social security numbers, to establish criminal penalties for such misuse, 2 p.m., SD–215.

Committee on Foreign Relations: July 9, to hold hearings on the Treaty Between the United States of America and the Russian Federation on Strategic Offensive Reductions, Signed at Moscow on May 24, 2002 (Treaty Doc. 107–08), 10:30 a.m., SD–419.

July 9, Full Committee, to hold hearings on the nominations of John William Blaney, of Virginia, to be Ambassador to the Republic of Liberia, Aurelia E. Brazeal, of Georgia, to be Ambassador to the Federal Democratic Republic of Ethiopia, Martin George Brennan, of California, to be Ambassador to the Republic of Zambia, J. Anthony Holmes, of California, to be Ambassador to Burkina Faso, Vicki Huddleston, of Arizona, to be Ambassador to the Republic of Mali, Donald C. Johnson, of Texas, to be Ambassador to the Republic of Cape Verde, Jimmy Kolker, of Missouri, to be Ambassador to the Republic of Uganda, Gail Dennise Thomas Mathieu, of New Jersey, to be Ambassador to the Republic of Niger, and James Howard Yellin, of Pennsylvania, to be Ambassador to the Republic of Burundi, 2:30 p.m., SD–419.

July 11, Subcommittee on African Affairs, to hold hearings to examine implementing United States policy in Sudan, 2:30 p.m. SD–419.

Committee on Health, Education, Labor, and Pensions; July 9, to hold hearings on the nomination of Richard H. Carmona, of Arizona, to be Medical Director in the Regular Corps of the Public Health Service, and to be Surgeon General of the Public Health Service, 10 a.m., SD–430.

July 9, Full Committee, to hold hearings to examine the President's Commission on Excellence in Special Education, 2:30 p.m. DD–430.

July 10, Full Committee, business meeting to consider S. 710, to require coverage for colorectal cancer screenings; S. 2328, to amend the Public Health Service Act and the Federal Food, Drug, and Cosmetic Act to ensure a safe pregnancy for all women in the United States, to reduce the rate of maternal morbidity and mortality, to eliminate racial and ethnic disparities in maternal health outcomes, to reduce pre-term, labor, to examine the impact of pregnancy on the short and long term health of women, to expand knowledge about the safety and dosing of drugs to treat pregnant women with chronic conditions and women who become sick during pregnancy, to expand public health prevention, education and outreach, and to develop improved and more accurate data collection related to maternal morbidity and mortality; S. 812, to amend the Federal Food, Drug, and Cosmetic Act to provide greater access to affordable pharmaceuticals; S. 2489, to amend the Public Health Service Act to establish a program to assist family caregivers in accessing affordable and high-quality respite care; and the nominations of Richard H. Carmona, of Arizona, to be Medical Director in the Regular Corps of the Public Health Service, and to be Surgeon General of the Public Health Service; Naomi Shihab Nye, of Texas, and Michael Pack, of Maryland, each to be a Member of the National Council on the Humanities; Earl A. Powell III, of Virginia, to be a Member of the National Council on the Arts; Robert Davila, of New York, to be a Member of the National Council On Disability; and Peter J. Hurtgen, of Maryland, to be Federal Mediation and Conciliation Director, 10 a.m., SD–430.

Committee on Indian Affairs: July 10, to hold hearings to examine Elder health issues; 10 a.m., SR–485.

July 11, Full Committee, to hold hearings to examine contemporary tribal governments, focusing on challenges in law enforcement related to the rulings of the U.S. Supreme Court, 10 a.m., SR–485.

Committee on the Judiciary: July 9, Subcommittee on Technology, Terrorism, and Government Information, to hold hearings on S. 2541, to amend title 18, United States Code, to establish penalties for aggravated identity theft, 2:30 p.m., SD–226.

July 10, Full Committee, business meeting to consider pending calendar business, 10 a.m., SD–226.

July 10, Subcommittee on Crime and Drugs, to hold hearings to examine issues concerning white collar crime, 2:30 p.m., SD–226.

July 11, Full Committee, to hold hearings, to examine oversight of the Department of Justice and the impact of a new Department of Homeland Security, 9 a.m., SD–106.

July 11, Full Committee, business meeting to consider pending calendar business, 10 a.m., SD–226.

Committee on Veterans' Affairs: July 10, to hold hearings to examine the continuing challenges of care and compensation due to military exposures, 9:30 a.m., SR–418.

House Chamber

Tuesday, July 9, consideration of suspensions:

(1) H.R. 4481, Airport Streamlining Approval Process Act;

(2) H.R. , Armed Services Tax Fairness Act;

(3) H.R. 5017, reciprocal agreements between the Secretary of the Interior and the Secretary of Agriculture with foreign countries for the sharing of personnel to fight wildfires;

(4) H.R. 4878, Improper Payments Reduction Act; and

(5) H. Res. 393, Concerning the rise in anti-Semitism in Europe.

Wednesday, July 10 and the balance of the week, consideration of measures subject to rules being granted: H.R. 4635, Arming Pilots Against Terrorism, H.R. 4687, National Construction Safety Team; H.R. 2486, Tropical Cyclone Inland Forecasting Improvement and Warning System Development; and H.R. 2733, Enterprise Integration Act.

House Committees

Committee on Agriculture, July 11, to consider recommendations on H.R. 5005, Homeland Security Act of 2002, 9:30 a.m., 1300 Longworth.

Committee on Appropriations, July 9, to consider the following: the Report on the Revised Suballocation of Budget Allocations for fiscal year 2003; the Interior and the Treasury, Postal Service and General Government appropriations for fiscal year 2003, 10 a.m., 2359 Rayburn.

July 10, Subcommittee on Energy and Water Development, to mark up appropriations for fiscal year 2003, 4 p.m., 2362 Rayburn.

July 11, full Committee, to consider the following appropriations for fiscal year 2003: Legislative; and the Agriculture, Rural Development, Food and Drug Administration and Related Agencies,10 a.m., 2359 Rayburn.

Committee on Armed Services, July 10, to mark up H.R. 5005, Homeland Security Act of 2002, 10 a.m., 2118 Rayburn.

July 11, Special Oversight Panel on Terrorism, hearing on Army and Air Force initiatives to improve anti-and counter-terrorism operations, 8:30 a.m., 2212 Rayburn.

Committee on Education and the Workforce, July 9, Subcommittee on Employer-Employee Relations, hearing on Expanding Access to Quality Health Care: Solutions for Uninsured Americans, 2 p.m., 2175 Rayburn.

July 10, full Committee, hearing on Reforming the Individuals with Disabilities Education Act: Recommendations from the Administration's Commission on Excellence in Special Education, 10:30 a.m., 2175 Rayburn.

Committee on Energy and Commerce, July 9, Subcommittee on Oversight and Investigations, to continue hearings on ''Creating the Department of Homeland Security: Consideration of the Administration's Proposal,'' with emphasis on research and development and critical infrastructure activities proposed for transfer to the new Department, 9 a.m., 2123 Rayburn.

July 10, Subcommittee on Commerce, Trade, and Consumer Protection, to mark up H.R. 5058, Financial Accounting Standards Board Act, 3 p.m., 2123 Rayburn.

July 10, Subcommittee on Telecommunications and the Internet, hearing on Corporation for Public Broadcasting Oversight and a Look Into Public Broadcasting in the Digital Era, 10 a.m., 2322 Rayburn.

July 11, Subcommittee on Health, hearing on ''Protecting the Rights of Conscience of Healthy Care Providers and a Parents's Right to Know,'' 3 p.m., 2322 Rayburn.

Committee on Government Reform, July 9, Subcommittee on Technology and Procurement Policy, hearing on ''Helping State and Local Governments Move at New Economy Speed: Adding Flexibility to the Federal IT Grant Process,'' 10 a.m., 2154 Rayburn.

July 10, full Committee, to consider H.R. 5005, Homeland Security Act of 2002, 10 a.m., 2154 Rayburn.

July 12, Subcommittee on the District of Columbia, hearing on ''Voting Representation in Congress,'' 11 a.m., 2154 Rayburn.

July 12, Subcommittee on Energy Policy, Natural Resources and Regulatory Affairs, hearing on ''California's Electricity Market: The Case of Perot Systems.,'' 2 p.m., 2154 Rayburn.

Committee on International Relations, July 10, to mark up H.R. 5005, Homeland Security Act of 2002, 9:30 a.m., 2172 Rayburn.

July 11, Subcommittee on the Middle East and South Asia, hearing on the following bills: H.R. 1795, Middle East Peace Commitments Act of 2001; and H.R. 4693, Arafat Accountability Act, 2:15 p.m., 2172 Rayburn.

Committee on the Judiciary, July 9, Subcommittee on Commercial and Administrative Law, oversight hearing on ''Administrative Law, Adjudicatory Issues, and Privacy Ramifications of Creating a Department of Homeland Security, 11:30 a.m., 2141 Rayburn.

July 9, Subcommittee on the Constitution, hearing on H.R. 4965, Partial-Birth Abortion Ban Act of 2002, 2 p.m., 2237 Rayburn.

July 9, Subcommittee on Crime, Terrorism, and Homeland Security, oversight hearing on ''The Proposal to create a Department of Homeland Security,'' 9 a.m., 2141 Rayburn.

July 10 and 11, full Committee, to mark up the following: H.R. 3838, to amend the charter of the Veterans of Foreign Wars of the United States organization to make members of the armed forces who receive special pay for duty subject to hostile fire or imminent danger eligible for membership in the organization; H.R. 3214, to amend the charter of the AMVETS organization; H.R. 3988, to amend title 36, United States Code, to clarify the requirements for eligibility in the American Legion; H.R. 5005, Homeland Security Act of 2002; and private relief measures, 10 a.m., 2141 Rayburn.

Committee on Resources, July 9, Subcommittee on National Parks, Recreation and Public Lands, hearing on the following bills: H.R. 2099, to amend the Omnibus Parks and Public Lands Management Act of 1996 to provide adequate funding authorization for the Vancouver National Historic Reserve; H.R. 3917, to authorize a national memorial to commemorate the passengers and crew of Flight 93 who, on September 11, 2001, courageously gave their lives thereby thwarting a planned attack on our Nation's Capital; and H.R. 4874, to direct the Secretary of the Interior to disclaim any Federal interest in lands adjacent to Spirit Lake and Twin Lakes in the State of Idaho resulting from possible omission of land from an 1880 survey, 2 p.m., 1334 Longworth.

July 9, Subcommittee on Water and Power, hearing on the following bills: H.R. 4708, Fremont-Madison Conveyance Act; H.R. 4739, to amend the Reclamation Wastewater and Groundwater Study and Facilities Act to authorize the Secretary of the Interior to participate in the design, planning and construction of a project to reclaim and reuse wastewater within and outside of the service area of the City of Austin Water and Wastewater Utility, Texas; and H.R. 5039, to direct the Secretary of the Interior to convey title to certain irrigation project property in the Humboldt Project, Nevada, to the Pershing County Water Conservation District, Pershing County, Lander County and the State of Nevada, 2 p.m., 1324 Longworth.

July 10, full Committee, to continue markup of H.R. 4749, Magnuson-Stevens Act Amendments of 2002; and to mark up the following measures: H. Con. Res. 419, requesting the President to issue a proclamation in observance of the 100th Anniversary of the founding of the International Association of Fish and Wildlife Agencies; H.R. 3148, to amend the Alaska Native Claims Settlement Act to provide equitable treatment of Alaska Native Vietnam Veterans; H.R. 3476, to protect certain lands held in fee by the Pechanga Band of Luiseno Mission Indians from condemnation until a final decision is made by the Secretary of the Interior regarding a pending fee to trust application for that land; H.R. 3917, Flight 93 National Memorial Act; H.R. 4141, Red Rock Canyon National Conservation Area Protection and Enhancement Act of 2002; H.R. 4620, America's Wilderness Protection Act; H.R. 4739, to amend the Reclamation Wastewater and Groundwater Study and Facilities Act to authorize the Secretary of the Interior to participate in the design, planning, and construction of a project to reclaim and reuse wastewater within and outside of the service area of the City of Austin Water and Wastewater Utility, Texas; H.R. 4822, Upper Missouri River Breaks Boundary Clarification Act; H.R. 4840, Sound Science for Endangered Species Act Planning Act of 2002; S. 238, Burnt, Malheur, Owyhee, and Powder River Basin Water Optimization Feasibility Study Act of 2001; S. 356, Louisiana Purchase Bicentennial Commission Act; and S. 1057, Pu'uhonua O Honaunau National Historical Park Addition Act of 2001, 10 a.m., 1324 Longworth.

July 11, Subcommittee on Fisheries Conservation, Wildlife and Oceans, oversight hearing on the Developing Crisis Facing Wildlife Species due to Bushmeat Consumption, 11 a.m., 1324 Longworth.

July 11, Subcommittee on Forests and Forest Health, oversight hearing on Wildfire on the National Forest: An Update on the 2002 Wildland Fire Season, 10 a.m., 1334 Longworth.

Committee on Rules, July 9, to consider the following: H.R. 4635, Arming Pilots Against Terrorism Act; H.R. 4687, National Construction Safety Team Act; H.R. 2486, Tropical Cyclone Inland Forecasting Improvement and Warning System Development Act of 2002; and H.R. 2733, Enterprise Integration Act of 2002, 11 a.m., H–313 Capitol.

Committee on Science, July 10, hearing on the Administration's Climate Change Initiative, 1 p.m., 2318 Rayburn.

Committee on Small Business, July 11, Subcommittee on Regulatory Reform and Oversight, hearing on The Small Business Health Market: Bad Reforms Higher Prices and Fewer Choices, 10 a.m., 2360 Rayburn.

Committee on Transportation and Infrastructure, July 9, Subcommittee on Highways and Transit, hearing on Trucking Safety, 2 p.m., 2167 Rayburn.

July 11, full Committee, to consider H.R. 5005, Homeland Security Act of 2002, 11 a.m., 2167 Rayburn.

Committee on Veterans' Affairs, July 9, Subcommittee on Benefits, to mark up the following bills: H.R. 4940, the Arlington National Cemetery Burial Eligibility Act; and H.R. 5055, to authorize the placement in Arlington National Cemetery of a memorial honoring the World War II veterans who fought in the Battle of the Bulge, 1 p.m., 334 Cannon.

July 10, Subcommittee on Health, to mark up H.R. 3645, Veterans Health-Care Items Procurement Reform and Improvement Act of 2002, 2 p.m., 334 Cannon.

Committee on Ways and Means, July 10, to mark up H.R. 5005, Homeland Security Act of 2002, 10:30 a.m., 1100 Longworth.

July 11, Subcommittee on Social Security, to continue hearings on Social Security Disability Programs' Challengers and Opportunities, 10 a.m., B–318 Rayburn.

Select Committee on Homeland Security, July 11, hearing entitled ''Transforming the Federal Government to Protect America from Terrorism,'' 10 a.m., room to be announced.

Joint Meetings

Joint Committee on Printing: July 10, to hold hearings to examine federal government printing and public access to government documents, 11 a.m., SR–301.

Résumé of Congressional Activity

SECOND SESSION OF THE ONE HUNDRED SEVENTH CONGRESS

The first table gives a comprehensive résumé of all legislative business transacted by the Senate and House. The second table accounts for all nominations submitted to the Senate by the President for Senate confirmation.

DATA ON LEGISLATIVE ACTIVITY

January 23 through June 30, 2002

	Senate	*House*	*Total*
Days in session	87	71	..
Time in session	596 hrs., 42′	435 hrs., 31′	..
Congressional Record:			
Pages of proceedings	6,325	4,327	..
Extensions of Remarks	..	1,197	..
Public bills enacted into law	15	48	63
Private bills enacted into law	..	..	..
Bills in conference	7	8	..
Measures passed, total	183	278	461
Senate bills	33	16	..
House bills	53	127	..
Senate joint resolutions	1	1	..
House joint resolutions	1	3	..
Senate concurrent resolutions	19	7	..
House concurrent resolutions	11	38	..
Simple resolutions	65	86	..
Measures reported, total	146	194	340
Senate bills	76	3	..
House bills	37	130	..
Senate joint resolutions	2	..	..
House joint resolutions	..	2	..
Senate concurrent resolutions	7	..	..
House concurrent resolutions	3	8	..
Simple resolutions	21	51	..
Special reports	4	3	..
Conference reports	1	3	..
Measures pending on calendar	188	78	..
Measures introduced, total	964	1,750	2,714
Bills	821	1,451	..
Joint resolutions	9	23	..
Concurrent resolutions	34	136	..
Simple resolutions	100	140	..
Quorum calls	2	1	..
Yea-and-nay votes	166	165	..
Recorded votes	..	116	..
Bills vetoed	..	..	..
Vetoes overridden	..	..	..

DISPOSITION OF EXECUTIVE NOMINATIONS

January 23 through June 30, 2002

Civilian nominations, totaling 460 (including 166 nominations carried over from the First Session), disposed of as follows:

Confirmed	189
Unconfirmed	265
Withdrawn	6

Other civilian nominations, totaling 1,394 (including 535 nominations carried over from the First Session), disposed of as follows:

Confirmed	1,121
Unconfirmed	273

Air Force nominations, totaling 3,418 (including 4 nominations carried over from the First Session), disposed of as follows:

Confirmed	3,245
Unconfirmed	173

Army nominations, totaling 1941 (including 53 nominations carried over from the First Session), disposed of as follows:

Confirmed	1,504
Unconfirmed	437

Navy nominations, totaling 3,009, disposed of as follows:

Confirmed	772
Unconfirmed	2,237

Marine Corps nominations, totaling 3,000 (including 33 nominations carried over from the First Session), disposed of as follows:

Confirmed	2,963
Unconfirmed	37

Summary

Total nominations carried over from the First Session	791
Total nominations received this Session	12,431
Total confirmed	9,794
Total unconfirmed	3,422
Total withdrawn	6
Total returned to the White House	0

Next Meeting of the SENATE

9:30 a.m., Tuesday, July 9

Senate Chamber

Program for Tuesday: After the transaction of any morning business (not to extend beyond 10:15 a.m.), Senate will continue consideration of S. 2673, to improve quality and transparency in financial reporting and independent audits and accounting services for public companies, to create a Public Company Accounting Oversight Board, to enhance the standard setting process for accounting practices, to strengthen the independence of firms that audit public companies, to increase corporate responsibility and the usefulness of corporate financial disclosure, to protect the objectivity and independence of securities analysts, to improve Securities and Exchange Commission resources and oversight.

Next Meeting of the HOUSE OF REPRESENTATIVES

10 a.m., Tuesday, July 9

House Chamber

Program for Tuesday: Consideration of Suspensions:

(1) H.R. 4481, Airport Streamlining Approval Process Act;

(2) H.R. , Armed Services Tax Fairness Act;

(3) H.R. 5017, reciprocal agreements between the Secretary of the Interior and the Secretary of Agriculture with foreign countries for the sharing of personnel to fight wildfires;

(4) H.R. 4878, Improper Payments Reduction Act; and

(5) H.Res. 393, Concerning the rise in anti-Semitism in Europe.

Extensions of Remarks, as inserted in this issue

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