

the 30-something group. I have an 18-month-old who I want to take to Mommy and Me in the morning, so I am going to go home in a minute and catch my flight so I can do that.

The reason that I am saying that is that I am one of three women younger than 40 in the Congress, out of 435 Members. There are a unique set of issues that women face when compared to men. The privatization outline that the President has suggested really puts women in a dire situation. For example, in 2003, the average monthly Social Security benefit for a woman was only \$798, which is \$241 less than the average man's monthly retirement. Women's earnings were 76 percent relative to men in 2003, which is down from 77 percent in 2002.

Women who reach retirement age live on average at least 3 years longer than men, so this is going to be their problem 3 years longer than men. Social Security is the only source of retirement income for one in three unmarried, retired women. Without Social Security, 52 percent of white women, 65 percent of African American women, and 61 percent of Hispanic women would live in poverty upon retirement. It provides more than half of the total income for widows and single women.

We have got to make sure that Social Security provides for all of us. We have got to make sure that we get the facts out as it relates to this problem. Not crisis, but problem. And we in the 30-something group, the members of our generation are going to continue to help educate, as we go around the country on the campus tours that we are planning, as we work with Rock the Vote and the myriad of organizations that the gentleman has detailed. The Older Women's League also is on that list in being in opposition to the President's outline.

It is our responsibility to ensure that when the baton is handed to our generation, that we commit to carrying it forth and run up those stairs like they do in the Olympics and light the torch so that we can make sure that we preserve the safety net that was created back in 1935.

It is always a pleasure to be here with the gentleman, and I look forward to continuing our fact-disseminating mission.

Mr. MEEK of Florida. Mr. Speaker, I know that we are wearing something similar here. Can the gentlewoman tell us a little bit about what we are promoting here?

Ms. WASSERMAN SCHULTZ. Absolutely. The Speaker is also wearing the tie. During this week, the Lifetime Network has promoted the issue of violence against women and highlighted the issue of violence against women on their Web site and on their network. We have all been wearing and have been asked to wear this tie and scarf to

highlight domestic violence and the tragedy of domestic violence so that we can make sure that we can fight domestic violence in every corner of this country.

So I am pleased that the men and women of the Congress on both sides of the aisle have been committed to this and we are standing in solidarity with the women who have been victims of domestic violence.

Mr. MEEK of Florida. Mr. Speaker, that is so very, very important; and I thank the gentlewoman for explaining what we are doing. Some Members that were sick this week might have thought we have a new uniform or something, that we all have to wear the same colors.

Mr. Speaker, I want to not only thank the Members for listening to our 30-something hour; but we also want to share in closing, especially here on the Democratic side, that we want to strengthen Social Security without slashing benefits that Americans have earned. Private accounts make the Social Security challenge worse. They force massive benefit cuts and increase the national debt. Once the President stops insisting on privatization accounts, we can work together on making sure that we keep the promise to Social Security recipients and future recipients.

I also want to add that Social Security is an American success story that safeguards Americans' independence and economic security when they get older. Also, Social Security faces a long-term challenge, but not a crisis. A challenge, but not a crisis. I want to make sure that I put emphasis on that. Americans have earned their Social Security benefits, and it would violate their trust and penalize Americans who have paid into Social Security all of their lives to go to private accounts. Here on this side of the aisle, Democrats will preserve the Social Security promise that we made long ago.

Mr. Speaker, I also want to once again, before I close, commend not only my colleagues in Florida on the other side of the aisle who are not with the philosophy of some Members of the majority and the President as it relates to this Social Security scheme of privatization. I want to commend all of my Democratic colleagues for standing in solidarity in making sure that Social Security is promised for future generations and the present generation.

Mr. Speaker, it is always an honor to come to the floor and address the Members of this House.

OWNERSHIP INSPIRES A VITAL AMERICAN ECONOMY

The SPEAKER pro tempore (Mr. DENT). Under the Speaker's announced policy of January 4, 2005, the gentleman from California (Mr. DREIER) is recognized for 60 minutes.

Mr. DREIER. Mr. Speaker, one of the hallmarks of our vibrant and growing economy is our continuing quest to give Americans more opportunities to become part of our ownership society. I am going to respond to some of the things that have been said by my colleagues on the other side of the aisle, but I think it is important to note that opportunity and ownership is what we are about.

We are very proud of the fact that we have lowered barriers so that the rate of homeownership now stands at a record 69 percent; nearly 70 percent of the American people own their own homes. And as a percentage, it is continuing to grow dramatically in the minority community.

We have encouraged personal savings and investment through tax relief so families are better able to plan for their own future; and I will say that the comments of my colleagues who were just before us aside, we are working very hard to bring voluntary, and I underscore the word voluntary, Mr. Speaker, personal retirement accounts to younger workers so that they can better control their own financial destiny. Our past and future success depends on the ability of every person to realize the American Dream of being an owner.

Now, last summer the President had a great statement on this issue of ownership, Mr. Speaker. He said, if you own something, you have a vital stake in the future of our country. The more ownership there is in America, the more vitality there is in America, and the more people have a vital stake in the future of this country. I think the President was right on target with that.

Nowhere is that statement on the issue of ownership and vitality more true than in California's Silicon Valley, where broad-based employee stock options spurred the innovation and ingenuity that led the economic boon that we saw in that technology sector during the 1990s and is still in the process of coming back today. It was in the emerging technology industry that the idea of using employee ownership to attract talented workers flourished.

Small laboratories of ideas with little capital could not afford to pay lucrative salaries to get highly skilled workers. So many of these ideas emerged from basements and garages and, obviously, high salaries were not an option for many of those who were creating new and innovative ideas that improve our quality of life. Instead of lucrative salaries, which they could not offer, instead they used the hope, the hope, not the guarantee, but the hope of success to incentivize smart workers to take risks on new ideas. And with that notion, the high-tech, knowledge-based economy took off.

It took off dramatically. It produced a thriving and innovative economy

over the past decade and a half that has generated millions of jobs, dramatically raised our standard of living, and made the United States of America the global leader in technology and service-oriented industries that it is today.

This happened because, as we all know, when you have a stake in the future of an idea, a company, or a home, you are going to work more productively and more creatively to ensure its success.

Now, Mr. Speaker, a good analogy is the mindset of the homeowner. Most of us who own homes recognize the value of taking good care of that investment, our home. If we protect them from damage, maintain their upkeep and improve their appearance, we think we have a good chance of making a profit on that investment. But all of us can admit that when we were renters, when we did not have a stake in maintaining or increasing a property's value, the level of commitment to improve that property was obviously quite low. There was zero motivation for us to do that.

Like the homeowner, Mr. Speaker, the employee-owner wants to see as high a return as possible from his time and effort on the job. That motivates him to contribute more of his sweat equity to the company. That increases the value of the company to him personally, and it increases the value of the company for all shareholders. That tool for creating that risk-taking mentality and giving corporate ownership is the employee stock option.

Today's stock options have allowed 14 million American workers to become corporate owners through broad-based stock option plans. Companies with broad-based plans give stock options to over 50 percent of their employees, many giving an even higher percentage. These owners are not wealthy people. In fact, Mr. Speaker, this is an incredible figure, 79 percent of all U.S. workers who hold stock options earn less than \$75,000 a year. Again, I will say that, when we hear stock options as being criticized because they are something that has been abused, and high-paid, million-dollar executives get it, actually the numbers are 79 percent of stock options are held by Americans who earn less than \$75,000 a year. The majority of these owners, 93 percent, to be exact, are lower- and middle-income workers who have converted their labor into financial rewards. It has allowed them to send kids to college, prepare for retirement, and put down payments on their homes.

But the ability of rank-and-file workers to remain a part of our ownership society through stock options is tragically in jeopardy. When the Financial Accounting Standards Board issued its mandatory expensing accounting standard last December, it caused many companies to curtail and, in

some cases, eliminate the use of broad-based stock option plans. This is before the standard has taken effect. That means as a result of the Financial Accounting Standard Board's action, a proven ownership tool for millions of Americans and their families will come to an end. That is what is on the horizon. That not only limits opportunities for workers; it is without a doubt going to negatively impact the future of our knowledge-based economy.

The entire basis of our success in the last part of the 20th century rested on individuals taking risks. Those risk-takers have built some of the most innovative job-creating companies in America, and stock options have been the major ingredient for their success. But we do not want to stop there. We obviously want to see that type of entrepreneurial behavior continue into the 21st century. Our economy depends on the ability of future small companies to turn ideas into product or service.

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And in so doing, we see the creation of jobs and wealth. We hope they will then grow into bigger companies and create even more jobs and greater prosperity.

It is incredibly ironic that, at the very point in time, when maintaining our global competitive edge is so critically important for us in our future, we are severing the ability of America's innovators to use what has been a key tool for our success. It has been so successful, and this is just incredible, Mr. Speaker, this whole notion has been so successful, that our global competitor, the People's Republic of China, has incorporated stock options into its 5-year economic plan to base its technology industry on.

So why in the world are we doing the this? Why are we taking away an ownership opportunity for skilled workers and their families and hampering our future economic growth? The answer is plain and very obvious. There are those at the Financial Accounting Standards Board, those in the traditional business community and those in the media who simply do not like stock options as a business management tool.

They seized on the aftermath of the Enron scandal and the public's legitimate hunger to curb corporate excess, and it is understandable. We obviously want to end corporate excess and the kind of abuse that we have seen. But they seized on that to stifle the use of broadbased employee stock options through the accounting standards setting process.

Even though stock option expensing never would have prevented the corporate abuse at Enron, nor were broadbased stock option plans involved in that scandal at all.

So in the name of accurate corporate reporting for investors, the Financial

Accounting Standards Board stumbled down the paths toward its faulty December-issued standard. But, before I delve into that standard itself, Mr. Speaker, I wanted to address this idea that stock option expensing will curb excess at the top.

Mr. Speaker, many expensing proponents argue that forcing companies to expense will reign in excessive compensation through stock option grants and ensure that CEOs will be unable to manipulate stock options. That argument is false for two reasons: First, we have proof that the Financial Accounting Standards Board accounting standard won't hurt CEOs and senior executives who will be able to figure out how to compensate themselves, but it will, in fact, eliminate a valuable ownership opportunity for rank-and-file workers.

Listen to this sample of a recent press item: Now this was reported just a week or two ago by Reuters, on February 28. They said, and I quote, Pfizer, one of the great innovative companies in this country, obviously, in dealing with the area of health care, Pfizer said in its filing with the Security and Exchange Commission that "in response to new accounting rules requiring employee stock options to be expensed, it plans in 2005 to reduce the number of options granted, 'except to those of most senior Pfizer management.'"

Now, on February 19, the New York Times reported that the Time Warner Company, one of our great companies in this country, they said in the New York Times piece, that Time Warner "would no longer grant stock options to most employees, citing new accounting rules, new financial reporting standards which will require companies to treat stock options as expenses, 'make it prohibitively expensive' to continue the practice for all of their employees."

So the Times also reported research and industry survey data estimates, the estimates that show at least 40 percent of publicly held companies are reconsidering broadbased option plans. And it goes on to say, and I quote, "and as many as a third may discontinue them in the next few years." May discontinue them. A third of them may discontinue them in the next few years.

Second, Mr. Speaker, senior managers who cook the books and abuse stock options are breaking the law. Accounting standards will not stop someone intent on engaging in criminal behavior. Individuals will simply find other ways to achieve his goal.

Now, let us turn to the standard itself. Interestingly, the Financial Accounting Standards Board proclaimed its intention to come up with a mandatory expensing standard, a standard that would ensure accurate corporate reporting and transparent information for investors. Again, I underscore the last, transparent information for investors.

In 2003 testimony before the House Financial Services Subcommittee on Capital Markets, the chairman of the Financial Accounting Standards Board, Bob Herz, stated the Board's intention to improve the financial accounting and reporting of stock options. He specifically noted the need to address, and I quote, "the noncomparability and, thus, the potential lack of transparency created by the alternative accounting treatments presently available for reporting stock options."

So Mr. Herz talked about the need for greater transparency. Now, Mr. Speaker, unfortunately for investors, this standard will do everything but. This standard that they promulgated in December, set to take effect in June, will do everything but bring clarity, comparability and accuracy to corporate financial statements. It is, in fact, going to provide investors with misleading information.

The Financial Accounting Standards Board's standard requires companies to make gross assumptions based on highly volatile factors and produce one number that will represent the so-called cost of employee stock options.

We are talking about stock options that have never been exercised by the employee, may never be exercised, and are not tradable in open capital markets where value could be determined. The standard recommends that companies should use either the Black-Scholes or the binomial methods of accounting or an alternative method derived by their experts for calculating the value of the expense.

Now, Mr. Speaker, it is instructive that the inventor of the binomial method stated last year that his method does not work for fixed price employee stock options and should not be used.

Now, Mr. Speaker, the President's former National Economic Council Advisor, Larry Lindsey, led an expert panel in a study of Financial Accounting Standard Board's mandatory expensing standards that they promulgated last December. In its report to the Securities and Exchange Commission last month, the Lindsey panel found that the two valuation models are inherently flawed when used for employee stock options.

And, in fact, in a letter that was sent to the Chairman of the Securities and Exchange Commission, Mr. Donaldson, the Lindsey panel members conclude, and I quote, "if the rule were to be implemented as is and on the current time line, the quality of information available to the public regarding employee stock options would be inadequate and potentially misleading." And again that is the Lindsey panel report.

And this is the letter that was sent to the Securities and Exchange Commission. They said it would be inadequate and potentially misleading.

Those are the regulations that have been promulgated by FASB.

They went on to state that "the investing public would not be able to compare the impact of stock option plans across companies because the recommended models produce such wide results with different plausible sets of assumptions."

Now, that is a pretty compelling indictment on what has been put forward, Mr. Speaker. What happened to the FASB's determination to give investors, as I said just a moment ago, accurate, comparable and transparent information?

Let me go back to what Chairman Herz said the Board wanted to address, the noncomparability and thus the potential lack of transparency created by the alternative accounting treatment presently available for reporting stock options. But the Financial Accounting Standards Board is not helping investors with the new expensing standard.

They are actually hurting investors. The new rule set to take effect this June will actually lead to just plain wrong numbers on corporate financial statements. So much for creating transparency for our investors, which is what the FASB Chairman said was the goal. And instead of implementing one method for calculating option expensing, they have perpetuated what they had previously viewed as problematic, alternative accounting treatments.

With this standard, companies will have a choice between two bad valuation models, or be able to pick one all on their own. How can investors compare numbers with companies who choose their own method of calculation? The fallacy of the Financial Accounting Standards Board's expensing standard could not be more transparent.

You do not have to be an accountant to understand that stock options are never a corporate expense. They are a right given to employees to, at some point down the road, buy shares of the company's stock at a fixed price at a set period of time. They cost a company absolutely nothing.

As the Lindsey panel noted, it disagrees with the premise that employee stock options, and I quote from the Lindsey panel report, are "a net cost to the firm and that this cost can be measured precisely and reliably."

So they point to the fact that it is not a net cost to the firm, and it is also specious to believe that they can be measured precisely and reliably.

But, Mr. Speaker, I will acknowledge stock options do dilute the value of shared held by existing shareholders of a company. So while there is no cost to the company, there is in fact a cost to the shareholder in the form of what is called share dilution.

That said, it is clear to me that there are problems with how stock options

are reported in financial statements today. Let me say that again. I do believe that, today, we do have problems in the way that stock options are actually reported. That said, it is clear that there are problems of how they are reported in those financial statements.

Investors really do need accurate, comparable and meaningful information about how those broadbased plans affect the companies. Expensing provides none of this information. By contrast, uniform disclosure requirements would be what we need to actually help the shareholders. It is critically important that we do share that goal with Mr. Hertz, but his plan is not the way to deal with the issue of transparency.

We believe that we have a better solution. That is why we must stand on the side of investors and implement rules that will give meaningful information and make it public. The Lindsey report supports mandating increased disclosures. And, Mr. Speaker, that is exactly what this House has gone on record doing.

My distinguished colleague, the gentlelady from California (Ms. ESHOO) from the other side of the aisle and other Democrats have introduced supporting legislation.

Mr. Speaker, the gentlewoman from California (Ms. ESHOO) and many of our colleagues have introduced last month a strongly bipartisan bill which would require that the Securities and Exchange Commission implement uniform disclosures so that we can get at that issue of transparency.

Specifically in our bill, Mr. Speaker, at a minimum, companies would have to include in their footnotes a plain English discussion of share value dilution. They would have to expand disclosure of the dilutive effect of options on the company's earnings per share number. And all stock information would have to be placed prominently in a way that allows investors to easily compare information among different companies.

Finally, to ensure that stock options for executives are transparent, companies would have to provide a summary of stock options granted to the top five most highly compensated executives in that company.

This is the kind of information that will help investors clearly understand the impact of employee stock options on share value. On the completely opposite side is the Financial Accounting Standards Board's actions, which will actually do harm. Not only will it result in misleading expensing numbers, it will remove the current disclosures used by companies that do offer broadbased stock option plans.

So the useful information we currently see in financial statements will disappear after this standard takes effect. Literally, investors will have nothing to go on but a flawed and unreliable number mandated by our Nation's accounting standards board.

That is indeed disturbing for those who care about the integrity of our financial markets.

Although this change in accounting treatment may be arcane to many in the real world, the new rule will hurt the risk takers who are creating jobs and wealth in this country and improving the standard of living and quality of life for so many people with creative, innovative ideas.

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It will hit particularly hard the small businesses, skilled workers, and entrepreneurs who form the backbone of America's infrastructure. No matter what high-growth sector of the economy you look at, you will find that the common thread to its success has been employee stock options. Without that motivating incentive, would-be entrepreneurs and existing innovative companies will be less likely to take risks and transform new ideas into industry.

Now, I and many of my colleagues, as I said, have co-sponsored our bill, H.R. 913; and we believe that we need to stand on the side of investors and the partners and the workers in our Nation's ownership society. FASB, the Financial Accounting Standards Board, has issued its mandatory expensing rule. That part is done. But the SEC and the administration have an opportunity to finally provide investors with improved information and at the same time prevent the FASB from killing off stock options for rank-and-file workers.

Mr. Speaker, I sincerely hope that the Securities and Exchange Commission will pay heed to our concerns when they provide guidance on the FASB rule later this month. They need to listen to the 312 House Members of the 108th Congress who supported legislation that we worked on with our colleagues, the gentleman from Ohio (Mr. OXLEY) and the gentleman from Louisiana (Mr. BAKER) from the Committee on Financial Services. We were able to reach, working together, a legislative compromise that again enjoyed Democrat and Republican support; 312 Members of that bill effectively addressed concerns about executive compensation and protected rank-and-file corporate ownership.

Mr. Speaker, preserving broad-based plans and enhancing stock option disclosures are key to continuing the pro-growth, pro-ownership society and economy that Congress and this administration have worked so diligently to achieve.

Mr. Speaker, I call on the Securities and Exchange Commission to take action to prevent the Financial Accounting Standards Board's misguided standards from harming workers and investors. America's 21st century expansion and growth that we are all pursuing and encouraging so vigorously, we should realize that it will hinge in

large part on this decision that will be made. So I hope very much that they make the correct decision so that we can continue to see our economy thrive.

APPOINTMENT OF MEMBERS TO THE BOARD OF REGENTS OF THE SMITHSONIAN INSTITUTION

The SPEAKER pro tempore (Mr. DENT). Pursuant to sections 5580 and 5581 of the Revised Statutes (20 U.S.C. 42-43), and the order of the House of January 4, 2005, the Chair announces the Speaker's appointment of the following Members of the House to the Board of Regents of the Smithsonian Institution:

Mr. REGULA of Ohio,
Mr. SAM JOHNSON of Texas,
Mr. BECERRA of California.

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. SCHIFF) to revise and extend their remarks and include extraneous material:)

Mr. SCHIFF, for 5 minutes, today.
Mr. GEORGE MILLER of California, for 5 minutes, today.
Ms. WOOLSEY, for 5 minutes, today.
Mr. PALLONE, for 5 minutes, today.
Mr. BROWN of Ohio, for 5 minutes, today.
Mr. CUELLAR, for 5 minutes, today.
Mr. ENGEL, for 5 minutes, today.
Ms. JACKSON-LEE of Texas, for 5 minutes, today.

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

Mrs. BIGGERT, for 5 minutes, today.
Mr. NEY, for 5 minutes, today.
Mr. WELDON of Florida, for 5 minutes, today.
Mrs. MUSGRAVE, for 5 minutes, today.
Mr. POE, for 5 minutes, today.
Mr. FLAKE, for 5 minutes, today.
Mr. CUNNINGHAM, for 5 minutes, March 15.
Mr. DUNCAN, for 5 minutes, today.
Mr. GOHMERT, for 5 minutes, today.
Mr. JONES of North Carolina, for 5 minutes, March 14.

ADJOURNMENT

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

The motion was agreed to; accordingly (at 6 o'clock and 48 minutes p.m.), under its previous order, the House adjourned until Monday, March 14, 2005, at 12:30 p.m., for morning hour debates.

OATH OF OFFICE—MEMBERS, RESIDENT COMMISSIONER, AND DELEGATES

The oath of office required by the sixth article of the Constitution of the United States, and as provided by section 2 of the act of May 13, 1884 (23 Stat. 22), to be administered to Members, Resident Commissioner, and Delegates of the House of Representatives, the text of which is carried in 5 U.S.C. 3331:

"I, AB, do solemnly swear (or affirm) that I will support and defend the Constitution of the United States against all enemies, foreign and domestic; that I will bear true faith and allegiance to the same; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties of the office on which I am about to enter. So help me God."

has been subscribed to in person and filed in duplicate with the Clerk of the House of Representatives by the following Member of the 109th Congress, pursuant to the provisions of 2 U.S.C. 25:

Doris O. Matsui
California 5th

OATH FOR ACCESS TO CLASSIFIED INFORMATION

Under clause 13 of rule XXIII, the following Members executed the oath for access to classified information:

Neil Abercrombie, Gary L. Ackerman, Robert B. Aderholt, W. Todd Akin, Rodney Alexander, Thomas H. Allen, Robert E. Andrews, Joe Baca, Spencer Bachus, Brian Baird, Richard H. Baker, Tammy Baldwin, J. Gresham Barrett, John Barrow, Roscoe G. Bartlett, Joe Barton, Charles F. Bass, Melissa L. Bean, Bob Beauprez, Xavier Becerra, Shelley Berkley, Howard L. Berman, Marion Berry, Judy Biggert, Michael Bilirakis, Rob Bishop, Sanford D. Bishop, Jr., Timothy H. Bishop, Marsha Blackburn, Earl Blumenauer, Roy Blunt, Sherwood Boehlert, John A. Boehner, Henry Bonilla, Jo Bonner, Mary Bono, John Boozman, Madeleine Z. Bordallo, Dan Boren, Leonard L. Boswell, Rick Boucher, Charles W. Boustany, Jr., Allen Boyd, Jeb Bradley, Kevin Brady, Robert A. Brady, Corrine Brown, Sherrod Brown, Henry E. Brown, Jr., Ginny Brown-Waite, Michael C. Burgess, Dan Burton, G. K. Butterfield, Steve Buyer, Ken Calvert, Dave Camp, Chris Cannon, Eric Cantor, Shelley Moore Capito, Lois Capps, Michael E. Capuano, Benjamin L. Cardin, Dennis A. Cardoza, Russ Carnahan, Julia Carson, John R. Carter, Ed Case, Michael N. Castle, Steve Chabot, Ben Chandler, Chris Chocola, Donna M. Christensen, Wm. Lacy Clay, Emanuel Cleaver, James E. Clyburn, Howard Coble, Tom Cole, K. Michael Conaway, John Conyers, Jr., Jim Cooper, Jim Costa, Jerry F. Costello, Christopher Cox, Robert E. (Bud) Cramer, Jr., Ander Crenshaw, Joseph Crowley, Barbara Cubin, Henry Cuellar, John Abney Culberson, Elijah E. Cummings, Randy "Duke" Cunningham, Artur Davis, Geoff Davis, Jim Davis, Jo Ann Davis, Lincoln Davis, Tom Davis, Susan A. Davis,