

Mr. Speaker, to pay for this huge expansion in socialized medicine.

□ 1015

PRESCRIPTION DRUG COVERAGE FOR SENIORS IN NEED

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

Mr. KINGSTON. Mr. Speaker, it is time to revise and reform Medicare. It is time to move us away from a government oriented, a Soviet model of socialism approach to health care for our senior citizens. We need a program that is light, a program that is solid, a program that is efficient, not one that is heavy with burdensome bureaucratic red tape.

We need to have a prescription drug benefit. We need to have one that does not just blanket us all with a brand new entitlement, one that does not necessarily worry about Ross Perots or some retiree from General Motors who already is getting it anyhow. But we need to help the widow out there who is choosing between tamoxifen for her breast cancer and rent for her home.

We want to help people stay independent. In 1965, when Medicare was conceived, the miracle drugs that are available to our seniors were not out there. They were not foreseen. Now we have drugs that enhance our life-style, that make us live longer and healthier and in less pain, and Medicare needs to adjust to this. That is what this bill is about that we will be voting on this week.

I am confident that we can take the best ideas of Democrat Party, the Republican Party, the Independents and move it out of this body, combine it with those in the other body and come up with a plan that is best for our seniors.

REMEMBERING ROBERT LEE STUMP

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

Mr. WILSON of South Carolina. Mr. Speaker, I rise today to pay tribute to Robert Lee Stump, former Congressman from Arizona and past chairman of the House Committee on Armed Services and Committee on Veterans' Affairs who died on Friday.

First elected to Congress as a Democrat, he became a Republican after Ronald Reagan assumed the presidency in 1981. It was truly an honor to serve as a member by me on the Committee on Armed Services under Chairman Stump's leadership. He was a man dedicated to the protection of the American people and peace in the world through a powerful military.

Bob Stump knew the only way to keep our forces strong was to take care of the soldier and his family both dur-

ing service and retirement. He served in the Navy during World War II as a combat medic on Luzon, Iwo Jima, and Okinawa.

America has lost a great man and a true patriot, one of the finest statesman Arizona has ever produced. In conclusion, God bless our troops.

SENSIBLE MEDICARE REFORMS

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

Mr. PENCE. Mr. Speaker, as Congress this week considers the largest expansion of Medicare in 35 years, we should begin with the understanding that Medicare has actually cost the American taxpayers 7½ times in real dollars what it was projected to cost. And while the needs for some prescription drug for some seniors is very, very real, it is important also to recall that 76 percent of seniors in America today have prescription drug coverage.

I would offer that our reforms this week should be about focusing solutions at the point of the need. Let us help our seniors near the poverty level with urgent and sufficient prescription drug coverage. Let us reform Medicare so it will be there for the future without placing an undue burden on our children and grandchildren. Let us otherwise do no harm to the private sector foundation of the greatest health care system in the history of the world.

For all these reasons I will oppose a universal drug benefit in Medicare. By agreeing to a prescription drug benefit for all seniors rather than just those in need, Congress threatens our Nation's fiscal stability, our own private prescription plans, and the survival of our free market health care system.

One more massive Federal entitlement is, simply put, a prescription for disaster.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. PETRI). 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 yeas or nays are ordered, or on which the voted is objected to under clause 6 of rule XX.

Record votes on postponed questions will be taken later today.

SMALL BUSINESS ADVOCACY IMPROVEMENT ACT OF 2003

Mr. MANZULLO. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1772) to improve small business advocacy, and for other purposes, as amended.

The Clerk read as follows:

H. R. 1772

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 "Small Business Advocacy Improvement Act of 2003".

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress finds the following:

(1) Excessive regulations continue to burden the Nation's small businesses.

(2) Federal agencies continue to impose disproportionate burdens on small businesses.

(3) An independent office of small business advocacy will help to ensure that Federal agencies are responsive to small businesses and that those agencies comply with their statutory obligations with respect to small businesses.

(4) The independence of an office that acts as an advocate for small businesses is essential to ensure that it can serve as an effective advocate without being restricted by the views or policies of the Small Business Administration or any other Federal executive branch agency.

(5) To be effective an office that acts as an advocate for small businesses needs sufficient resources to conduct credible economic studies and research which are necessary for the maintenance of small business databases and for the accurate assessment of the impact of regulations on small businesses, the role of small business in the Nation's economy, and the barriers to the growth of small businesses.

(6) The research, information, and expertise provided by an independent office of small business advocacy will be a valuable source of information and advice for Congress and Federal agencies with which the office will work on behalf of small businesses.

(b) PURPOSES.—The purposes of this Act are—

(1) to ensure that there exists an entity that has the statutory independence and adequate financial resources to effectively advocate for and on behalf of small business;

(2) to require that such an entity report to the Chairmen and Ranking Members of the Committee on Small Business of the House of Representatives and the Committee on Small Business and Entrepreneurship of the Senate, and to the Administrator of the Small Business Administration in order to keep them fully and currently informed about issues and regulations affecting small business concerns and the necessity for corrective action by the regulatory agency or Congress;

(3) to provide a separate authorization for appropriations for such an entity; and

(4) to strengthen the role of the Small Business and Agriculture Regulatory Enforcement Ombudsman by ensuring continued cooperation between the Ombudsman and the Office of Advocacy of the Small Business Administration.

SEC. 3. APPOINTMENT OF CHIEF COUNSEL OF ADVOCACY.

(a) IN GENERAL.—Section 201 of Public Law 94-305 (15 U.S.C. 634a) is amended—

(1) by inserting "(a)" before "There is established";

(2) by striking the second sentence; and

(3) by adding at the end the following:

"(b) The management of the Office shall be vested in a Chief Counsel for Advocacy who shall be appointed from civilian life by the President, by and with the advice and consent of the Senate, and who should be appointed without regard to political affiliation and on the basis of fitness to perform the duties of the office.

"(c) No individual may be appointed under subsection (b) if such individual has served as an officer or employee of the Small Business Administration during the 5-year period

preceding the date of such individual's appointment.

"(d) An individual serving as Chief Counsel on the date of the expiration of any term of the President may not continue to serve as Chief Counsel for more than 1 year after such date unless such individual is reappointed after such date by the President, by and with the advice and consent of the Senate. The preceding sentence shall not apply in the case of the expiration of a term of an individual holding the office of President if such individual is elected to the office of President for a term successive to such term."

(b) INCUMBENT CHIEF COUNSEL FOR ADVOCACY.—The individual serving as the Chief Counsel for Advocacy of the Small Business Administration on the date of the enactment of this Act shall continue to serve in that position after such date in accordance with section 201 of Public Law 94-305 (15 U.S.C. 634a), as amended by this section.

SEC. 4. PRIMARY FUNCTIONS OF OFFICE OF ADVOCACY.

Section 202 of Public Law 94-305 (15 U.S.C. 634b) is amended—

(1) in paragraph (6) by striking "to minority enterprises" and inserting "to small business concerns owned and controlled by socially and economically disadvantaged individuals, to small business concerns owned and controlled by women, and to small business concerns owned and controlled by veterans";

(2) in paragraph (7) by striking "minority enterprises" and inserting "small business concerns owned and controlled by socially and economically disadvantaged individuals, small business concerns owned and controlled by women, and small business concerns owned and controlled by veterans";

(3) in paragraph (8) by striking "minority and other small business enterprises" and inserting "small business concerns owned and controlled by socially and economically disadvantaged individuals, small business concerns owned and controlled by women, small business concerns owned and controlled by veterans, and other small businesses";

(4) in paragraph (9) by striking "complete" and inserting "competent";

(5) by striking paragraph (11);

(6) by redesignating paragraph (12) as paragraph (11);

(7) in paragraph (11) (as so redesignated)—
(A) by striking "serviced-disabled" and inserting "service-disabled"; and

(B) by striking the period at the end and inserting "; and"; and

(8) by adding at the end the following:

"(12) make such recommendations and submit such reports as the Chief Counsel determines appropriate to the President, to the Chairmen and Ranking Members of the Committee on Small Business of the House of Representatives and the Committee on Small Business and Entrepreneurship of the Senate, and to the Administrator of the Small Business Administration, with respect to issues and regulations affecting small businesses and the necessity for corrective action by any Federal agency or by Congress."

SEC. 5. ADDITIONAL FUNCTIONS.

(a) IN GENERAL.—Section 203 of Public Law 94-305 (15 U.S.C. 634c) is amended—

(1) by inserting "(a)" before "The Office of Advocacy shall also perform"; and

(2) in subsection (a) (as so designated)—

(A) in paragraph (4) by striking "and" at the end;

(B) in paragraph (5) by striking the period at the end and inserting a semicolon; and

(C) by adding at the end the following:

"(6) maintain economic databases and make the information contained therein available to the Administrator of the Small Business Administration and to Congress;

"(7) carry out the responsibilities of the Chief Counsel under chapter 6 of title 5, United States Code; and

"(8) maintain a memorandum of understanding with the Small Business and Agriculture Regulatory Enforcement Ombudsman regarding methods and procedures for cooperation between the Ombudsman and the Office of Advocacy and transmit a copy of such memorandum to the Committee on Small Business of the House of Representatives and the Committee on Small Business and Entrepreneurship of the Senate."

(b) APPROPRIATION REQUEST.—Section 203 of Public Law 94-305 (15 U.S.C. 634c) is further amended by adding at the end the following:

"(b)(1) For each fiscal year, the Chief Counsel shall transmit the Office of Advocacy's appropriation estimate and request to the Office of Management and Budget, the Committee on Small Business of the House of Representatives, the Committee on Small Business and Entrepreneurship of the Senate, and the Committees on Appropriations of the House of Representatives and the Senate.

"(2) Each budget of the United States Government submitted by the President shall include a separate statement of the amount of appropriations requested for the Office of Advocacy.

"(3) Each such budget shall also include a statement indicating whether the proportion of the funds requested for the Office of Advocacy when compared to the funds requested for the Small Business Administration has increased, decreased, or stayed the same relative to the proportion of the amount appropriated for the Office of Advocacy for the previous fiscal year when compared to the amount appropriated for the Small Business Administration for the previous fiscal year."

SEC. 6. PRINCIPAL DEPUTY CHIEF COUNSEL AND REGIONAL ADVOCATES.

Section 204 of Public Law 94-305 (15 U.S.C. 634d) is amended—

(1) by inserting "(a)" before "In carrying out"; and

(2) by adding at the end the following:

"(b)(1) The Chief Counsel may appoint 1 individual to serve as Principal Deputy Chief Counsel.

"(2) The Principal Deputy Chief Counsel shall be paid at an annual rate not less than the minimum rate, nor more than the maximum rate, for the Senior Executive Service under chapter 53 of title 5, United States Code.

"(3) An individual appointed to a position under this subsection shall not be counted toward the limitation contained in subsection (a)(1) regarding the number of individuals who may be compensated at a rate in excess of the lowest rate for GS-15 of the General Schedule.

"(c) The Chief Counsel may appoint regional advocates within each Standard Federal Region as appropriate. Such regional advocates shall—

"(1) assist in examining the role of small business in the economy of the United States by identifying academic and other research institutions that focus on small business concerns and linking these research resources to research activities conducted by the Office of Advocacy;

"(2) assist in representing the views and interests of small business concerns before Federal agencies whose policies and activities may affect small business;

"(3) assist the functioning of regional small business fairness boards in coordination with the Small Business and Agriculture Regulatory Enforcement Ombudsman;

"(4) assist in enlisting the cooperation and assistance of public and private agencies,

businesses, and other organizations in disseminating information about the programs and services provided by the Federal Government that are of benefit to small business concerns and the means by which small business concerns can participate in or make use of such programs and services; and

"(5) carry out such duties pursuant to the mission of the Office of Advocacy as the Chief Counsel may assign."

SEC. 7. OVERHEAD AND ADMINISTRATIVE SUPPORT.

Section 205 of Public Law 94-305 (15 U.S.C. 634e) is amended by inserting before "Each department" the following:

"(a) The Administrator of the Small Business Administration shall provide the Office of Advocacy with appropriate and adequate office space at central and field office locations of the Administration, together with such equipment, office supplies, communications facilities, and personnel and maintenance services as may be necessary for the operation of such offices.

"(b)".

SEC. 8. REPORTS.

Section 206 of Public Law 94-305 (15 U.S.C. 634f) is amended by striking "The Chief Counsel may" and all that follows through "on his activities." and inserting the following:

"(a) Not less than annually, the Chief Counsel shall submit to the President, the Committee on Small Business of the House of Representatives, the Committee on Small Business and Entrepreneurship of the Senate, the Committee on Government Affairs of the Senate, the Committee on Government Reform of the House of Representatives, and the Committees on the Judiciary of the Senate and the House of Representatives, and the Administrator of the Small Business Administration a report on agency compliance with chapter 6 of title 5, United States Code.

"(b) In addition to the reports required by this title, the Chief Counsel may prepare and publish such other reports as the Chief Counsel determines appropriate.

"(c)".

SEC. 9. AUTHORIZATION OF APPROPRIATIONS.

Section 207 of Public Law 94-305 (15 U.S.C. 634g) is amended by striking "not to exceed \$1,000,000" and inserting "\$10,000,000 for fiscal years 2003 and 2004, \$12,000,000 for fiscal year 2005, and \$14,000,000 for fiscal year 2006".

SEC. 10. CONFORMING AMENDMENTS.

(a) RURAL TOURISM TRAINING PROGRAM.—Section 311 of the Small Business Administration Reauthorization and Amendments Act of 1990 (15 U.S.C. 653 note; 104 Stat. 2832) is amended by striking "Chief Counsel for Advocacy" and inserting "Administrator".

(b) SMALL BUSINESS AND AGRICULTURE REGULATORY ENFORCEMENT OMBUDSMAN.—Section 30(b)(2) of the Small Business Act (15 U.S.C. 657(b)(2)) is amended—

(1) in subparagraph (D), by striking "and" at the end;

(2) in subparagraph (E), by striking the period and inserting "; and"; and

(3) by adding at the end the following:

"(F) maintain a memorandum of understanding with the Office of Advocacy regarding methods and procedures for cooperation between the Ombudsman and the Office of Advocacy."

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

The Chair recognizes the gentleman from Illinois (Mr. MANZULLO).

GENERAL LEAVE

Mr. MANZULLO. 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. 1772.

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

There was no objection.

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

Mr. Speaker, the Office of Advocacy of the Small Business Administration is unique within the executive branch. The main role of the Chief Counsel for Advocacy is to ensure that proposed regulations and policies do not unduly burden small businesses even if it means opposing part of the President's agenda. In the past, this independence has been put to the test.

The purpose of this legislation is to protect the Office of Advocacy from threats of funding cuts in order to enhance its independence. H.R. 1772 is nearly identical to legislation this House passed unanimously on May 21, 2002. In fact, H.R. 1772 is essentially a conference report agreed to with the other body last year, but unfortunately there was not enough time on the Senate floor to get this passed. The only differences between H.R. 1772 and the advocacy bill from last year is that there would be only one instead of two principal deputies at the Office of Advocacy and the rank of Chief Counsel is not elevated one level. However, the heart of this bill creating a separate budgetary line item for the Office of Advocacy is the same as last year.

To ensure that there are no games played with the Chief Counsel's budget, Congress will also get a sneak peek at the initial budget request he submits to the Office of Management and Budget before it becomes part of the President's official budget request. A separate budgetary line item is the top legislative priority for Tom Sullivan, the current Chief Counsel for the Office of Advocacy, and I am pleased to assist him in strengthening this office in moving this legislation.

I want to commend two of our subcommittee chairmen, the gentleman from Missouri (Mr. AKIN) and the gentleman from Virginia (Mr. SCHROCK) for championing this legislation on focus and other important priorities.

H.R. 1772 is one part of the overall solution to help reinvigorate our struggling small manufacturers battle unsound government regulations.

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

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

Mr. Speaker, the Office of Advocacy serves a critical role to our Nation's entrepreneurs. It is a lone voice in the executive branch making sure that our Federal agencies take a step back and consider the needs of small businesses.

By raising awareness, Advocacy ensures that our Federal government ac-

complishes its intended goals without unfairly burdening small businesses. Too often the needs of small businesses are forgotten in Washington and the demands of corporate America come first.

Small businesses simply do not have the resources to keep up with the complex and burdensome Federal policies that take a one-size-fits-all approach. The need for a voice for small businesses in the Federal Government is why Congress created the Office of Advocacy. Congress made sure that Advocacy could produce reports and submit views without review by OMB, the only entity within the administration that can do this.

This allows the Chief Counsel to review legislation and regulations and truly call them as he sees them. However, too often the important work of Advocacy is compromised. The unique role of Advocacy has made it a target of entities such as the Small Business Administration and the Office of Management and Budget. Over the years the Chief Counsel has had to weather the stormy relationship with these two entities as they have attempted to limit the voice of Advocacy through budget shortfalls and other measures.

Mr. Speaker, for Advocacy to be effective, it must be truly independent to carry out its duties. The Chief Counsel must be able to critique an administration's agencies without concerns that the one holding the purse can silence them.

I wish to commend the gentleman from Missouri (Mr. AKIN) and the gentleman from Virginia (Mr. SCHROCK) for their efforts in taking this difficult issue on. It is an arduous task to balance the right combination of fiscal autonomy and flexibility necessary for Advocacy to do its job effectively.

H.R. 1774 gives Advocacy a separate line item so that it is no longer subject to a SBA Administrator who designates the Chief Counsel's fund as his personal slush fund. While this is a noble attempt to address the challenges facing Advocacy, H.R. 1774 falls short. While creating a line item may limit some of the Small Business Administrator's ability to control funding, the bill creates new problems and might actually increase the ways that SBA and OMB can influence the Office of Advocacy. The proposal is going to increase the scrutiny and profile of Advocacy but offers no protections from these problems.

Under H.R. 1774, an SBA Administrator will continue to have tools to exert pressure on a Chief Counsel. Because Advocacy will remain housed in the Small Business Administration and will rely on the resources of the Administrator, SBA will have control over the operations of the Chief Counsel. Nothing in this legislation prevents the SBA from charging for such services or prevents it from offering subpar services.

This legislation also exposes Advocacy to a greater threat from OMB. In

the budget process, there will be no barriers for OMB to cut funding to a Chief Counsel that is viewed as being overly critical. Under H.R. 1772, Advocacy's budget will stand on its own, thus simplifying OMB's ability to underfund its budget.

One cannot underestimate the incentives of the Office of Management and Budget to limit the voice of Advocacy. I ask, how can Advocacy be independent if one day the Chief Counsel is criticizing a President's prescription drug plan, for example, and the next day he has to request funding from the body charged with carrying out the President's agenda?

An unintended consequence of this legislation is also the negative impact that Advocacy could have on other Small Business programs. If Congress is looking to restore dollars to an underfunded Advocacy, its first target for offsets could be critical SBA programs. We must make sure that the Chief Counsel will have a fully staffed office and know that such funding is not coming at the expense of other Small Business Administration programs.

H.R. 1772 should be viewed as a starting point. As this proposal works its way through the legislative process, proper safeguards must be in place if we are to approve the final version. H.R. 1772 in its current form does not address all of the issues surrounding the independence problem. In some ways, it exposes the Chief Counsel to even greater influence. However, because of the importance of an independent Advocacy we must get this legislation moving.

I wish to thank the gentleman from Missouri (Mr. AKIN) for getting this process going and look forward to working with him and our other colleagues to make sure that we can create a more independent Office of Advocacy. As an engine behind this Nation's economy, our small businesses deserve it.

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

Mr. MANZULLO. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Missouri (Mr. AKIN), the chairman of the Subcommittee on Workforce, Empowerment and Government Programs.

Mr. AKIN. Mr. Speaker, I thank the gentleman from Illinois (Mr. MANZULLO) for allowing me to take up the Advocacy improvement bill, H.R. 1772. I would also like to thank my friend, the gentleman from Virginia (Mr. SCHROCK), for working with me on this important piece of legislation.

The Office of Advocacy is essential to the elimination of federally imposed regulations that just do not make sense. It is a government entity that exemplifies public service at its best and it is devoted to ensuring that small businesses are not encumbered by regulatory burdens that cost time and money and energy but achieve little, if anything.

The Office of Advocacy sometimes faces opposition from Federal regulatory entities that dislike having their regulations modified or questioned, and yet the office has been tireless and a key voice for small businessmen and women confronting these large agencies to prevent them from imposing unnecessary rules and regulations on small businesses and family owned companies.

The legislation before us today will give more power to the SBA's Office of Advocacy to do its vital work. H.R. 1772 will, among other things, give the Office of Advocacy its own source of funding through a line item in the Federal budget, thus giving the office a more permanent and autonomous role that makes it less susceptible to budgetary bullying from some of the folks in the executive branch that might have been offended.

Many colleagues of mine from both sides of the aisle frequently hear praises from constituents on the exemplary job of the Office of Advocacy. H.R. 1772 will ensure that that office is empowered and protected and given the tools that it needs to continue doing such a commendable job. As we strengthen the Office of Advocacy, the small business owners and entrepreneurs throughout the country will be better served. The real concerns of small business owners will be heard more clearly and addressed more readily as soon as this bill is signed into law.

Mr. Speaker, I thank the chairman for his leadership on this important issue.

Mrs. CHRISTENSEN. Mr. Speaker, I have no speaker at this time. I reserve the balance of my time.

□ 1030

Mr. MANZULLO. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Virginia (Mr. SCHROCK), the chairman of the Subcommittee on Regulatory Reform and Oversight.

Mr. SCHROCK. Mr. Speaker, I thank the gentleman from Illinois for yielding me the time.

Mr. Speaker, I rise in strong support of H.R. 1772, the Small Business Advisory Improvement Act.

The gentleman from Missouri (Mr. AKIN) and I cosponsored this legislation to strengthen an important office that supports our Nation's small businesses.

I want to start by reading a few statistics: \$843 billion, that is a B, that is the annual cost of regulations to Americans; \$6,975, that is the average cost per employee of regulations to small businesses; 8.2 billion hours, billion with a B, this is the annual time taken away from family and productive work to comply with Federal paperwork requirements.

I hope that everyone recognizes what a great drain on the creative resources of our entrepreneurs this burden has become. All that money and all those hours are spent on doing things that have nothing to do with creating jobs

or making a better life for that citizen and his or her family. What a great waste of our natural resources.

I want to share with my colleagues another statistic: \$21 billion, that is with a B, \$21 billion, that is the amount of money the SBA's Office of Advocacy helped save the small businesses of this Nation last year. We should do all we can to support an office that acts as independent advocate for small business within the Federal Government, especially when this office also saves taxpayers time and money.

This savings is created by the good men and women of SBA's Office of Advocacy who work tirelessly to monitor the regulators in the other agencies of the Federal Government. They inject sensitivity to the needs and concerns of small business in every rule-making that will impact them, and they train their regulators in how to better comply with laws that Congress has put on the books, like the Regulatory Flexibility Act and the Small Business Regulatory Enforcement Fairness Act.

I know that without the Office of Advocacy and their good work, small businesses would be filling out more forms that have nothing to do with their business, paying more to comply with Federal regulations and requirements, and spending less times with their families.

I have only been the chairman of the Subcommittee on Regulatory Reform and Oversight for a short time, but in that short time I have heard from a great many small business industries. They all believe that the Office of Advocacy is doing a tremendous job in helping to save small businesses money and save them from unnecessary regulatory burdens.

From the home builders to the florists, from microbusinesses to small manufacturers, they all seem to agree that the Office of Advocacy is a necessary safeguard for small businesses; and they strongly support making the office more independent.

Unfortunately, there have been times in the Office of Advocacy's history when its independence was threatened. Since its views are completely independent of the administration which it serves, it is often at odds with that administration. One example would be the previous administration's ergonomic rules, rules that would have caused small businesses endless amounts of money. That rule-making put the Office of Advocacy squarely in opposition to a rule that was being proposed by another agency and one that the residents of the last White House supported.

It is for circumstances like that that the office must have some degree of budgetary independence from the Small Business Administration to be able to remain independent.

Additional concepts in the bill like continued cooperation with the Office of National Ombudsman and greater oversight of agency compliance with

regulatory flexibility statutes are more reasons to support H.R. 1772.

Mr. Speaker, I urge my colleagues to protect the private sector of our economy from unnecessary governmental burdens by passing this bill.

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

No one disputes the accomplishments and the importance of the Office of Advocacy. Just as the role of small business is more critical during an economic downturn, so is the need for an independent Office of Advocacy. To achieve the goal of independence, it needs a delicate balancing act.

As a voice of small business, the chief counsel is often in a difficult situation because his office is a part of the same Federal Government it has been charged with monitoring, and many of these bodies within the Federal Government have incentives to limit the chief counsel's effectiveness.

In our efforts to increase independence, we need to make sure that an SBA administrator can no longer meddle in the affairs of the Office of Advocacy. The chief counsel should be able to perform his or her role without having to look over their shoulder.

Legislation must strengthen the ability of advocates to speak out against all agencies, including the Office of Management and Budget. OMB must not be able to hold funding over the head of the chief counsel as a threat to fall in line with an administration.

Finally, in our efforts to solve this problem, we must not create new ones. We do not want a situation where we are robbing Peter to pay Paul. Advocacy funding must not come at the expense of Small Business Administration programs designed to help our Nation's small businesses. To do so would be a step backward for this Nation's small business.

I am confident that because of the bipartisan nature of this debate it will allow us to fashion a solution that gives advocacy the necessary freedom to operate. Today we have started that process, and I look forward to working with our colleagues to increase the voice of small business.

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

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

This is a good bill. It advances the cause of an independent Office of Advocacy. It enhances the budget. It makes the administration, whether Republican or Democratic, more responsive to the person who occupies the Office of Advocacy; and I would urge my colleagues for a "yes" vote.

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

The SPEAKER pro tempore (Mr. PETRI). The question is on the motion offered by the gentleman from Illinois (Mr. MANZULLO) that the House suspend the rules and pass the bill, H.R. 1772, as amended.

The question was taken; and (two-thirds having voted in favor thereof)

the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

PREMIER CERTIFIED LENDERS PROGRAM IMPROVEMENT ACT OF 2003

Mr. MANZULLO. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 923) to amend the Small Business Investment Act of 1958 to allow certain premier certified lenders to elect to maintain an alternative loss reserve, as amended.

The Clerk read as follows:

H.R. 923

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 "Premier Certified Lenders Program Improvement Act of 2003".

SEC. 2. LOSS RESERVES OF PREMIER CERTIFIED LENDERS TEMPORARILY DETERMINED ON THE BASIS OF OUTSTANDING BALANCE OF DEBENTURES.

Paragraph (6) of section 508(c) of the Small Business Investment Act of 1958 (15 U.S.C. 697e(c)) is amended—

(1) by striking "The Administration" and inserting the following:

"(A) IN GENERAL.—The Administration"; and

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

"(B) TEMPORARY REDUCTION BASED ON OUTSTANDING BALANCE.—Notwithstanding subparagraph (A), during the 2-year period beginning on the date that is 90 days after the date of the enactment of this subparagraph, the Administration shall allow the certified development company to withdraw from the loss reserve such amounts as are in excess of 1 percent of the aggregate outstanding balances of debentures to which such loss reserve relates. The preceding sentence shall not apply with respect to any debenture before 100 percent of the contribution described in paragraph (4) with respect to such debenture has been made."

SEC. 3. ALTERNATIVE LOSS RESERVE PILOT PROGRAM FOR CERTAIN PREMIER CERTIFIED LENDERS.

(a) IN GENERAL.—Subsection (c) of section 508 of the Small Business Investment Act of 1958 (15 U.S.C. 697e) is amended by adding at the end the following new paragraphs:

"(7) ALTERNATIVE LOSS RESERVE.—

"(A) ELECTION.—With respect to any eligible calendar quarter, any qualified high loss reserve PCL may elect to have the requirements of this paragraph apply in lieu of the requirements of paragraphs (2) and (4) for such quarter.

"(B) CONTRIBUTIONS.—

"(i) ORDINARY RULES INAPPLICABLE.—Except as provided under clause (ii) and paragraph (5), a qualified high loss reserve PCL that makes the election described in subparagraph (A) with respect to a calendar quarter shall not be required to make contributions to its loss reserve during such quarter.

"(ii) BASED ON LOSS.—A qualified high loss reserve PCL that makes the election described in subparagraph (A) with respect to any calendar quarter shall, before the last day of such quarter, make such contributions to its loss reserve as are necessary to ensure that the amount of the loss reserve of the PCL is—

"(I) not less than \$100,000; and

"(II) sufficient, as determined by a qualified independent auditor, for the PCL to meet its obligations to protect the Federal Government from risk of loss.

"(iii) CERTIFICATION.—Before the end of any calendar quarter for which an election is in effect under subparagraph (A), the head of the PCL shall submit to the Administrator a certification that the loss reserve of the PCL is sufficient to meet such PCL's obligation to protect the Federal Government from risk of loss. Such certification shall be in such form and submitted in such manner as the Administrator may require and shall be signed by the head of such PCL and the auditor making the determination under clause (ii)(I).

"(C) DISBURSEMENTS.—

"(i) ORDINARY RULE INAPPLICABLE.—Paragraph (6) shall not apply with respect to any qualified high loss reserve PCL for any calendar quarter for which an election is in effect under subparagraph (A).

"(ii) EXCESS FUNDS.—At the end of each calendar quarter for which an election is in effect under subparagraph (A), the Administration shall allow the qualified high loss reserve PCL to withdraw from its loss reserve the excess of—

"(I) the amount of the loss reserve, over

"(II) the greater of \$100,000 or the amount which is determined under subparagraph (B)(ii) to be sufficient to meet the PCL's obligation to protect the Federal Government from risk of loss.

"(D) RECONTRIBUTION.—If the requirements of this paragraph apply to a qualified high loss reserve PCL for any calendar quarter and cease to apply to such PCL for any subsequent calendar quarter, such PCL shall make a contribution to its loss reserve in such amount as the Administrator may determine provided that such amount does not exceed the amount which would result in the total amount in the loss reserve being equal to the amount which would have been in such loss reserve had this paragraph never applied to such PCL. The Administrator may require that such payment be made as a single payment or as a series of payments.

"(E) RISK MANAGEMENT.—If a qualified high loss reserve PCL fails to meet the requirement of subparagraph (F)(ii) during any period for which an election is in effect under subparagraph (A) and such failure continues for 180 days, the requirements of paragraphs (2), (4), and (6) shall apply to such PCL as of the end of such 180-day period and such PCL shall make the contribution to its loss reserve described in subparagraph (D). The Administrator may waive the requirements of this subparagraph.

"(F) QUALIFIED HIGH LOSS RESERVE PCL.—The term 'qualified high loss reserve PCL' means, with respect to any calendar year, any premier certified lender designated by the Administrator as a qualified high loss reserve PCL for such year. The Administrator shall not designate a company under the preceding sentence unless the Administrator determines that—

"(i) the amount of the loss reserve of the company is not less than \$100,000;

"(ii) the company has established and is utilizing an appropriate and effective process for analyzing the risk of loss associated with its portfolio of PCLP loans and for grading each PCLP loan made by the company on the basis of the risk of loss associated with such loan; and

"(iii) the company meets or exceeds 4 or more of the specified risk management benchmarks as of the most recent assessment by the Administration or the Administration has issued a waiver with respect to the requirement of this clause.

"(G) SPECIFIED RISK MANAGEMENT BENCHMARKS.—For purposes of this paragraph, the term 'specified risk management benchmarks' means the following rates, as determined by the Administrator:

"(i) Currency rate.

"(ii) Delinquency rate.

"(iii) Default rate.

"(iv) Liquidation rate.

"(v) Loss rate.

"(H) QUALIFIED INDEPENDENT AUDITOR.—For purpose of this paragraph, the term 'qualified independent auditor' means any auditor who—

"(i) is compensated by the qualified high loss reserve PCL;

"(ii) is independent of such PCL; and

"(iii) has been approved by the Administrator during the preceding year.

"(I) PCLP LOAN.—For purposes of this paragraph, the term 'PCLP loan' means any loan guaranteed under this section.

"(J) ELIGIBLE CALENDAR QUARTER.—For purposes of this paragraph, the term 'eligible calendar quarter' means—

"(i) the first calendar quarter that begins after the end of the 90-day period beginning with the date of the enactment of this paragraph; and

"(ii) the 7 succeeding calendar quarters.

"(K) CALENDAR QUARTER.—For purposes of this paragraph, the term 'calendar quarter' means—

"(i) the period which begins on January 1 and ends on March 31 of each year;

"(ii) the period which begins on April 1 and ends on June 30 of each year;

"(iii) the period which begins on July 1 and ends on September 30 of each year; and

"(iv) the period which begins on October 1 and ends on December 31 of each year.

"(L) REGULATIONS.—Not later than 45 days after the date of the enactment of this paragraph, the Administrator shall publish in the Federal Register and transmit to the Congress regulations to carry out this paragraph. Such regulations shall include provisions relating to—

"(i) the approval of auditors under subparagraph (H); and

"(ii) the designation of qualified high loss reserve PCLs under subparagraph (F), including the determination of whether a process for analyzing risk of loss is appropriate and effective for purposes of subparagraph (F)(ii).

"(8) BUREAU OF PCLP OVERSIGHT.—

"(A) ESTABLISHMENT.—There is hereby established in the Small Business Administration a bureau to be known as the Bureau of PCLP Oversight.

"(B) PURPOSE.—The Bureau of PCLP Oversight shall carry out such functions of the Administration under this subsection as the Administrator may designate.

"(C) DEADLINE.—Not later than 90 days after the date of the enactment of this Act—

"(i) the Administrator shall ensure that the Bureau of PCLP Oversight is prepared to carry out any functions designated under subparagraph (B), and

"(ii) the Office of the Inspector General of the Administration shall report to the Congress on the preparedness of the Bureau of PCLP Oversight to carry out such functions."

(b) INCREASED REIMBURSEMENT FOR LOSSES RELATED TO DEBENTURES ISSUED DURING ELECTION PERIOD.—Subparagraph (C) of section 508(b)(2) of the Small Business Investment Act of 1958 (15 U.S.C. 697e(b)(2)) is amended by inserting "(15 percent in the case of any such loss attributable to a debenture issued by the company during any period for which an election is in effect under subsection (c)(7) for such company)" before "; and".

(c) CONFORMING AMENDMENTS.—

(1) Subparagraph (D) of section 508(b)(2) of the Small Business Investment Act of 1958 (15 U.S.C. 697e(b)(2)) is amended by striking "subsection (c)(2)" and inserting "subsection (c)".

(2) Paragraph (5) of section 508(c) of the Small Business Investment Act of 1958 (15 U.S.C. 697e(c)) is amended by striking "10 percent".

(d) STUDY AND REPORT.—

(1) IN GENERAL.—The Administrator shall enter into a contract with a Federal agency experienced in community development lending and financial regulation or with a member of the Federal Financial Institutions Examinations Council to study and prepare a report regarding—

(A) the extent to which statutory requirements have caused overcapitalization in the loss reserves maintained by certified development companies participating in the Premier Certified