

Armed Services Committee has graciously agreed with us and authorized this amount in the Defense Authorization Act—and I thank the Committee, and particularly Senator WARNER, for their assistance.

In the upcoming Defense Appropriations bill, Senator STEVENS has been particularly understanding of the Air Force's need of the Extended Range Cruise Missile and has worked with me to provide appropriations for this program. I want to offer him a personal thanks for his support of this vital program. I truly appreciate his efforts.

However, I have been informed that in order to start the process and see these important weapons are in the hands of our troops, additional funds will be needed. In order to rectify this problem, I plan on offering an amendment to increase the available funds for the Extended Range Cruise Missile program by \$23 million so that work can begin on the new cruise missile. This will bring the total amount to \$43 million, which is half of the authorized amount and enough to start development on this important missile.

Mr. President, again I want to thank Senator WARNER and Senator STEVENS for their continued and tireless service to our nation's defense.

#### UNANIMOUS-CONSENT AGREEMENT

Mr. LOTT. Mr. President, I ask unanimous consent the Senate now turn to H.R. 4576, the House DOD appropriations bill.

The PRESIDING OFFICER. Is there objection?

Mr. DODD. Will the majority yield? Is there a pending amendment on the DOD authorization bill?

The PRESIDING OFFICER. There is a pending amendment offered by Senator SMITH.

Mr. LOTT. That is the first-degree amendment that was amended with the second-degree amendment. But then I believe after that would be the Dodd amendment.

Mr. DODD. I wish it were a Dodd amendment. I was curious about Senator WARNER's amendment. That is what I was curious about.

Mr. WARNER. Mr. President, I thank the Senator. We have that Warner-Dodd amendment on the Cuban commission at the desk. Had we remained on this bill, it would be my intention to ask that it be the pending issue. That is now moot.

The PRESIDING OFFICER. Is there objection to the unanimous consent request?

Mr. DASCHLE. Mr. President, reserving the right to object, I ask unanimous consent that we amend it to allow the Warner amendment to be the next amendment to be considered following the Smith amendment.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Is there objection to the underlying request?

Without objection, it is so ordered.

Mr. LOTT. I yield the floor, Mr. President.

#### DEPARTMENT OF DEFENSE APPROPRIATIONS ACT, 2001

The PRESIDING OFFICER. The clerk will report the bill by title.

The assistant legislative clerk read as follows:

A bill (H.R. 4576) making appropriations for the Department of Defense for the fiscal year ending September 30, 2001, and for other purposes.

There being no objection, the Senate proceeded to consider the bill.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. STEVENS. Mr. President, for the information of Members, we will have opening statements, and then we will have an amendment offered by the Senator from Iowa, Mr. GRASSLEY.

On behalf of the leader, I make this statement. We are now on the DOD appropriations bill. After our opening statements, Senator GRASSLEY is prepared to talk about his accounting amendment. We expect to have a vote at 9:30 on that amendment tomorrow morning. There will no more votes for the remainder of the day.

Mr. President, I am pleased to join my great friend, Senator INOUE, in presenting the Defense appropriations bill to the Senate. This bill is for the fiscal year 2001. It represents the twelfth bill we have jointly brought before the Senate: Six were presented by my friend from Hawaii during the period of time when he was the chairman of the subcommittee, and now this is the sixth bill presented by me during the second opportunity I have had to chair this subcommittee.

First and foremost, the bill reported by our committee, in our opinion, meets all personnel, readiness, training, and quality-of-life priorities for the armed services.

We have fully funded the pay raise and new authorized recruiting and retention benefits. All estimated costs of contingency operations for 2001 in Kosovo, Bosnia, and southwest Asia are included in our recommendation. There should not be an emergency supplemental for known contingency operations in the year 2001 for the Department of Defense.

The bill before the Senate sustains and augments the efforts to accelerate modernization of our Armed Forces.

Significantly, the recommendation provides an additional \$250 million for the Army's transformation initiative.

I join my friend from Hawaii in commending General Shinseki for his foresight and leadership in moving the Army forward into a more deployable global force. These funds should accel-

erate the fielding of the initial transformation brigades in 2001.

Our committee, consistent with the Defense authorization bill as presented to the Senate, adds funds for several missile defense programs. Mr. President, \$139 million is added for the national missile defense research and development, \$92.4 million for the airborne laser, and \$60 million for the Navy theaterwide missile defense efforts.

This is the crossroads year for missile defense. These funds are consistent with the recommendations and priorities of General Kadish, who manages this program, for the fiscal year 2001.

A new initiative recommended in this bill is to transfer funding for the C-17 program to a new national defense airlift fund.

Several years ago, funding for sealift acquisition was transferred to a central account. Airlift is a key strategic capability. The need for that is shared by all military services. Funding for airlift should not be borne solely by the Air Force, just as funding for sealift is not now borne by the Navy.

Full funding is provided in this new account for 12 C-17 aircraft requested for 2001, and the advance procurement and interim contract logistics support submitted in the budget.

The bill presented by the subcommittee includes report language that directs the Department to proceed with the current acquisition strategy to select a single design based upon the flight test program.

The Joint Strike Fighter might be the single most important defense program this committee will consider in the next 10 years. We must get this one right. Industrial base concerns should only be addressed after we are sure we have selected the best aircraft at the best cost for the mission and not before we even select the winner of the competition.

When the committee met to report the bill, several Members raised with me the subcommittee's recommendation to defer full funding on the two LPD-17 class vessels requested in the budget.

The bill before us includes \$200 million in advance appropriations for the two ships originally planned for fiscal year 2001. Also, it includes \$285 million to pay for cost overruns incurred on the first four ships.

I want to restate, as I have in both Maine and Louisiana in the past week, my personal commitment to the LPD-17 program. The focus of the adjustment we recommend is to get the program back on track with a stable design and address prior year problems. The funds provided are intended to assure that there will be no interruption in the work at the two shipyards and no additional delay in construction or delivery of the ships.

At the markup, language was added by Senator COCHRAN and Senator

SNOWE to permit the Navy to sign contracts for both ships using the funds appropriated by this bill. We have approved that recommendation. So there is no reason to say this bill in any way slows up the process of procuring these new ships.

Finally, the recommendation provides \$137 million for the new medical benefits included in the Senate-reported defense authorization bill. These efforts provide a new pharmacy benefit for military retirees. They are fully consistent with the objectives outlined by General Shelton, Chairman of the Joint Chiefs, in his testimony before our committee.

The new medical benefit package adopted during consideration of the defense bill does not require additional discretionary appropriations for the fiscal year 2001.

It is our intention to work closely with the authorizing committees and with the Department of Defense to ensure that any new benefits are fully funded in the years to come. If a commitment is made under our watch, it is going to be kept.

These improvements will come at considerable cost and will be an important element of future defense budget planning. This is really what the Senator from Nebraska was talking about, the oncoming important costs we must face. The definition of those costs is the problem so far.

I urge all of our colleagues to look at this bill as a whole. It is packaged together. It really is a bill we have worked on. I do commend our staffs, our joint staffs, under Steve Cortese, who is with me, and Charlie Houy is with Senator INOUE.

This bill once again is a bill that I think, as I said in the beginning, will meet our needs with the funds that are available this year. The allocation for defense is roughly \$1 billion less than the amount made available by the Senate version of the defense authorization bill. It is about \$1 billion below the allocation for the House-passed bill now before the Senate.

Some of these issues have to be sorted out in conference with the House. I ask the patience of the Senate as we work to get the best possible package to the conference.

I call the attention of the Senate to the fact that we have several issues in the bill that are also pending before the conference on the military construction bill because of the supplemental that was already passed by the House.

The committee has closely followed the Senate's actions on the defense authorization bill so far this week. We intend to offer a managers' package of conforming amendments during consideration of this bill to accommodate the Senate's action on the bill.

To that concern, I ask all Members of the Senate, if you have amendments to

offer, please notify Senator INOUE or me as soon as possible. We can probably work out most of them. We hope we will be able to do so because our bill closely tracks the defense authorization bill. It tracks the priorities outlined by the military chiefs in their testimony before the committee, and it certainly tracks fully our understanding of the House version that was passed by the other body just recently.

Mr. President, I now recognize our distinguished ranking member, the Senator from Hawaii, and once again call to the attention of the Senate the great honor that will come to him in just a few days; that is, the honor of receiving his Medal of Honor which he should have received a long time ago. It is a privilege to serve with my friend from Hawaii.

I yield the floor.

The PRESIDING OFFICER. The Senator from Hawaii.

Mr. INOUE. May I first thank my chairman for his most generous remarks.

Mr. President, I begin by congratulating Chairman STEVENS for the superb manner in which he has guided this bill through the committees to the floor.

I wish to associate myself with the remarks of my dear friend and chairman of the committee, Senator STEVENS. I suggest to my colleagues that this is a good measure, worthy of support by all of us. I join my chairman in requesting that our colleagues submit their amendments in a timely fashion.

I note that this measure—a measure that includes \$287.6 billion; the largest ever considered by this Senate—was unanimously approved by the Committee on Appropriations by a vote of 28-0.

It will do a great deal for both our readiness and modernization requirements to protect our nation's security.

Highlights include:

For our military personnel and their families: It provides full funding for military pay including a 3.7 percent pay raise; an increase of \$153 million for military bonuses to improve recruiting and retention; and increases for the GI bill for Reservists.

The subcommittee has fully funded readiness programs, including: \$4.1 billion to support our peacekeepers overseas; an increase of \$183 million for our National guard; and a total increase of \$4.5 billion for readiness from the levels provided in FY 2000.

Full funding is also recommended for the new prescription drug benefit as authorized; and \$275 million is recommended for breast and prostate cancer research.

Critical investment highlights include the following: Full funding for our F-22 and F/A-18 fighters; an increase of \$250 million for the Army's highest priority, "transformation"; full funding for the Navy's carrier, sub-

marines, and destroyers; and, an increase of \$411 million for ballistic missile defense programs.

However, Senators should be advised that the bill does not provide a blank check to the Pentagon.

It includes some tough reductions to programs that are being schedule, over budget, or simply not ready to proceed at this time.

I want to assure my colleagues that the No. 1 priority in this bill is to protect near-term readiness.

The men and women willing to go into harm's way to protect the rest of us simply must be provided the tools they need to defeat any threat.

At the same time, the bill provides sufficient funding for modernization programs so that future readiness will also be protected. We must continue to invest for the future to ensure we are never caught unprepared.

I would also like to point out that the Chairman has been very responsive to the wishes of the members. Many of the suggestions made by the Members of the Senate have been incorporated into bill.

This is a very good bill. I strongly encourage all my colleagues to support it.

#### AMENDMENT NO. 3278

Mr. STEVENS. I ask unanimous consent all after the enacting clause be stricken of the pending bill and the text of S. 2593, as reported by our committee, be inserted and that amendments then be considered as original text for the purpose of further amendments, being designated amendment No. 3278.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. REID. Mr. President, if the Senator could withhold, we need to take a look at the unanimous consent request which was just accepted.

Mr. STEVENS. 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. STEVENS. 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. STEVENS. I did not waive any points of order. It is my understanding that the original text of this bill is nevertheless subject to points of order under rule XVI.

#### AMENDMENT NO. 3279

Mr. GRASSLEY. I send my amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows: The Senator from Iowa [Mr. GRASSLEY] proposes an amendment numbered 3279.

Mr. GRASSLEY. I ask unanimous consent reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place, insert the following:

SEC. . Section 8106 of the Department of Defense Appropriations Act, 1997 (titles I through VIII of the matter under subsection 101(b) of Public Law 104-208; 110 Stat. 3009-111, 10 U.S.C. 113 note) shall continue in effect to apply to disbursements that are made by the Department of Defense in fiscal year 2001.

Mr. GRASSLEY. Mr. President, this amendment pertains to Department of Defense (DOD) disbursements.

It requires DOD to match certain disbursements with obligations prior to payment.

This policy has been incorporated in the last six appropriations acts: Fiscal years 1995, 1996, 1997, 1998, 1999, and 2000.

Each year we have ratcheted down the threshold.

The threshold is the dollar amount of the disbursement that must be matched with its corresponding obligation.

We started at the \$5 million level.

Under current law, the threshold is now set at 500,000.00 dollars.

In 1999, the Senate voted to lower the threshold from \$1 million to the current level.

Both the DOD Inspector General and the General Accounting Office have repeatedly stated that policy is a good idea.

It is helping the department to control the flow of money.

First, it is an important internal control procedure. It is a first-line of defense against fraudulent payments.

If a corresponding obligation cannot be identified, the payment cannot be made. It is as simple as that.

Second, it is helping the department avoid "problem disbursements" or unmatched disbursements.

A few years ago, the department had unmatched disbursements totaling about 50 billion dollars. This situation created gaping holes in DOD's books of account.

And these gaping holes in the books of account are one big reason why DOD consistently fails to earn a "clean" opinion in the annual CFO audits.

Those are the audits required by the Chief Financial Officers Act.

And third, it is helping the department avoid overobligations, that is, making payments in excess of available funding.

This year I am recommending that the threshold be retained at the current level of 500,000.00 dollars.

The General Accounting Office needs to do more audit follow-up work before the threshold is lowered any further.

I thank the chairman and the ranking minority member for supporting this policy and urge my colleagues to vote for the amendment.

I should ask the chairman of the committee if he wants to order a roll-

call at this point because it is my understanding he wanted a rollcall vote on it.

Mr. STEVENS. Mr. President, if the Senator will yield, that is our intent. I want to take this time to congratulate the Senator from Iowa for once again raising the issue of proper accounting procedures for the Department of Defense. As we have in the past, I suggest it is a matter for the Senate to express their opinion about and support the endeavors of the Senator from Iowa.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. GRASSLEY. I yield the floor.

The PRESIDING OFFICER. The Senator from Nebraska.

#### MILITARY RETIREE BENEFITS

Mr. KERREY. Mr. President, I want to take a minute, hopefully for the purpose of influencing the conferees on a vote that was taken yesterday—it passed overwhelmingly—having to do with military retiree benefits.

There are two amendments, one offered by Senator WARNER, one offered by Senator JOHNSON. I appreciate the intent of both amendments and I appreciate very much, as well, the concerns both Senators and everybody who voted for both of those amendments have for military retirees, especially as far as it might improve our capacity to recruit and retain people in the Armed Forces. I think it is a legitimate concern, and I appreciate very much that concern being expressed yesterday, especially being expressed with affirmative votes, although, as I said, I voted against both of those amendments.

I did not, during the debate yesterday, offer the reasons I voted against it, and I want to do that now. Both amendments are essentially dealing with the same situation; that is, once you reach the age of 65, you go off the TRICARE system and you go onto Medicare, as most individuals do who work for other businesses as well who end up with health care. It is not unusual today for people to leave employment to go onto Medicare after their retirement from employment.

But one amendment would allow people to buy into TRICARE; Senator JOHNSON's amendment would allow them to buy as well into the Federal Employees Health Benefits Program with a full taxpayer-paid subsidy; one was \$4.5 billion a year, the other was about \$5.5 billion a year. Senator WARNER's, in order to be able to get it in the budget, has it sunset after 2 years. It only goes for 2 years. I presume if it becomes law, we will have to extend it every couple of years.

There is a budget issue here that causes me to vote no. The budget issue

has to do, first of all, with I think an inadequate amount of study given to who needs this and who does not need this. It was developed fairly quickly. It was offered fairly quickly. I think it should have been examined much more carefully, what the impact was going to be, what the real need is, what the real demand is out there; especially the second concern I have, which is that it adds to one of the biggest problems we have with our current budget, and that is the growing share of our budget that is going over to mandatory spending.

The checkpoint for Senator JOHNSON's amendment was people who were enlisted prior to 1957. In 1957, over 70 percent of our budget was appropriated; 70 percent of our budget went to such things as the GI bill and other kinds of investments. I benefited enormously from those investments, not just as a veteran myself, but it was most important for my own parents' generation. That is what they were doing. They were endowing their future. They were really investing in their future as a consequence of those appropriations.

This year, 66 percent of the budget is mandatory. This amendment that was put on the Defense authorization bill will make that problem worse. I could not in good faith vote for the amendment as a consequence of those two concerns, even though I recognize for some veterans, some employees, this is a problem.

Also, I want to comment on some of the things that were said during the debate. I want to comment, especially from the point of view of myself because I am military retired. I am one of the retirees who would benefit from this change in the law. I am service-connected disabled as a result of an injury in the war in Vietnam, and I have been receiving a military retirement check since I left the Navy in 1969.

I understand the recruiting difficulties. I understand we have to be competitive with the private sector. I understand we have a volunteer service today, and so forth. I think it has all been very well said. But focusing on money in this debate, we underestimate and underemphasize the importance of people joining our service because they are patriotic, because they love their country, because they want to serve their country in some meaningful way, because they believe service makes them better, they believe putting themselves on the line for somebody else isn't something that is just good for the other person, it is good for them as well. That was the benefit for me in my service.

Though I appreciate very much people coming and saying my country owes me something, I reject that idea. My country owes me nothing. If the Congress of this Nation wants to provide me with retirement, wants to provide me with medical assistance—they