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House of Representatives

The House was not in session today. Its next meeting will be held on Monday, September 29, 2003, at 12 noon.

Senate

FRIDAY, SEPTEMBER 26, 2003

The Senate met at 9:30 a.m. and was called to order by the President pro tempore [Mr. STEVENS].

PRAYER

The Chaplain, Dr. Barry C. Black, offered the following prayer:

Let us pray.

Immortal, invisible, God only wise, the kingdom, power, glory, and honor belong to You. You have given us the gift of this new day and the opportunity for a fresh start. Thank You for the continuous flow of Your blessings; great is Your faithfulness.

Help us to find contentment in the knowledge that nothing can separate us from Your love. Remind us that You have not only made us for time, but also for eternity. Guide our Senators today, deliver them from weariness and impatience and strengthen them with Your peace. Make each of them resolute to do Your will. We lift to You our world leaders. They face tasks that cannot be accomplished by human efforts alone. Whisper Your wisdom and guide their steps.

We pray this in Your holy name. Amen.

PLEDGE OF ALLEGIANCE

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

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

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

SCHEDULE

Mr. FRIST. Mr. President, this morning the Senate will immediately resume consideration of the DC appropriations bill. The managers are here and ready to work. Therefore, we do hope Members will come forward with their amendments during today's session. If a rollcall vote is ordered on an amendment, we will stack that vote for Monday's session. As I announced last night, there will be no rollcall votes today.

Yesterday we made progress on the bill, and I thank the managers for their efforts in moving the bill forward. I do hope we can finish this bill on Monday. I understand there may be further amendments from the other side of the aisle, but it is our desire to complete this bill early next week. I do expect the Senate to begin consideration of the urgent supplemental request at the earliest possible time next week. Given that schedule, it is imperative that we expedite the DC appropriations bill.

With regard to next week's schedule, I want to forewarn all Members, it will be a very busy week. I anticipate that we will have late sessions Tuesday night, Wednesday, Thursday, and possibly Friday. We will have votes throughout that session. Our discussion on the floor yesterday reflected in large part the interest in having time to discuss and debate and amend, if necessary, or offer amendments on the supplemental. Thus, it will require the attention and focus of our colleagues throughout the week.

I wanted Senators to begin to plan their schedules with this in mind. I do thank all colleagues. I will outline Monday's schedule a bit later today.

RECOGNITION OF THE ACTING MINORITY LEADER

The PRESIDENT pro tempore. The acting Democratic leader is recognized.

Mr. REID. Before the majority leader leaves the floor, I indicated to the Senator last week that we should have done something else rather than bringing up the DC bill. I don't see the DC bill moving. I don't see us being able to complete it on Monday. I think we have other appropriations bills we could move through fairly quickly. With the voucher issue involving the DC bill, it makes it very difficult to slog through the bill. I know how we have to put a positive note on everything—especially you—but I think we will have a lot of trouble in completing the DC appropriations bill Monday or any time in the near future.

Mr. FRIST. Mr. President, listening very carefully, I am disappointed. I think we have an opportunity in this body to address a tragedy, and that is that there are impoverished children trapped in today's schools that are not serving them well. We have an opportunity to reach out and help those children. We have today to work on it. We have Monday to work on it. But if the other side of the aisle feels we cannot

make progress on it, I will listen, but I am very disappointed in that.

Ms. LANDRIEU. Mr. President, if I may make a suggestion—Senator DEWINE can speak for himself—this bill is so important and this subject is so important to so many people, I am wondering if we could just be flexible and move the discussion of DC in and out of other things, not stopping anything else that is important or would take precedence, but this issue really deserves full debate. As you know, the hours of Senate debate are not always completely and fully taken. I offer for consideration that we have time this morning, we will have time on Monday, and if the leadership wants to move to something else, we could temporarily set this aside and come back to it. There are many Members, at least on our side, who really want some time to speak about this issue. They are most certainly entitled to because it is a very important issue—not just for the District but for the Nation. I lay that out to my friend and colleague as a suggestion.

RESERVATION OF LEADER TIME

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

DISTRICT OF COLUMBIA APPROPRIATIONS ACT, 2004

The PRESIDENT pro tempore. Under the previous order, the Senate will resume consideration of H.R. 2765, which the clerk will report.

The legislative clerk read as follows:

A bill (H.R. 2765) making appropriations for the Government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 2004, and for other purposes.

Pending:

DeWine/Landrieu Amendment No. 1783, in the nature of a substitute.

The PRESIDENT pro tempore. The Senator from Ohio.

Mr. DEWINE. Mr. President, we made very good progress yesterday on the District of Columbia bill. We were able to approve a very constructive amendment by my colleague and friend from California. Senator FEINSTEIN brought to the floor an amendment that brought about more accountability in regard to the section of the bill having to do with the scholarship provision. We did make very good progress. As the majority leader said, we have the opportunity to keep this bill moving forward. We have the opportunity today for Members to come to the floor and discuss the bill. We will have the opportunity all day Monday for Members to come to the floor to offer amendments. We are certainly going to be open for business Monday for Members to come to the Chamber and offer amendments.

I know my colleague from Illinois was on the floor and talked about offering an amendment to strike the scholarship provision. He certainly has the opportunity to do so, and we can have a very rigorous debate. We started that discussion yesterday, and we can continue it. We hope we can get a vote at some point on that issue.

My friend and colleague, the ranking member on the committee, has had some suggestions. I assume those will become an amendment at some point. We had a good debate last night, along with our colleague from Delaware. They have some ideas that will become a part of an amendment at some point, we assume. We can debate that.

There is good opportunity for good debate. I encourage my colleagues to get those into the form of an amendment, get down here, and let's debate it and move this bill forward.

This is a good bill. This is a bill my colleague from Louisiana and I have worked long and hard on.

As we discussed yesterday, it is a bill that is focused to a large extent on the children of the District of Columbia. It has a provision I take a lot of pride in, and I know my colleague takes a lot of pride in, and it has to do with foster care. We have heard the horror stories, and we have read the excellent series of articles that appeared in the Washington Post—very frightening and troubling articles that the Post has run over a series of months about the horrible situation in the foster care system in the District of Columbia. Children have been neglected and abused; they have not been taken care of.

This bill says, for the first time, that the Federal Government and this Senate intend to try to do something about it. Senator LANDRIEU and I held hearings. We brought in experts from across the country, brought in experts from the District of Columbia. We brought everybody together and said, OK, what is the problem? They told us some of the problems, and we got experts from outside the District who told us of some of the problems as they perceived them. We took that advice and came up with three or four ideas—not our ideas but the experts' ideas—and we put them together in this bill and provided a significant amount of money. That is what is in the bill. So we have the Federal Government taking some responsibility in this area and beginning to move forward.

It is our intention with this bill that this will be the first step. Senator LANDRIEU and I have pledged, as long as we have anything to do with this bill—which I imagine will be for the next several years—that we will move forward to try to help these foster care children. So this is something of which Members of this body can be very proud.

This bill also continues our efforts to deal with the homeland security problems. Since September 11, we have become even more aware of the unique security needs of the District of Columbia. We are a target; we understand that. My colleague in the chair well knows about this, as the chairman of the committee has been very cognizant of this and helped us to deal with these problems in the District of Columbia as we have worked with the Mayor. This bill continues to try to address these problems.

Thirdly, the bill also addressed some of the long-term infrastructure problems of the District of Columbia. These are issues that are not very glitzy or exciting but what we have to deal with in the long-term. So this is a strong bill, a more reasoned bill, a bill within budget, but it is a bill of which we all can be very proud.

Let me turn to the fourth item which is, frankly, the only contentious issue in this bill, the scholarship program. I believe it is a very well-balanced, well-thought-out section of the bill. It is something that Senator FEINSTEIN, as we discussed yesterday, has been so very helpful in crafting. As I said yesterday, she went so far to help improve the language. The bill in front of us today, frankly, is a better bill because of what my colleague from California, Senator FEINSTEIN, has contributed in her suggestions. She came to Senator GREGG and to me and to the chairman and said she had some suggestions that would improve the constitutionality, allow the Mayor to be much more involved, and would make the system much more accountable so we can measure how well the children are doing, and we incorporated those changes.

Then, yesterday, she had an additional amendment that provided for testing being the same for the children who would be in the program as children not in the program. We adopted that by voice vote yesterday. So she has been a great trigger to this bill, and this scholarship program will be a lot better because of what she has done.

As I was saying, it is a very balanced program. It is a program, as we talked about yesterday, that was designed—and I think this is significant and we need to keep it in mind—not by us but by the Mayor of the District of Columbia. If anybody has any doubts about this, they can just go ask the Mayor. The Mayor is the one who designed this program. The Mayor said: Give me more help with public schools. So we said, yes—with $13 million more for the public schools.

The Mayor said: Give me more help with the charter schools. The Mayor has been working to expand the charter schools. My colleague from Louisiana has been very helpful in this regard. She has taken the charter schools on as something in which she has been very much involved. We have done that with this bill with $13 million more to expand the charter schools. It will allow for the creation of three or four or five more charter schools in the District of Columbia.

The third prong the Mayor outlined was this: He said give me some help to create these new scholarships for children, and they and their families will

have choice. That is what the bill provides: money for public schools, money for charter schools, and money for the new scholarships for the parents to go out and choose schools—private schools—if that is what they want to do. Again, this is what the bill does: $13 million for public schools, $13 million for charter schools, and $13 million for the choice to go out on these scholarships and choose the private schools. It is a well-balanced approach, designed by the Mayor, by the people of the District of Columbia.

Mr. President, this is a well-developed bill, a well-designed bill. I think it is something of which we can all be very proud. So I encourage my colleagues to come down to the floor today and debate this bill, and then as we begin this process today and continue the process on Monday, come to the floor on Monday and offer these amendments so that we can proceed. We got a great start with the adoption of the Feinstein amendment yesterday. We now need to move forward and continue the process. I thank the Chair. I know my colleague from Louisiana wants to discuss this bill.

At this point, I yield the floor.

The PRESIDING OFFICER (Mr. CHAFEE). The Senator from Louisiana is recognized.

Ms. LANDRIEU. Mr. President, I want to begin by commending, as I have often, my colleague from Ohio for his leadership on this issue. It has been a joy and a privilege to work with him as we have alternated the chairmanship of this very important committee for this region and this Nation and, obviously, for the residents of the District itself. It has been a real joy to work with him. We have found a tremendous amount of common ground in the course of these few years, and I think we have made a lot of progress in some of the most complex challenges here in the District. He noted this morning the challenge, still, with the foster care system and its weaknesses, and he outlined how this committee and this Congress has worked in partnership, very closely, with all the city leaders to recognize the problems, admit them, and begin to put in the resources and the management changes necessary to make that child welfare system much better and, hopefully, a model for the Nation.

I am proud to have worked with him, along with other Senators. Senator DURBIN is one, along with Senator HUTCHISON from Texas and others, who worked on some initial foundation work on restoring fiscal discipline, if you will, and fiscal health to the District. That is another accomplishment of which we can be very proud, both on the Democratic and Republican sides.

So as my colleague from Ohio has said, there is a lot to be proud of in this bill. There is a tremendous amount of progress that has been made, and we will continue to find common ground where we can. But there is one area of this bill where we are struggling to find common ground, and I am not sure we will be able to because principles are very important in terms of education reform and accountability.

I want to start this discussion this morning on that proposal by sharing an article that I read in the paper this morning on a completely different subject, but I think it makes the point very well.

We woke up this morning to read a headline in the New York Times on the front page. The headline says: ''Dogged Engineer Pressed NASA on Shuttle, but Rebuffs Were Constant.''

I submit this article for the RECORD because it is lengthy and it is very detailed, but it is excellent. I ask unanimous consent to print the article in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the New York Times, Sept. 26, 2003]

DOGGED ENGINEER'S EFFORT TO ASSESS SHUTTLE DAMAGE

(By James Glanz and John Schwartz)

HOUSTON.—Over and over, a projector at one end of a long, pale-blue conference room in Building 13 of the Johnson Space Center showed a piece of whitish foam breaking away from the space shuttle Columbia's fuel tank and bursting like fireworks as it struck the left wing.

In twos and threes, engineers at the other end of the cluttered room drifted away from their meeting and watched the repetitive, almost hypnotic images with deep puzzlement: because of the camera angle, no one could tell exactly where the foam had hit.

It was Tuesday, Jan. 21, five days after the foam had broken loose during liftoff, and some 30 engineers from the National Aeronautics and Space Administration and its aerospace contractors were having the first formal meeting to assess potential damage when it struck the wing.

Virtually every one of the participants—those in the room and some linked by teleconference—agreed that the space agency should immediately get images of the impact area, perhaps by requesting them from American spy satellites or powerful telescopes on the ground.

They elected one of their number, a soft-spoken NASA engineer, Rodney Rocha, to convey the idea to the shuttle mission managers.

Mr. Rocha said he tried at least half a dozen times to get the space agency to make the requests. There were two similar efforts by other engineers. All were turned aside, Mr. Rocha (pronounced ROE-cha) said a manager told him that he refused to be a ''Chicken Little.''

The Columbia's flight director, Le-Roy Cain, wrote a curt e-mail message that concluded, ''I consider it to be a dead issue.''

New interviews and newly revealed e-mail sent during the fatal Columbia mission show that the engineers' desire for outside help in getting a look at the shuttle's wing was more intense and widespread than what was described in the Aug. 26 final report of the board investigating the Feb. 1 accident, which killed all seven astronauts aboard.

The new information makes it clear that the failure to follow up on the request for outside imagery, the first step in discovering the damage and perhaps mounting a rescue effort, did not simply fall through bureaucratic cracks but was actively, even hotly resisted by mission managers.

The report did not seek to lay blame on individual managers but focused on physical causes of the accident and the ''broken safety culture'' within NASA that allowed risks to be underplayed. But Congress has opened several lines of inquiry into the mission, and holding individuals accountable is part of the agenda.

In interviews with numerous engineers, most of whom have not spoken publicly until now, the discord between NASA's engineers and managers stands out in stark relief.

Mr. Rocha, who has emerged as a central figure in the 16 days of the Columbia's fight, was a natural choice of his fellow engineers as a go-between on the initial picture request. He had already sent an e-mail message to the shuttle engineering office asking if the astronauts could visually inspect the impact area through a small window on the side of the craft. And as Mr. Rocha was chief engineer in Johnson Space Center's structural engineering division and a man with a reputation for precision and integrity, his words were likely to carry great weight.

''I said, 'Yes, I'll give it a try,' '' he recalled in mid-September, in the course of five hours of recent interviews at a hotel near the space center.

In its report, the independent Columbia Accident Investigation Board spoke of Mr. Rocha, 52, as a kind of NASA Everyman—a typical engineer who suspected that all was not well with the Columbia but could not save it.

''He's an average guy as far as personality, but as far as his engineering skills, he's a very, very detail-oriented guy,'' said Dan Diggins, who did many of the interviews for the report's chapter on the space agency's decision-making during the flight and wrote that chapter's first draft before it was reworked and approved by the board. Never in hours of interviews did Mr. Diggins find a contradiction between Mr. Rocha's statements and facts established by other means, he said.

Mr. Rocha's experience provides perhaps the clearest and most harrowing view of a NASA safety culture that, the board says must be fixed if the remaining shuttles are to continue flying.

EARLY LOVE WITH SHUTTLE

Alan Rodney Rocha loved the Columbia long before it was lost. In August 1978, as a young NASA engineer, he took his first business trip for the agency to Palmdale, Calif., where the still unfinished Columbia sat in a hangar among the Joshua trees, awaiting its first mission.

Working from 6 p.m. to 6 a.m. each night, he had the job of climbing into the orbiter's wheel well, through the fuselage and among the labyrinth of tubes, wires, struts and partitions in the right wing, to check that each of 200 strain gauges were just where the plans said they should be. And the Columbia took its place in his heart.

''I felt so privileged to be there,'' he said. The Columbia took its maiden flight in 1981; five years later its sister vessel the Challenger was lost with its crew of seven when O-ring seals in one of the solid rocket boosters failed in the launching, severing a strut connecting the booster to the shuttle's external fuel tank.

For Mr. Rocha, the Columbia disaster began on the eve of its final liftoff. That afternoon, he and other engineers were stunned to learn of new tests at a NASA laboratory showing that a ring attaching the rocket boosters to the external tank had not met minimum strength requirements. As he watched, managers hastily considered the problem at a prelaunching meeting beginning at 12:10 a.m. on Jan. 16.

Instead of halting the launching on the spot, Mr. Rocha said, the shuttle manager,

Linda Ham, granted a temporary waiver that reduced the strength requirements, on the basis of data that the investigation board later found to be flawed. Mr. Rocha would draw on an old rocketry term—''launch fever''—to describe what had happened at the meeting.

The launching went ahead that Thursday morning. The ring held, but an unrelated problem turned up when insulating foam tore away from an attachment to the external tank 81.7 seconds after liftoff and struck the orbiter's left wing.

Mr. Rocha said that when he learned of the foam strike in a phone call on Friday afternoon, he gasped. All weekend he watched the video loop showing the strike, and at 11:24 p.m. on Sunday, he sent an e-mail message to the manager of the shuttle engineering office, Paul Shack, suggesting that the astronauts simply take a look at the impact area.

Mr. Shack never responded. But by Tuesday afternoon, Mr. Rocha was showing the loop to the so-called debris assessment team at the meeting in Building 13, where he had his own office. As arresting as the images were, the team agreed, they were too sketchy to draw conclusions without new images.

To engineers familiar with the situation, the request was an easy call. ''We all had an intense interest in getting photos,'' said Steven Rickman, a NASA engineer whose staff members served on the assessment team. ''As engineers they're always going to want more information.''

In his second e-mail appeal for satellite imagery, Mr. Rocha wrote in boldface to Mr. Shack and other managers, ''Can we petition (beg) for outside agency assistance?''

But Mr. Rocha did not know that the strange politics of the NASA culture had already been set in motion. Calvin Schomburg, a veteran engineer who was regarded as an expert on the shuttle's thermal protection system—though his expertise was in heat-resisting tiles, not the reinforced carbon-carbon that protected the wings' leading edges—had been reassuring shuttle managers, Mr. Diggins said. Mr. Schomburg either ''sought them out or the managers sought him out to ask his opinion,'' Mr. Diggins said.

Whether because of Mr. Schomburg's influence or because managers simply had no intention of taking the extraordinary step of asking another agency to obtain images, Mr. Rocha's request soon found its way into a bureaucratic dead end.

On Wednesday, an official Mr. Schomburg had spoken to—Ms. Ham, the chairwoman of the mission management team—canceled Mr. Rocha's request and tow similar requests from other engineers associated with the mission, according to the investigation board. Late that day, Mr. Shack informed Mr. Rocha of management's decision not to seek images.

Astonished, Mr. Rocha sent an e-mail message asking why. Receiving no answer, he phoned Mr. Shack, who said, ''I'm not going to be Chicken Little about this,'' Mr. Rocha recalled.

''Chicken Little?'' Mr. Rocha said he shouted back. ''The program is acting like an ostrich with its head in the sand.''

Mr. Shack, Mr. Schomburg and Ms. Ham declined to comment for this article or did not respond to detailed requests for interviews relayed through the space agency's public affairs office.

On the day he talked with Mr. Shack, Mr. Rocha wrote an anguished e-mail message that began, ''In my humble technical opinion, this is the wrong (and bordering on irresponsible) answer.'' He said his finger hovered over the ''send'' key, but he did not push the button. Instead, he showed the draft message to a colleague, Carlisle Campbell, an engineer.

''I said, 'Rodney, that's a significant document,' '' Mr. Campbell said in an interview. ''I probably got more concerned or angry than he did at the time. We could not believe what was going on.''

But Mr. Rocha still decided he should push his concerns through official channels. Engineers were often told not to send messages much higher than their own rung in the ladder, he said.

TAKING THE ISSUE HIGHER

The next day, Mr. Rocha spoke with Barbara Conte, a worker in mission operations, about spy telescopes. In a written response to reports' questions, Ms. Conte said her colleague ''was more keyed-up and troubled than I had ever previously encountered him.''

That day, she and another NASA employee, Gregory Oliver, took the issue to Mr. Cain, the Columbia's flight director for landing, at an unrelated meeting.

''We informed LeRoy of the concern from Rodney'' and offered to help arrange an observation by military satellites, Mr. Oliver wrote on March 6—a month after the accident—in a previously unreleased e-mail chronology of shuttle events. The message continued, ''LeRoy said he would go talk to Linda Ham and get back to us.''

About two hours later, at 12:07 p.m. that day, Mr. Cain sent out his own e-mail message saying he had spoken with management officials, who had no interest in obtaining the images. Therefore, Mr. Cain wrote, ''I consider it to be a dead issue.''

It was not over for Mr. Rocha, though. On Thursday afternoon, Jan. 23, he encountered Mr. Schomburg, the expert on the heat-resisting tiles, on the sixth floor of Building 1, where most of the managers had offices. They sat down in the anteroom of an office and began arguing about the need for imaging, said Mr. Rocha and the investigative board's report.

Mr. Schomburg insisted that because smaller pieces of foam had broken off and struck shuttles on previous flights without dire consequences, the latest strike would require nothing more than a refurbishment after the Columbia landed. Mr. Rocha maintained that the damage could be severe enough to allow hot gases to burn through the wing on re-entry and threaten the craft.

As their voices rose, Mr. Rocha recalled, Mr. Schomburg thrust out an index finger and said, ''Well, if it's that bad, there's not a damn thing we can do about it.''

On Jan. 24, eight days into the mission, engineers and managers held a series of meetings in which the debris strike was discussed. At a 7 a.m. meeting, Boeing engineers presented their analysis, which they said showed that the shuttle probably took the hit without experiencing fatal damage.

Those results were hastily carried into the 8 a.m. meeting of the mission management team, led by Ms. Ham. When a NASA engineer presented the results of the Boeing analysis and then began to discuss the lingering areas of uncertainty, Ms. Ham cut him off and the meeting moved along. The wing discussion does not even appear in the official minutes.

Mr. Diggings, the accident board investigator, said it should not be surprising that such a critical issue received short shrift. A mission management meeting, he said, is simply ''an official pro forma meeting to get it on the record.'' The decision to do noting more, he said, had long been made.

By then, Mr. Rocha said, he decided to go along. ''I lost the steam, the power drive to have a fight, because I just wasn't being supported,'' he said. ''And I had faith in the abilities of our team.''

He waited through the weekend until the Boeing engineers closed out the last bit of their analysis, and on Sunday, Jan. 26, he wrote a congratulatory e-mail message to colleagues, saying the full analysis showed no ''safety of flight'' risk. ''This very serious case could not be ruled out and it was a very good thing we carried it through to a finish,'' he wrote.

But his anxiety quickly spiked again. He slept poorly. Mr. Diggins said, ''I think that what was gnawing away at him was that he didn't have enough engineering data to settle the question he had in his mind.'' With days to go in the mission, Mr. Rocha continued to discuss the possibility of damage with Mr. Campbell, the expert in landing gear.

''He started coming by my desk every day,'' Mr. Campbell recalled. ''He was trying to be proper and go through his management,'' he said, but ''he was too nice about it, because he's a gentleman; he didn't get nasty about the problem.''

BEING THERE FOR RE-ENTRY

On Feb. 1, the last day of the Columbia's flight, Mr. Rocha rose before dawn. He wanted to be in the mission evaluation room, an engineering monitoring center on the first floor of NASA's Building 30, by 6:45 a.m., well before the shuttle fired its rockets to drop out of orbit. Normally, he would just watch the landing on NASA–TV, the space agency's channel, but he said he wanted to see the data from the wing sensors.

The room was jammed with people and computers. There was a pervasively upbeat mood.

Before long, things began to go wrong—and in the ways that Mr. Rocha had feared. The scrolling numbers giving temperature readings for the left and right wings began to diverge. Then, at 7:54 a.m., four temperature sensors on the left wing's wheel well failed.

In fact, the hole that the foam had punched into the wing 16 days before had been allowing the superheated gases of reentry to torch through the structure for some several minutes, and observers on the ground had already seen bright flashes and pieces shedding from the damaged craft.

As the number of alarming sensor readings quickly mounted, ''I started getting the sick feeling,'' Mr. Rocha said, pointing to his stomach. He looked up from the fog of fear and saw another engineer, Joyce Serial-Grush, in tears. He approached her and she said, ''We've lost communication with the crew.''

Mr. Rocha did the only thing he could think of: He called his wife. ''I want you to say some prayers for us right now,'' he said. ''Things aren't good.'' Finally, they got word that observers on the ground had seen the shuttle break up over Texas.

Emergency plans came out of binders; engineers locked their doors to outsiders and began to store data from the flight for the inevitable investigation. Frank Benz, the Johnson Space Center director of engineering, and his assistant, Laurie Hansen, came in. Mr. Rocha recalled that Ms. Hansen, trying to console him, said, ''Oh, Rodney, we lost people, and there's probably nothing we could have done.''

For the third time in two weeks, Mr. Rocha raised his voice to a colleague. ''I've been hearing that all week,'' he snapped. ''We don't know that.''

He was instantly ashamed, he said, and thought, ''I'm being rude.''

TROUBLED SLEEP, LATE THANKS

The next days passed in a blur. Mr. Rocha was assigned to the team to investigate the mission. At the same time, he was working with the team that was looking into the attachment ring problem that nearly scuttled the mission the night before liftoff, while handling his other duties.

At one point he got to ask Ralph Roe, a shuttle manager, why the photo request had

been denied. He got no direct answer, he recalled. Instead, Mr. Roe replied: ''I'd do anything now to get a photo. I'd take a million photos.''

Mr. Rocha's sleep was still troubled—now, by nightmares, he said, describing some: he was in the shuttle as it broke up; his relatives were on the shuttle; ''Columbia has miraculously been reassembled, and we're looking at the wiring and it's got rats in there.''

Since the accident, Mr. Rocha said, engineers and other colleagues have thanked him enthusiastically for speaking up, saying things like, ''I can't imagine what it was like to be in your shoes.'' His immediate supervisor has been supportive as well, he said. But from management, he said: ''Silence. No talk. No reference to it. Nothing.''

Except, that is, from the highest-up higher-up. One day Mr. Rocha read an interview with the NASA administrator, Sean O'Keefe, who wondered aloud why engineers had not raised the alarm through the agency's safety reporting system. This time, Mr. Rocha broke the rules: he wrote an e-mail message directly to Mr. O'Keefe, saying he would be happy to explain what really happened.

Within a day, he heard from Mr. O'Keefe, who then dispatched the NASA general counsel, Paul G. Pastorek, to interview him and report back. In a recent interview, Mr. O'Keefe said Mr. Rocha's experience underscored the need to seek the dissenting viewpoint and ask, ''Are we talking ourselves into this answer?''

NASA, following the board's recommendation, has reached agreements with outside agencies to take images during every flight. And 11 of the 15 top shuttle managers have been reassigned, including Ms. Ham, or have retired.

Ms. LANDRIEU. Mr. President, my point is, as we seek the truth in what happened with the tragedy of the crash of the shuttle, we will have to explore the tragedy in detail, and if we continue to press and focus on the details, the truth will emerge. If we continue to focus on the details and take the time, the truth will emerge, and when the truth emerges, if the truth is allowed to emerge, then the appropriate actions can be taken.

NASA, of course, says that safety is their highest priority. There is not a person I know who ever worked for NASA or who works for NASA today or who will work for NASA in the future who does not believe that safety is important.

When we explore the details, as this article does beautifully, we will be able to say: They say that, but what do they really mean? They say safety is important, but when this engineer—I believe his name is Mr. Rocha, and they go through in detail about his pleas that went unheard, his sterling reputation that was pushed aside by others who were basically ready to launch. We will find the truth.

The same is going to be true in this debate with the District of Columbia on this scholarship voucher program because the details of it are very important. The details will show us the truth about what happened.

I wish to begin by saying that my colleague from Ohio is correct in the sense that the Mayor does support this three-pronged approach. He is correct. But the way we got to this point I wish to share with my colleagues this morning.

The President offered earlier in the year in his State of the Union Address a choice initiative. The President, in his budget, basically said: Despite the fact I am not going to fully fund Leave No Child Behind, I am not going to fund it at the authorized level as promised and implied, instead, I am going to offer—his budget shows—a $75 million voucher initiative for the country, and it is going to be put—the budget showed and the administration said—in the Health and Human Services appropriations bill. That is how this whole issue began.

The administration said one thing, but I want to focus on what the budget actually showed. The budget that was laid down showed: We are not going to fully fund Leave No Child Behind, but this administration wants to fund a choice program for the Nation and they want to fund that through the Health and Human Services appropriations bill.

The Health and Human Services appropriations bill is chaired by the Senator from Iowa and the Senator from Pennsylvania, Mr. HARKIN and Mr. SPECTER. They together, and their staffs, basically sent word back that we would not have a voucher proposal in their bill. There was bipartisan agreement: We do not want vouchers in this bill. We do not want to support Federal vouchers. And so it was removed from that bill.

It managed to find its way into the DC appropriations bill because this bill, for better or worse, is sometimes the bill that is used to make political points instead of good public policy.

That is what the record will reflect. That is the truth, and I will submit for the RECORD those details as this debate goes forward.

The voucher program finds its way into the DC appropriations bill, of which committee I am the ranking member.

When the proponents of vouchers say this was the Mayor's idea, I have to comment on this for a moment. The Mayor will be able to express publicly, as he has, his position and can respond in any way, but the Mayor said—and I say this as respectfully as I can, and I think he has said this publicly—that he at no time went to the White House to ask for a voucher program. He did not say: I need money for my schools and I am convinced the voucher program will work and I would like vouchers for the District.

What happened was, this money was drifting in the budget, finding its way to DC, being pushed to DC by proponents of vouchers, and the Mayor was given a very difficult choice, which any mayor would be tempted to take, which was: Mr. Mayor, we have some money. Your school system needs help, and we are happy to give you some money, but—but—we need you to agree to a voucher component.

The Mayor, for whom I have the greatest respect for many reasons—one, because he is an out-of-the-box thinker, he is innovative, he is gutsy, he is smart, he is honest—had a very difficult choice. As I have told him, if I were the Mayor, I am not sure I would have made a different choice than he did. But because we are Senators and not mayors, we have a respectfully different perspective.

He said: I will take the money. I will take the $40 million. I have schools that have leaky roofs. I have schools that have no computers. I have children in my schools who haven't had gym classes in 10 years. I have an obesity problem. I have children who can play music but they have no instruments. I have children who will be great in science except they have no microscopes. And I have children who can learn but I have 40 kids in a class and I need more teachers. If I were the Mayor, I would have taken the money, but I am not the Mayor.

The Mayor was forced to make a pretty difficult decision driven by voucher proponents who will not give up on the vouchers. Even though we passed Leave No Child Behind, there is a determined group of people who will not give up on vouchers. The Mayor, as best as he could—and he has my respect and admiration—at least took a really rotten proposal and crafted a three-pronged approach and said: OK, let's present it: a third for charter schools, a third for public schools, and the transitional schools, the great reforms that are underway, and, all right, I will take a third for vouchers. Then it went forth: This is the Mayor's proposal; this is what the Mayor has asked.

I hope the truth has been spoken, and if any of my colleagues want to debate those points or submit for the RECORD a different view or a different story, please do. But that is how we got to this point.

Every time we get on this subject, the proponents want to say this was the Mayor's idea and the Mayor is a Democrat; he is an African-American Democrat; this was his idea. I want to be clear for the record, this was not the Mayor's idea. This was the President's idea, the administration's idea laid down in a budget, rejected by the Republican chairman and a Democratic ranking member of the Health and Human Services Appropriations Subcommittee, that has made its way to the DC Appropriations Subcommittee, and then was modified to become the issue we are discussing today.

The Mayor, from his perspective, I could argue, made the best choice for his city, but that might not be the choice the Senate needs to make, for obvious reasons.

One of those obvious reasons, to anybody with an open mind, is that we should not, as a Senate or Congress, at this critical time in the funding history of education reform, in any way send any signal to any city that they

cannot get money from Washington, they cannot get new money from Washington, unless they take a voucher program.

They keep saying this is new money. One could argue that, but let's just take it as new money. The only way someone can get money is if they enter into a voucher proposal. It should be obvious to people who are following this debate that that would be an inappropriate signal, and a dangerous signal, to send out as States, cities, counties, and parishes, as in the State of Louisiana, are struggling with making decisions about how can we get more money for these reforms, where should we allocate them. They have flexibility now.

Let me say on that point that voucher proponents do not want to listen to what the truth is. They do not want to listen, but this is the truth: Under the historic bipartisan bill that, if implemented, funded, and followed, can improve schools in America, under title I dollars, under tutorial services that are in that bill, communities today can craft private school vouchers or choice in their local jurisdictions. It is not done because there are very serious and reasonable people on both sides of the debate, but local jurisdictions can do that now. The question is, Should the Federal Government have basically a mandate for vouchers over, for instance, charter schools, transitional public schools, public contract schools, or other kinds of newly innovative reforms? The answer is obviously no.

So when Senator CARPER and I offered the amendment to the other side saying, look, we just cannot support a Federal mandate for vouchers—although we as cosponsors of this important and significant legislation understand where the Mayor is coming from—would you please remove the Federal mandate, we were told no.

There is a reason: Because the voucher proponents want a Federal preference for vouchers. But they will not get it in the long run. They may have the power now to get it in the short run, but they will not get it in the long run because the people of the United States do not want a Federal mandate for vouchers. Particularly, the people of the United States—Republicans and Democrats, Independents, Black, White, Hispanic, and Asian—who support the new reforms in education do not think vouchers are a superior method to charter schools, to public school innovation, to accountability, and that was a great victory that, in my opinion, they are not willing to undo.

Another part I wish to speak about this morning is the evaluation component. The reason Senator CARPER and others have argued with the vouchers-always-only-and-forever crowd, basically, is that if a scholarship program is going to be offered, recognizing that there is a tremendous amount of opposition to it on legitimate constitutional grounds—separation of church and state—but if one could manage to get through those very important issues, one of the key reasons for moving in this direction would be to demonstrate definitively whether this works.

Why is this important? Because those of us who are trying to find the ways to bring excellence to education through a public system with as much choice as possible, to every child, regardless of the kind of family or resources to which they are born, we believe strongly that this Nation can and should—and if it stays the path—do what no other nation has ever done in the world, and that is a belief that every child can learn if we provide resources for every child to learn, whether they are blind, deaf, in a wheelchair, have some disease, or they were born with incomplete mental capacity. This Nation believes no child should be left behind.

For 200 years, we have struggled through segregation times, through slavery times, through lots of times to reach that goal. We are making progress on that goal. Are there lots of problems? Yes, there are lots of problems, but we are making progress.

Those of us over the decades, way before we were in this Senate, who fought—and some in some instances died—over this principle continue to work today. So those of us who are committed to keeping our eyes on the prize—and the prize is excellence in education for every child and equity and equality, without pulling the children from the top down but by pushing all the children up—keep our eyes on that prize.

People ask me: Why, Senator, do you feel so strongly about this evaluation component? It is because I think there would be some good reason—actually, I would argue to my colleagues who are opposed to vouchers, and I respect them all for their very strong views, that if they were going to do a scholarship program, one value for the Nation would be to have a demonstration project that could show once and for all, to those who think vouchers are the greatest thing since sliced bread and to those who think it is the worst thing since the Devil himself, to come together and have the data and reason together and say it either worked or it did not work.

So when Senator CARPER submitted our amendment and we said, all right, we are reluctant, but if we could do this, this evaluation has to be tight—Milwaukee has had this for 13 years. I will be submitting for the RECORD constant referrals to that written by almost every objective newspaper in the country. There are some that are not, but most newspapers are objective. Most of the newspapers, whether they are conservative or liberal—I am not talking about very partisan papers—state it is inconclusive because there is no evaluation component. So we put one in our proposal that requires full and independent evaluation for the scholarship program that would include, amongst other things, a comparison of the academic achievements of scholarship students in high-performing schools and nonscholarship students attending high-performing public or charter schools.

Let me repeat that it would require a full and independent evaluation for the scholarship programs that would include, among other things, a comparison of the academic achievement of scholarship recipients in high-performing private schools and nonscholarship students attending high-performing public or charter schools, because that is what we do not know.

Let me explain what we do know. We do know if you take a poor child out of a school that is mismanaged and underresourced and put that child in a private school that is better managed and better resourced, that child will do better. It does not take a genius to know that. Anybody knows that. We don't need a study. We don't need a thing. We know it.

I will tell you what we don't know. What we don't know is, if you take a poor child and put that child in a high-performing or moderately performing private school, and then you take that same poor child and put that child in a high or moderately performing public school or a public charter school or public contract school, does that child do better or worse? That is what we need to know because what we need to know is does the scholarship itself make a difference? Does the scholarship, the act of giving the scholarship to the parent and the choice and the freedom, make a difference when all other things are controlled? Nobody in America or the world knows that.

So Senator CARPER and I said we would like to know that. We would be willing, maybe, to put this debate to rest once and for all if we could commit to a rigorous evaluation by outside experts who are not from the Democratic spin room or the Republican spin room. Then maybe we could be for this. They said no.

Let me go to two more points, briefly. I see my colleague from South Dakota is here and he probably wants to speak on this, or perhaps other subjects, but there are two issues I want to hit before we move to something else.

Last night several of my colleagues came to the floor and argued for vouchers on the basis that we do this for higher education and we have one of the finest higher education systems in the world. And they are right. We are proud of our system of higher education. It has been developed over hundreds of years. People from all over the world want to come to use our higher education system. Even given some of its weaknesses, it is a pretty remarkable institution we have created.

But there is a fundamental difference between higher education and elementary and secondary education that cannot be ignored. It is one of the details that is very important to understand.

Higher education is not mandatory in the United States. If you want to go, you can go. If you don't want to go, you do not have to go. But elementary and secondary education is basically mandatory in the United States. Children have to go to school. There are some exceptions for children in home schooling, which I actually support. Some people don't, but I think home schoolers do a beautiful job over time, as long as they are held accountable, and that is true in some States. But education in this country is mandatory; at least we have to offer it. It has to be universally offered.

In America today, even considering how great our higher education system is, only 20 percent of adults have college degrees. In African-American or Hispanic populations, that may be down to 10 or 15 percent. Maybe the national average is about 20 or 25.

We would like 100 percent of children to have a high school degree. They can drop out, but our goal as a Nation is 100 percent to have a high school degree. So the systems in their essence are different.

I will say maybe the word mandatory is a little strong. It is a goal of the United States to have 100 percent of our population to have a high school degree.

So you cannot compare these systems. While choice, as I said, is desirable, with the freedom like we have in the higher education system, because we do not have a policy that says we want to provide 16 years mandatory through college, then the freedoms that can exist in higher education are very different than what the public could support or afford for elementary and secondary education.

I wanted to get that statement on the record.

I see my colleague from South Dakota who wants to speak as in morning business. I will resume the discussion of Leave No Child Behind and the scholarship tuition debate when he has concluded.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. JOHNSON. I ask unanimous consent to speak in morning business.

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

Mr. JOHNSON. I thank my colleague from Louisiana for her extraordinary leadership on education issues. I do not want to take long on another topic.

(The remarks of Mr. JOHNSON are printed in today's RECORD under ''Morning Business.'')

Ms. LANDRIEU. Mr. President, back to the budget of the District of Columbia, earlier this morning it was said by our friends on the other side of the aisle that perhaps we should just have a debate today and Monday and move off of this bill, indicating a permanent move off of this bill.

I argue there is certainly a way, if this body desires—and I hope they would continue this very important debate—to figure out a way to spend some quality time debating this proposal. There are many concerned Members on both sides, I am certain, based on the level of intensity and the discussions at the committee level.

Since I was chair or ranking member of those committees, I was on the front row for those debates. I am confident there are Members on both sides who want some time to talk about this issue and to debate it in full. There is no reason that could not continue for weeks, as we take up other matters and move decisively based on agreements that can be reached.

As the ranking member, I go on record to both Republican and Democratic leadership, it would be my strong suggestion we continue to debate this issue. The details are extremely important for the Nation to grasp so we can move on to education reform.

There was debate earlier regarding the District of Columbia. A lot has been said about the Mayor's position. Yesterday, Mayor Williams was in the Senate. He has been a tireless advocate for school reform in the District. He should be commended.

I will read the Mayor's own words regarding his position. I believe his position has been misconstrued by opponents of vouchers. His words will clarify his position, so I will read into the RECORD this morning the Mayor's comments before the Governmental Affairs Committee in the House of Representatives.

He says:

> Along with city council education committee chair Kevin Chavous [who is another very strong and respected leader in the city for education reform] and board of education president Peggy Cooper Cafritz [who also has done an excellent job of leading reforms in the school district in Washington, DC] I support a 3-sector approach that would focus new Federal resources towards increasing the availability of quality education options for district students and families.

He says, I repeat, ''I support a 3-sector approach . . . ''

It does not say: ''I support a voucher-only approach.''

He says:

> I support a three-sector approach that would focus new Federal resources towards increasing the availability of quality education options for District students and families. This strategy would require a significant and ongoing investment toward the following: One, the development of a Federally funded scholarship program for students to attend nonpublic schools; two—

And this a detail that is extremely important that has been overlooked by some and undercut by others—

> a permanent and predictable support for the District of Columbia's public schools—

''permanent and predictable support for the District of Columbia's public schools''—

> targeted at leadership and instructional excellence and student achievement; and, three, a fiscally sound and comprehensive approach to the acquisition and renovation of charter school facilities.

This is the Mayor's position.

He goes on:

> Why a three-sector approach? The most compelling reasons focus on fairness, the legacy of Federal/District relations, and a strong sense that choice means the most when a number of quality educational options is maximized. Specifically, I mean that while DCPS faces considerable administrative and operational challenges that transcend any particular funding level, our public schools are paying the price of a legacy of disinvestment and crumbling school buildings, many constructed originally by the Federal Government. While bearing the cost associated with both the local school districts and a state system, the city has the tax base of neither. As the recent GAO report documented, the city needs ongoing assistance from the Federal Government in addressing the structural imbalance.

So let me take the Mayor's words, the Mayor's position, to make some points.

First of all, this statement should make it clear that the Mayor himself and Councilman Chavous and education President Peggy Cooper Cafritz have soundly rejected the vouchers-only approach. Yet to this day, on the floor of the Senate, at this hour—we have now been debating this issue on and off over the last several months; not publicly in this Chamber, but this debate has been raging in committees, in conference rooms, and meetings all over America—we have not had a definitive statement from this administration that they, too, reject the vouchers-only approach and that they will protect the three-pronged approach through this process.

Let me repeat, the administration has not, to my knowledge—if they have, please, someone, send me a letter or a telegram or an e-mail that would say: Senator, you are wrong. The administration only supports a three-sector approach, we will commit to that and make that possible by using the power of the White House—which is considerable—to ensure that happens.

In fact, one of the reasons I am particularly puzzled is because yesterday the administration released a statement of policy. For every bill, as we all know, when we are debating bills, which is appropriate, the administration says to Congress: These are the things I like about your bill. These are the things I do not like about the bill. And as the system goes, if we do not get a little bit more in line, usually, with what the administration wants—whether they are Republican or Democratic Presidents—sometimes they will veto what we do. That is process. So it is important to hear from the administration about what they are thinking so we can decide if we are willing to risk a veto. So we like to get these statements. It is helpful to this process.

I hold in my hand the President's statement, and I am going to submit it again for the RECORD:

> The administration is pleased the committee bill included $13 million for the President's school choice initiative fund. This innovative reform will increase the capacity of the District to provide parents, particularly

low-income parents, with more options for obtaining a quality education for their children who are trapped in low-performing schools. The administration appreciates the committee's support for strengthening the District's school system and strongly urges the Senate to retain this initiative.

Now, unless I missed a paragraph—and I don't think I did, because it is only two pages long, and the others go on to other issues—there is nothing here on the three-sector approach. There is no charter school language. There is no public school initiative language.

So in one hand I have the Mayor's comments, which speak of a three-sector approach, and in the other hand I have the administration's comments. That is why Senator CARPER and I laid down an amendment to try to clarify this issue. To date, it has not been clarified.

In all fairness to my colleague from Ohio, he did say last night—and I believe what he said is true—that a clarifying statement is on its way. Perhaps it is here and it just has not reached me. If it is, I will be happy to submit that for the RECORD at any time anyone can produce it for me. But I do not have it, and neither does my staff. So that is an important point to clarify. Maybe that will be clarified as this debate goes on.

The other part of the Mayor's comments that I think sheds a lot of light on the detail of what this argument is about, and I actually agree with the Mayor—not all Democrats do—but I agree with him when he says: ''a strong sense that choice means the most when the number of quality educational options is maximized.''

Now, let me put a few things on the record that the proponents of vouchers-only want to continue to say that is fundamentally untrue. It is just untrue. What they say is, families in the District of Columbia have no choice. It is my understanding—and I am going to submit it for the RECORD because if I am wrong I would like to be corrected—that recently—I am not sure on what day or year—but in the last few years, under the District's reform initiatives, there is districtwide choice in public schools.

Not every jurisdiction in America has districtwide choice, but it is my understanding—and I think I am correct—that in the District of Columbia—unlike New York City or San Francisco or even New Orleans, which I am more familiar with, or Baton Rouge or Shreveport, which I am more familiar with, those cities being in Louisiana—there is widespread choice. Parents can move from school to school with greater ease. That is a very important component.

Also, it is my understanding that there are more charter schools in the District of Columbia than any other jurisdiction per capita in the Nation, with 14,000 out of the 67,000 children enrolled in public charter schools, and there are waiting lists for charter schools.

But the problem is, there has been limited money in the Federal budget. Basically, there has been limited money for charter schools, so there is a waiting list of children to get into quality charter schools. Because the funding has been short on the Federal level, and perhaps maybe short on the local level, we cannot create more charter schools.

But the answer for the proponents of vouchers is, we are not going to give additional money for charter schools. We are just going to lay down a voucher-only proposal. Clearly, the Mayor said that would not be his position.

And finally, the Mayor says in his statement:

> The city needs ongoing assistance from the Federal Government to address the structural imbalance.

So here is really the big picture that is quite troubling. This administration, instead of coming to the District of Columbia initially and saying, ''We want to help you fund your reform efforts that are underway. We want to really encourage you in terms of your charter schools. We recognize your structural deficit, and we want to help with your structural deficit,'' instead of saying, ''We acknowledge that your public schools need some additional resources,'' the administration and the House—I should say specifically the House Republican leadership—has not offered anything in the budget toward those ends.

They have offered kind words. They have offered comments. But they haven't offered anything in the budget—which is the only thing you can take to the bank, the only thing you can count on—to the District. They have offered a $10 million, now $13 million, voucher only—not just voucher only to go to kids, children in failing schools, they want to have a voucher program for children to go to any school.

Some of us wanted to work with the other side of the aisle and did work with this administration to pass Leave No Child Behind that allowed great flexibility at the local level, that encouraged and pushed for more choice within the constitutional limits, and that suggested front and foremost that quality was not only important for the student and parents but for the taxpayers who are picking up this tab. And it is a big lift for taxpayers all over this Nation, not just to help the District with its funding and the taxpayers here. But taxpayers all over this Nation pay a lot of money in property taxes and in sales taxes and in other fees associated with supporting schools. The taxpayers deserve to know if that money is resulting in a quality product. The mayor acknowledges that.

Unfortunately, the proposal, in its detail—not what is said about it but in its detail—gives no assurance for quality. There is no evaluation component that is rigorous enough. There is a modest evaluation component. But because it lacks rigor, there is no quality control in the current proposal, which is one of the reasons the mayor's position is actually, when read and understood, quite different from the voucher proposal, at least seemingly from the administration, based on their own statement, and definitely from the House Republican leadership.

I would like to read Chairman DAVIS's comments into the RECORD. He said:

> Some are making a mountain out of a molehill over the fact that this legislation authorizes funding for school choice but not enhanced funding for DC public schools or charter schools. The reason for this is simple. This bill deals with authorization for a new and historic program. Authorization for spending on DC public schools and charter schools already exists. The debate will be over how low and how high that spending should be.

That is what Representative DAVIS said. But what the Mayor says is different. What the Mayor says is that this strategy ''would require a significant and ongoing investment that is permanent and predictable.'' These are two very different positions.

Again, the Mayor of the District of Columbia:

> We need a three-sector approach with predictable and permanent support.

This is the House leadership approach: Some people are making a mountain out of a molehill. We don't really have to authorize any new, predictable, permanent funding—I am paraphrasing—for public schools and charter schools because they already exist. This debate will be simply how high or how low that spending should be.

One of the problems Senator CARPER and I have, and it is a significant problem, is in recognizing this disparity. We went to our friends on the other side and said: These are totally different positions. I know what you are saying, but these are different positions. Can you clarify that for us? We would be willing, if you all would admit or agree, to not a $40 million new authorization but a $200 million authorization over 5 years. It is not just $40 million for 1 year. And the only permanent part of that $40 million is the voucher component. We said: If you want to do a 5-year program, we could even agree if you would say we are going to do $200 million over 5 years, $40 million a year for 5 years—a third, a third, and a third—so that we would have for 5 years a predictable source of Federal revenue that, no matter what happened, no matter what the underlying budgets did, no matter how big the deficit got, no matter how tough the war turned out to be, at least this demonstration project would be $200 million—a third for public schools, a third for charter schools, and a third for this new voucher program. But at the end of 5 years, we would have accomplished one great thing, and that would be a definitive answer as to whether or not scholarships work, because for the greatest school system in

the world today, our future depends on knowing that.

The rhetoric is so high on both sides, with some people saying, you will never fix public schools if you don't have vouchers, and some people saying, if you go to vouchers, you will wreck the system. Those of us who are interested in school reform and quality and the truth would be interested in funding a predictable $200 million Federal demonstration project in a city such as this, where the Mayor is supportive and several key leaders, but, let me be quick to say, in a city that has voted against vouchers and in a city with equally respectful leaders on the other side.

But our colleagues said no because they are not, to my knowledge or my view, the proponents—again, this is not my colleague from Ohio but the proponents of vouchers only, and there are some—are evidently only interested in this $10 million voucher program for the District, even in a district where the people are on record in the last referendum as voting 81 percent against vouchers. That remains a point of contention.

Let me move now to a discussion about charter schools for a moment. I will submit some more items for the RECORD.

There has been no disagreement between Senator DEWINE and me, as the chairman and ranking member of this committee. Again, without his support, this would not be possible. The Senator from Illinois, Mr. DURBIN, the Senator from Texas, Mrs. HUTCHISON—of course, they speak for themselves—have been leaders for charter schools as well. Without their support, the District would not be in the enviable place it is today; that is, having more students per capita having options for charter schools. So far, this very worthy and worthwhile experiment seems to be working. Most of the charter schools are doing a very good job.

In 2001, because rigorous evaluation components are in place, 99 percent of the students in the Oyster School—this is a very exciting initiative underway in the District, a bilingual, very cutting edge charter school in the Nation—are performing above basic in math and 100 percent are performing above basic in reading. This is just one example of one of the 41 charter schools that are operating in the District. It is a pre-K through sixth grade school; 362 students are attending. The students-for-teacher ratio is 11.7 students for every teacher, which is excellent. They are in the District of Columbia public schools. You can get other information from their Web page, but they have 17 percent African-American, 1 percent American-Indian, 3 percent Asian, 52 percent Hispanic, and 27 percent White students.

The details of this and the reports look excellent. This is happening all over the United States of America. This Congress has come to a point to say let's push the envelope, let's open up choice, let's create new charters, but let's do it in the public realm; and when we are spending public dollars, let's have accountability and have reports like this so the parents know, the students know, and the taxpayers know where we are getting the money we are spending.

I could not be more complimentary or excited about the fact that in our budget Senator DEWINE and I have every year tried to do what we could to support this wonderful effort underway by adding some money. It hasn't been a huge amount because our budget is tight and we have limits. But in each of the budgets, we have tried to put in some money for the charter school effort. So we are not just saying we think charter schools are good; Senator DEWINE and I are saying not only do we think the effort is good, but it is worthy of our support. We put our money where our mouth is, and we will continue to do that. If we can get general agreement from others to do that, perhaps we could make some progress.

Another charter school called the Tree of Life Charter School says the results were quite impressive for a second-year school. Most significant is the fact that 88 percent of the school students improved in reading. This represents the largest percentage of students showing positive gain among all charter schools this year. More than half of the students improved in math. Students showed good progress in performance levels, with 75 percent of the students performing at basic or above in math and 72 percent at basic or above in reading.

It should be noted that the majority, 91 percent of the school's population, is low income. The Tree of Life Charter School is another example of what is working in the District and what we as the Congress should continue to fund in a predictable and dependable way.

Again, that is what is missing in this proposal today. There is, in the underlying bill, money for charter schools, money for public schools, and money for vouchers. But there is no agreement, no commitment, and there are no solid statements that have been made or arrangements that have been made—which can be made—to indicate that the funding for charter schools would even happen next year. I realize that appropriations are annual. I understand that. But I also realize when this Federal Government wants to make a point about making sure that funding could be dependable, there are ways that can be done; it has been done in the past and it can be done now.

So I, for one, would be open to a limited, carefully crafted opportunity for children in failing schools to go to private schools, if there are seats available and if there is a proper evaluation. I find it extremely disconcerting that in this proposal there is not a similar commitment to charter schools and, as a result, at this point it is one of the reasons I am unable to support the proposal. There are many other reasons.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. TALENT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. GRAHAM of South Carolina). Without objection, it is so ordered.

Mr. TALENT. Mr. President, it is a real pleasure for me to rise on the subject of opportunity scholarships for kids in the District of Columbia. Before I make my statement, I am going to ask that a couple of items be printed in the RECORD. My good friend and colleague from Louisiana, I understand, has suggested that the administration does not or may not support those aspects of this bill which provide funds for DC public schools directly or for charter schools.

I have a letter signed by the Secretary of Education. I ask unanimous consent that the letter be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF EDUCATION,
Washington, DC, September 26, 2003.

Hon. MIKE DEWINE,
U.S. Senate,
Washington, DC.

DEAR SENATOR DEWINE: I am writing today to express my strong support for the District of Columbia education improvement initiative that is contained in the DC appropriations bill now pending before the Senate.

Debate in the Senate this week has highlighted the fact that excellence in education is critical to the future of the District's school children and to the economic and social vitality of DC as a whole. Yet the DC public school system has not yet taken the steps needed to reform its operations and raise student achievement to the level required. That is why we need a package of reforms that both improves DC public schools and gives parents and students additional educational options, including the option to attend charter schools and private schools. The appropriations bill now before the Senate would do just that.

The bill includes a three-pronged initiative to: (1) improve DC public schools that serve predominantly children from low-income families; (2) create new charter schools and ensure that DC charter schools have adequate facilities; and (3) provide scholarships to a limited number of DC children so that they can attend private schools in the District. Each of these three elements of the initiative is critical and each must be retained in the final bill.

The debate in the Senate has clarified many facts about the scholarship component of the program, which I know is the most controversial. It has shown that Mayor Williams and other leaders of the District are fully supportive of the entire initiative, including the scholarship program; it is what they want and need. It has shown that the scholarship program would be carefully evaluated, so that we know if a program like this can be successful in raising student achievement. And Senators have reiterated forcefully that the entire, three-pronged initiative represents new money for the District. It is simply untrue to state that any of it

would take money from DC public schools, and it would be tragic if any of this assistance were denied to DC residents at this point.

I hope this letter conveys the commitment that the Administration feels, and that I personally feel, toward this very important initiative. If my staff or I can be of any assistance to you in enacting this program, please let me know immediately.

Sincerely,

ROD PAIGE.

Mr. TALENT. In relevant part, it refers to the three funding initiatives in the bill, and then says each of these three elements of the initiative is critical and each must be retained in the final bill. That is on behalf of the administration. I think that makes clear the administration is strongly supportive of all three aspects of this measure and feels they are a package, and I think that is true. That is how all of us who support this measure feel.

I know suggestions have been made with regard to Mayor Williams' support of this measure, that it was somehow foisted upon him by somebody or some group.

I refer the Senate to an op-ed piece in the Washington Post, and I also ask unanimous consent that it be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Sept. 3, 2003]

WASHINGTON'S CHILDREN DESERVE MORE CHOICES

(By Anthony A. Williams, Kevin P. Chavous and Peggy Cooper Cafritz)

For those of us involved every day in urban education, there are some staggering realities that keep us awake at night. Every child who graduates without basic skills—or who drops out altogether—is on a potential pathway to public assistance, to being alienated from the full benefits of participation in society or, worse, to a life in the criminal justice system. The D.C. appropriations bill before Congress would provide $40 million in new funding for K–12 education in the District to be divided among public schools, public charter schools and scholarships for private and parochial schools. We think that this is an appropriate investment by the federal government in the children of the nation's capital. Without the resources ordinarily provided by a state, the District is more challenged than other cities in its efforts to adequately fund public education and foster innovative reform.

Our children have endured decades of neglect in public education. But there is hope. We have a reconfigured school board and a respected superintendent who have begun needed reforms. Fifteen ''transformation schools'' have been reconstituted from top to bottom—new principles, new staff and extra resources. In addition, we have the country's most robust charter school movement with 40 schools educating 16 percent of our children.

But despite these underpinnings, parents still want more choices. At town hall meetings, community picnics, hearings and PTA meetings, we hear the same complaints: ''I can't find the right setting for my child'' or ''My child is not flourishing in this environment.''

Despite steady reform, change cannot occur rapidly enough to provide relief to all public schools. As elected leaders, we cannot tell parents who yearn for an opportunity for their children to delay the same fulfillment we can provide our own children. This is especially so when we have extra assets in our midst: openings in non-public schools. Obviously, the issue of whether federal funds should be allocated to private schools is enormously difficult, but it is an issues that has been settled by the Supreme Court.

We are not advocating a national voucher policy. We, as local leaders, are simply imploring Congress to embrace our efforts to help our long-neglected student population with every available tool. We believe the current proposal adequately addresses legitimate concerns about constitutionality, separation of church and state, accountability, selection of students and other issues. We have worked closely with the Bush administration and with congressional leaders in developing our proposal. Students receiving scholarships will be randomly selected and must fall within certain family income parameters. Participating schools will be monitored by local authorities and the U.S. Department of Education. And our public schools will not be penalized financially for the loss of students to private or parochial schools. The notion that this ''school improvement imitative'' is being imposed on us from on high belies the reality that this three-sector approach was conceived by us—D.C. officials duly elected by local citizens.

No one should argue that private-school scholarships are a panacea. Most students in the District will remain in our public schools, and nothing will deter us from our commitment to improve those schools. But we trust that, given additional options, D.C. parents will exercise sound judgment in selecting the right setting for their children. We are confident that the proposed legislation will allow us to evaluate the effect of school choice on youngsters whose parents opt for it.

Funding for the initiative is correctly placed in the D.C. appropriations bill and is not in competition with other federal education priorities. This is a welcome partnership between the District and Congress. The discussion should not be burdened with agendas and ideologies unrelated to the best interest of the school children in our city.

Mr. TALENT. It is written by the Mayor, along with Councilman Chavous and the President of the District of Columbia Board of Education, in which they go into their reasons for supporting this measure. It is a rather passionate explanation of why they believe this measure is so important; in fact, not just important but absolutely necessary to thousands of kids in the District of Columbia who otherwise would have little hope of getting a good education.

That is the feeling I have noticed in all of us who have encountered this issue over time feel. I encountered the issue of opportunity scholarships for kids when I first started working on community renewal, which is what our little group used to call urban renewal, and as some people call it. I got involved in that in the mid-1990s. As part of that involvement, I toured a lot of places in Missouri and in the country where people were revitalizing their neighborhoods. They were doing it by adopting the kind of measures that brought small business investment in their neighborhoods, working with the police and community policing, working with local organizations on substance abuse programs and on home ownership. It was all tremendously inspiring.

I ended up filing the Community Renewal Act first in 1995 on the House side with then-Congressman J.C. Watts and Congressman Floyd Flake. Subsequently, a Senate bill was filed by then-Senator Abraham and my good friend from Connecticut, Mr. LIEBERMAN. We were all involved in this and believed in it passionately.

I remember I was in Indianapolis talking to some residents about their community renewal efforts. They brought up the whole subject of opportunity scholarships, or school choice, or whatever one wants to call it. This was a depressed urban area like many parts of the District of Columbia, and they said we have to have good local schools because it does not do any good for us to get jobs and safety on the streets and the other things that are vital to community renewal if we do not have good local schools because, what happens is people get jobs and then they leave. They do not stay because they have to have a good education for their kids.

I got involved with this issue at the time, and in the bill we filed we had a little piece of it that was simply directed to opportunity scholarships for the urban poor for kids going to failing schools. I remember we introduced it at a press conference, and the press asked: Is this just something you are doing to try to help the Catholic Schools? That was one of the charges: They said this is something the Catholic Church is doing to help its schools.

Spence Abraham thought about it, and he started to answer it. Then he looked at the five of us standing there and he said: Wait a minute. JIM, what denomination are you?

I said: I am a Presbyterian.

He said: J.C., you are a Baptist youth pastor, are you not?

J.C. Watts said: Yes.

Then he asked former Congressman Floyd Flake: You are a pastor in the AME Church?

Floyd said: Yes.

Then he turned to Senator LIEBERMAN: JOE, of course, you are an Orthodox Jew.

JOE said: Yes.

And he said: I am Greek Orthodox.

We are doing this as part of a conspiracy by the Catholic Church to get money into those schools? Those Catholics play a pretty deep game.

For the next few years, we debated that measure and eventually passed the Community Renewal Act without the opportunity scholarship part of it.

The point I am trying to make is, I have been back and forth for years now with all of the arguments, pro and con, on this. I have heard them all. I have participated in them all, in the House, and then in a race for Governor in Missouri in the year 2000, then in the race for the Senate in the year 2002. It is not that those arguments are not important, because they are. They have usually been argued with great eloquence.

They have been on the floor this morning. They were yesterday, and I was listening to some of them on both sides and appreciating the eloquence and vigor with which they argued.

But I am at the point where I have to ask myself, what difference do those arguments really make in the face of the brute reality that every day thousands of kids in the District of Columbia get up and go to school where their parents and they know they are not safe, they will not learn, and it is not going to change? That is the position real people are in every day. They do not have any other options. That is the reality.

I think of this more and more from the standpoint of the parents, because I have talked to a lot of them over the years. I have three kids. They are 13 and 11 and 7. You will not be surprised to find out that my wife and I spend a lot of time talking about the education of these kids, trying to make the same decisions parents all over the country have to make about education: Which first grade teacher would be better for the 7-year-old? We spend a lot of time talking about that one. What kind of electives should the 7th grader take, now that he can finally take electives? Should he be in the public presentation class or Spanish or what? We talk about this, and these decisions are very important to our kids. These kinds of decisions for our kids might make a difference in terms of how far they go in life. It might make a difference in terms of how successful they are in life, so we spend an awful lot of time on it.

But I am going to tell you these parents I talk to about this issue, they are not making those kinds of decisions. Those are not the kinds of things they are debating. When I talk to them, there is a sense of urgency and sometimes a sense of panic in their eyes because they know a lot more is at stake than which teacher their kid is going to get in first grade. They know what is at stake for their kids may be not how successful they are in life or how far they go in life but whether they have a real shot at it at all. This is the difference between a good education and not a good education when you are trying to raise kids on your own in these neighborhoods and you don't have any help from anybody else anyway. That is why they feel this sense of panic, because they are looking at their kids and they know, if something is not done quickly—and it is not going to be done in the traditional system—if something is not done quickly for their kids, they are looking at kids who, if they are trapped in that school for their whole educational career, are a whole lot more likely to end up by the time they are 25 years old in a gang or on drugs or in jail or wounded or maybe dead. That is what these parents are thinking. That is why this bill is important to them.

We ought to give them a chance. That is for all they are asking. They have been looking for this kind of relief for years. The House has voted it for years. The Senate has voted on it. The idea that this is something new this President has presented is just not correct. There are a bunch of us who have been involved in it one way or another for a whole lot of years. Now we actually have a chance to pass it. Now we have a chance to give these parents and their kids some options, and we just ought to do it.

The upside for these families is tremendous. The downside is just not that great. If it doesn't offer them a better education, they will not take advantage of these scholarships and the money will revert—I guess to the District of Columbia. Or does it revert to the Treasury? To the District of Columbia.

OK, the arguments against it. I guess the argument—I had not heard this but I suppose it could happen—the District of Columbia voted against vouchers 20 years ago. It was 20 years ago.

The argument I hear a lot, that opportunity scholarships or school choice will hurt the public schools.

This is kind of ironic and I have discussed this with parents. Of course, everybody else in the country, except these, usually, single moms in these neighborhoods, has school choice. Talk to somebody in the realtor business if you do not believe that. When people buy a house someplace what do they ask about? They ask about the schools, don't they? Because, for the average person in this country, if your school is a school where you think your kid is missing out, it is not a marginal question. If that school is really failing your kid, for whatever reason, you are going to do one of three things. You are going to move, you are going to put your kid in a private school or a different school of some kind, or—and this is an increasing number of people—you are home schooling your kids. You are going to do something.

But these moms can't do that because they don't have the money to move, they don't have the money to put their kids in a private school, and they are working, so they don't have the time to stay home and home school. So they are stuck.

Everybody else in the country has this kind of opportunity and that has not hurt the public schools. This is a country that believes in, and is enriched by, diversity, by people having different opportunities and different choices. Everybody has it except them. They think that argument is quite ironic.

The argument against this, that it will cost the public schools money—Mr. President, do words have meaning? It gives the public schools more money, $13 million more than they would otherwise get. If the scholarships don't work, they will get more. The $13 million will revert to the Treasury and we can give that to them as well.

I have already gone over the argument that it was foisted on the Mayor. It wasn't. Boy, if it is, he is doing a pretty good job dealing with something that was foisted on him. I saw him down here in the Senate the other day.

I don't like to burden the Senate too much with my speeches. It is only when I have dealt with something for a while where I feel strongly about something. I do about this issue. I appreciate the opportunity to talk and I appreciate the passion and the sincerity of those who oppose this.

I would like to reach out and say to folks, let's try this year. I think it is going to work. These parents think it is going to work. We had 10,000 people line up in 1997 for 1,000 part-time scholarships. Let's give these kids a chance. I think we will be glad we did, if we will vote this in.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Alaska.

MORNING BUSINESS

Mr. STEVENS. Mr. President, I ask unanimous consent that there now begin a period of morning business, with Senators permitted to speak therein for up to 10 minutes.

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

MEASURE PLACED ON THE CALENDAR—S. 1657

Mr. STEVENS. Mr. President, I understand S. 1657 is at the desk and is due for a second reading.

The PRESIDING OFFICER. That is correct.

Mr. STEVENS. I ask we proceed.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1657) to amend section 44921 of title 49, United States Code, to provide for the arming of cargo pilots against terrorism.

Mr. STEVENS. Mr. President, on behalf of the leader, I object to further proceeding on this measure so it can go to the calendar.

The PRESIDING OFFICER. Under the rule, the bill will be placed on the calendar.

SCHEDULED MARKUP OF THE EMERGENCY SUPPLEMENTAL

Mr. STEVENS. Mr. President, I am here this morning to announce that we will have a markup of the supplemental request presented by the President, the emergency supplemental request for Iraq, on Tuesday morning at 10 a.m. I wish to state some of the reasons that I have scheduled this hearing.

Secretary Rumsfeld appeared before our committee and made several statements. I want to repeat a few quotes from his statement to our committee. He said:

Standing between our people and the gathering dangers is the courage of our men and women in uniform.

The vast majority of the funds the President has requested are going to troops who are risking their lives in this struggle. Of the $87 billion the President requests, $66 billion is to support ongoing military operations, money for military pay, fuel, transportation, maintenance, weapons, equipment, lifesaving body armor, ammunition, and other critical military needs.

Further on he says:

So $66 billion or 75 percent of this request is for troops. They need it and they need it soon.

Again, continuing on through his statement, he pointed out that:

In less than 5 months virtually all major Iraqi hospitals and universities have been reopened and hundreds of secondary schools, a few months ago most often used as weapons caches, these have been rebuilt and are ready to start the fall semester; 70,000 Iraqis have been armed and trained in just a few months and have been contributing to the security and defense of their country. A new Army is being trained. More than 40,000 Iraqi troops are conducting joint patrols with coalition forces. By contrast, it took 14 months to establish a police force in post-Germany, and 10 years to begin training a new German Army.

He went on to say:

As security improves, so does commerce. Some 5,000 Iraqi small businesses opened since the liberation on May 1 and the Iraqi Central Bank was established and a new currency announced just two months ago—accomplishments that would have taken 3 years in postwar Germany.

He mentioned other items. He said that all of this and more has taken place in less than 5 months. The speed and breadth of what Ambassador Bremer, GEN Tom Franks, GEN Rick Sanchez, and GEN Abizaid and the civilian military and civilian teams have accomplished is impressive and it may be without historical parallel, whether compared to postwar Japan, Germany, Bosnia, or Kosovo.

I listened with great interest to the Secretary of Defense, and I am convinced he has made the case for the early consideration of this supplemental.

Before the Armed Services Committee, my distinguished colleague from West Virginia, Senator BYRD, asked Ambassador Bremer:

I believe you said you didn't need the money until January. I believe you said in the Appropriations Committee or in the Democratic caucus—whichever request it was. Is that a fact?

Ambassador Bremer said:

No, Senator. We need this money right away. I think there is some confusion. I was asked a specific question which was, When does the Iraqi government run out of money? And I said sometime in January. That's not the same as this. We have got to get these reconstruction programs going right away as quickly as possible. There is nothing more urgent.

Later, in response to a question by Senator WARNER, Ambassador Bremer said:

Yes, Senator. This is the most important thing that is accelerated by the supplemental. There are the security parts where we can speed up the training of the Iraqi army; instead of taking two years, take one. We can't do that without more money speeding up particularly the training of the Iraqi police force which requires almost $2 billion. Each month that goes by where we don't start those projects is a month longer where those guys potentially leave our troops with some of the duties that I have outlined in my statement. The same is true for the infrastructure. We need to get started letting contracts that we have to open—that we have to open bids. It is going to take time. If we can get started to get those bids started now quickly, we can get the repairs started quickly.

Chairman WARNER asked General Abizaid:

Is there a correlation, in your professional judgement, General?

The general said:

Sir, there certainly is. The more the Iraqis are policing and patrolling the security work to defend their own country the sooner we will be able to draw down our forces and the sooner we will be able to turn over the country to the rightful owners, which are the Iraqis.

Chairman WARNER asked:

It has a correlation to the tragic death, loss of life and limb by our forces and our coalition. Am I correct?

General Abizaid said:

Sir, there is a correlation. We should all make sure we understand as long as American troops are in Iraq there will be casualties.

I take the position that winning the war on terrorism requires us to finish our job in Iraq. Very clearly, we are in a different situation now than we were in World War II. In World War II, after the defeat of the Nazis, we went to the point of having an occupation force there for over 4 years. That occupation force had a military government. We have determined not to establish a military government in Iraq. We want to move toward having the Iraqis themselves start a new form of government for themselves. In doing so, we are in a position where the lives of our soldiers and our military there in Iraq depend upon the speed with which these people can establish their own government and their own military.

I came across an article this past week in the RAND Review for the summer of 2003. It is a most interesting article about ''The Inescapable Responsibility of the World's Only Superpower.'' It points out that, from Germany to Afghanistan, we had a period of training. In terms of the training for the operations we are facing now in Iraq, each succeeding effort—what this person calls ''nation building''—was somewhat better managed than the previous one. This article compares Germany, Japan, Somalia, Haiti, Bosnia, Kosovo, and Afghanistan to Iraq in terms of the problems we face.

I find it very interesting to note, quoting the article:

Among the recent operations, the United States and its allies have put 25 times more money and 50 times more troops on a per capita basis in post-conflict Kosovo than into post-conflict Afghanistan.

We are already learning how to move forward and establish the new governments in the countries we are involved with. Afghanistan is a good example.

If you follow through on what this person is stating, he is taking the position of the RAND organization:

We at RAND believe that Iraq will require substantial external funds for humanitarian assistance and budgetary support. It is highly unlikely that taxes on the Iraqi oil sector will be adequate to fund the reconstruction of the Iraqi economy in the near future. Judging by the experience of Bosnia and Kosovo, territories that have higher per capita incomes than Iraq, budgetary support will be necessary for quite some time. To manage immediate operating expenditures, we suggest that post-conflict authorities in Iraq first establish a reasonable level of expenditures, then create a transparent tax system and ask foreign donors to pick up the difference.

We have a donors' conference scheduled later next month.

The article goes on to say:

Post-conflict stabilization and reconstruction with the objective of promoting a transition to democracy appear to be the inescapable responsibility of the world's only superpower. Therefore, in addition to securing the major resources that will be needed to carry through the current operation in Iraq success, the United States ought to make the smaller long-term investments in its own institutional capacity to conduct such operations.

I find this article very interesting in terms of the problems we face. I ask unanimous consent that it be printed in the RECORD at the end of my remarks.

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

See exhibit 1.

Mr. STEVENS. Mr. President, going back to the statements made before our committee, as Ambassador Bremer said to us on September 22:

There are some things I would like to point out about this $87 billion request. No one part of the supplemental is indispensable and no part is more important than the others. This is a carefully considered request. This is urgent. The urgency of military operations is self-evident. The funds for nonmilitary action in Iraq are equally urgent. Most Iraqis welcome us as liberators and we glow with the pleasure of that welcome. Now the reality of foreign troops on the streets is starting to chafe. Some Iraqis are beginning to regard us as occupiers and not as liberators. Some of this is inevitable, but faster progress in reconstruction will help. Unless this supplemental passes quickly, the Iraqis will face darkness eight hours daily. The safety of our troops is indirect but real. The people who ambush our troops are small in number and do not do so because they have undependable electricity. However, the population of a few is directly related to their cooperation in hunting down those who attack us. Earlier progress gives an edge against terrorists.

As chairman of the Appropriations Committee, I take the position that we should act as quickly as possible on this bill. If we can get it to third reading before we leave here the next week, the House will act on the bill while we are gone. We can marry our version of the bill to the House version of the bill here in the Senate and take it up the first week we are back after the recess.

If we do that, we should be able to get this bill to the President and to the Department of Defense and to Ambassador Bremer's operation by mid-October at the latest. It is urgent we do that.

We have the option to demonstrate to the world we are not going there to occupy Iraq. We did not intend to occupy Iraq. As a matter of fact, under the Iraq Liberation Act enacted in 1998, Congress stated the policy:

It should be the policy of the United States to support efforts to remove the regime headed by Saddam Hussein from power in Iraq and to promote the emergence of a democratic government to replace that regime.

Further, it stated:

It is the sense of the Congress once the Saddam Hussein regime is removed from power in Iraq, the United States should support Iraq's transition to democracy by providing immediate and substantial humanitarian assistance to the Iraqi people, by providing democracy transition to Iraqi parties and movements with democratic goals, and by convening Iraq's foreign creditors to develop a multilateral response to Iraq's foreign debt incurred by Saddam Hussein's regime.

That is what we are trying to do. We are trying to escape the long delay of military occupation and carry out our goal of liberation of the Iraqi people as we decided in 1998.

It is essential we proceed with this markup and get the bill to the Senate as quickly as possible. It is my hope it would be on the floor by Tuesday night. I hope the leader will give us the time during the next week to take this bill, that provides the funds, to third reading so we can act as an Appropriations Committee in conjunction with our colleagues from the House on the bill they will produce when we are on recess.

Nothing is more important than demonstrating to those people in uniform in Iraq that we mean business. We need this money. There is no question they need this money.

Because of the requests made during the debate on the last supplemental, we convinced the administration to submit a 2004 Defense bill. The 2004 Defense bill did not contain any money for Iraq. That was in the separate supplemental submitted to us in response to the request from the Congress to do just that.

For the first time in history the President has requested money in advance to conduct a war. All Presidents in the past have taken money from existing Government funds, spent them, and then came to Congress to replace the funds from which those moneys were taken.

This President submitted a concise request. As a matter of fact, one Member of the other side of the aisle in the budget markup asked for $100 billion for the Iraqi defense activities. This President asked for a total of $66 billion plus $20.3 billion for the activities conducted under Ambassador Bremer's aegis to hasten the ability of the Iraqi people to take over their own government, their own security, and their own future.

If we can act quickly, we can escape a long period of occupation. Compare the two sections of this bill: $66 billion for defense, $20 billion for the humanitarian and governmental activities. The longer we keep our troops in Iraq, the more expensive it will become from a military point of view. The sooner we can help these people establish their own government, provide their own security, their own army, the sooner we can bring our people out of Iraq and release these extraordinary expenses. The President has enabled us to view those expenses.

The bill we just passed, and the President will soon sign for 2004 for Department of Defense, does not contain money for Iraq. The money for Iraq is in a separate bill and demonstrates to everyone how expensive it is to keep an army in Iraq.

Our goal is to get that $20.3 billion as quickly as possible. It is needed as much as the Defense money. I hope the Senate will work with us next week as we try to bring this bill to the floor and get it to third reading before we recess on the 3rd.

EXHIBIT 1

[From the Rand Review, Summer, 2003]

NATION-BUILDING

(By James Dobbins)

We at the RAND Corporation have compiled what we have found to be the most important lessons learned by the United States in its nation-building efforts since World War II. Not all these hard-won lessons have yet been fully applied to America's most recent nation-building efforts in Afghanistan and Iraq.

We define nation-building as ''the use of armed force in the aftermath of a conflict to underpin an enduring transition to democracy.'' We have compared the levels of progress toward this goal among seven historical cases: Germany, Japan, Somalia, Haiti, Bosnia, Kosovo, and Afghanistan. These are the most important instances in which American military power has been used in the aftermath of a conflict to underpin democratization elsewhere around the world since World War II.

From our review of the historical cases, we at RAND have derived a number of overarching conclusions:

Many factors—such as prior democratic experience, level of economic development, and social homogeneity—can influence the ease or difficulty of nation-building, but the single most important controllable determinant seems to be the level of effort, as measured in troops, money, and time. Multilateral nation-building is more complex and time-consuming than a unilateral approach. But the multilateral approach is considerably less expensive for individual participants.

Multilateral nation-building can produce more thorough transformations and greater regional reconciliation than can unilateral efforts.

United of command is as essential in peace operations as it is in war. This unity of command can be achieved even in operations with broad multilateral participation when the major participants share a common vision and tailor the response of international institutions accordingly.

There appears to be an inverse correlation between the size of the military stabilization force and the level of casualties. The higher the proportion of troops relative to the resident population, the lower the number of casualties suffered and inflicted. Indeed, most of the post-conflict operations that were generously manned suffered no casualties at all.

Neighboring states can exert significance influence, for good or bad. It is nearly impossible to put together a fragmented nation if its neighbors try to tear it apart. Every effort should be made to secure their support.

Accountability for past injustices can be a powerful component of democratization. Such accountability can be among the most difficult and controversial aspects of any nation-building endeavor, however, and therefore should be attempted only if there is a deep and long-term commitment to the overall operation.

There is no quick fix for nation-building. None of our cases was successfully completed in less than seven years.

These lesions are drawn from the ''best practices'' of nation-building over the past 60 years. We explain the lessons in greater detail below and then suggest how they might be applied to future operations and, in particular, to Iraq. Although the combat phase of the war against Iraq went very well and the regime collapsed much faster than many had expected, the United States has been left with the unenviable task of seeking to build a democratic, economically vibrant Iraqi nation.

FROM GERMANY TO AFGHANISTAN

The cases of Germany and Japan set a standard for post-conflict nation-building that has not been matched since. Both were comprehensive efforts at social, political, and economic reconstruction. These successes demonstrated that democracy was transferable, that societies could be encouraged to transform themselves, and that major transformations could endure.

For the next 40 years, there were few attempts to replicate these early successes. During the cold war with the Soviet Union, America employed its military power to preserve the status quo, not to alter it; to manage crises, not to resolve the underlying problems; to overthrow unfriendly regimes and reinstall friendly ones, not to bring about fundamental societal change.

After 1989, a policy of global containment of the Soviet Union no longer impelled the United States to preserve the status quo. Washington was now free to overlook regional instability in places like Yugoslavia and Afghanistan as long as the instability did not directly threaten American interests. At the same time, though, the United States had the unprecedented opportunity of using its unrivaled power to resolve, not just to manage or to contain, international problems of strategic importance. In addition, the United States could secure broader international support for such efforts than ever before.

Throughout the 1990s, each successive post-cold war effort became wider in scope and more ambitious in intent than its predecessor had been. In Somalia, the original objective was purely humanitarian but was subsequently expanded to democratization. In Haiti, the objective was to reinstall a president and to conduct elections according to an existing constitution. In Bosnia, the objective was to create a multiethnic state out of a former Yugoslav republic. In Kosovo, the objective was to establish a democratic polity and market economy virtually from scratch.

From Somalia in 1992 to Kosovo in 1999, each nation-building effort was somewhat better managed than the previous one (see table). Somalia was the nadir. Everything

that could go wrong did. The operation culminated in the withdrawal of U.S. troops in 1994 after a sharp tactical setback that had resulted in 18 American deaths in October 1993. This reverse, which became memorialized in the book and film ''Black Hawk Down,'' was largely the result of an unnecessarily complicated U.S. and United Nations command structure that had three distinct forces operating with three distinct chains of command. Despite its failure, the Somalia mission taught America crucial lessons for the future. One was the importance of unity of command in peace operations as well as in war. Second was the need to scale mission

AMERICA'S HISTORY OF NATION-BUILDING

Country or territory	Years	Peak U.S. troops	International cooperation	Assessment	Lessons learned
West Germany	1945–1952	1.6 million	Joint project with Britain and France, eventually NATO.	Very successful. Within 10 years an economically stable democracy and NATO member.	Democracy can be transferred. Military forces can underpin democratic transformation.
Japan	1945–1952	350,000	None	Very successful. Economically stable democracy and regional security anchor within a decade.	Democracy can be exported to non-Western societies. Unilateral nation-building can be simpler (but more expensive) than multilateral.
Somalia	1992–1994	28,000	United Nations (U.N.) humanitarian oversight.	Not successful. Little accomplished other than some humanitarian aid delivered in Mogadishu and other cities.	Unity of command can be as essential in peace as in combat operations. Nation-building objectives need to be scaled to available resources. Police may need to be deployed alongside military forces.
Haiti	1994–1996	21,000 (plus 1,000 international police).	U.N. help in policing	Not successful. U.S. forces restored democratically elected president but left before democratic institutions took hold.	Exit deadlines can be counterproductive. Need time to build competent administrations and democratic institutions.
Bosnia	1995-present	20,000	Joint effort by NATO, U.N., and Organization for Security and Cooperation in Europe.	Mixed success. Democratic elections within two years, but government is constitutionally weak.	Unity of command is required on both military and civil sides. Nexus between organized crime and political extremism can be serious challenge to enduring democratic reforms.
Kosovo	1999-present	15,000 (plus 4,600 international police).	NATO military action and U.N. support.	Modest success. Elections within 3 years and strong economic growth. But no final resolution to Kosovo's status.	Broad participation and extensive burden-sharing can be compatible with unity of command and American leadership.
Afghanistan	2001-present	10,000	Modest contribution from U.N. and nongovernmental organizations.	Too early to tell. No longer launch pad for global terrorism. But little democratic structure and no real government authority beyond Kabul.	Low initial input of money and troops yields low output of security, democratization, and economic growth.

objectives to available resources in troops, money, and staying power. A third lesson was the importance of deploying significant numbers of international military forces to places where the local law enforcement institutions had disappeared or become illegitimate.

America applied these lessons to Haiti in the mid-1990s. We had unity of command throughout the operation. We did not have parallel American and allied forces. We had a single force under a single command with a clear hierarchy of decisionmaking. We deployed a large number of police within weeks of the military deployment, and the police were armed with both weapons and arrest authority. Unfortunately, we were obsessed with exit strategies and exit deadlines in the wake of the Somalia debacle. So we pulled out of Haiti with the job at best half done.

The Bosnia experience of the late 1990s, was more successful. We set an exit deadline but wisely ignored it when the time came. On the negative side, there was a lack of coordination between the military stabilization efforts of NATO and those organizations responsible for civilian reconstruction. Consequently, the authority for implementing the civilian reconstruction projects became fragmented among numerous competing institutions. To complicate the situation further, the international police who had been deployed were armed with neither weapons nor arrest authority.

By the time of the Kosovo conflict in 1999, we and our allies had absorbed most of these lessons. We then made smarter choices in Kosovo. We achieved unity of command on both the civil and military sides. As in Bosnia, NATO was responsible for military operations. On the civil side, we established a clear hierarchical structure under a United Nations representative. Leadership was shared effectively between Europe and the United States. Working together, we deployed nearly 5,000 well-armed police alongside military peacekeepers. Although far from perfect, the arrangement was more successful than it had been in Bosnia.

During his presidential campaign in 2000, George W. Bush criticized the Clinton administration for this expansive nation-building agenda. As president, Bush adopted a more modest set of objectives when faced with a comparable challenge in Afghanistan. Nevertheless, the attempt to reverse the trend toward ever larger and more ambitious U.S.-led nation-building operations has proven short-lived. In Iraq, the United States has taken on a task comparable in its vast scope to the transformational efforts still under way in Bosnia and Kosovo and comparable in its enormous scale to the earlier American occupations of Germany and Japan. Nation-building, it appears, is the inescapable responsibility of the world's only superpower.

QUANTITATIVE COMPARISONS OF CASES

For each of the seven historical cases of nation-building, we at RAND compared quantitative data on the ''inputs'' (troops, money, and time) and ''outputs.'' The outputs included casualties (or lack thereof), democratic elections, and increases in per capita gross domestic product (GDP).

Troop levels varied widely across the cases. The levels ranged from 1.6 million U.S. troops in the American sector in Germany at the end of World War II to 14,000 U.S. and international troops currently in Afghanistan. Gross numbers, however, are not the most useful numbers for comparison, because the size and populations of the nations being built have been so disparate. We chose instead to compare the numbers of U.S. and foreign soldiers per thousand inhabitants in each occupied territory. We then compared the proportional force levels at specified times after the conflict ended (or after the U.S. rebuilding efforts began).

Figure 1 shows the number of international troops (or in the German and Japanese cases, U.S. troops) per thousand inhabitants in each territory at the outset of the intervention and at various intervals thereafter. As the data illustrate, even the proportional force levels vary immensely across the operations. (The levels vary so tremendously that they require a logarithmic, or exponential, scale for manageable illustration.)

Bosnia, Kosovo, and particularly the U.S.-occupied sector of Germany started with substantial proportions of military forces, whereas the initial levels in Japan, Somalia, Haiti, and especially Afghanistan were much more modest. The levels generally decreased over time. In Germany, the level then rose again for reasons having to do with the cold war. Overall, the differences in force levels across the cases had significant implications for other aspects of the operations.

Figure 2 compares the amount of foreign economic aid per capita (in constant 2001 U.S. dollars) provided to six of the territories during the first two years. Although Germany received the most aid in raw dollar terms ($12 billion), the country did not rank high on a per capita basis. Per capita assistance there ran a little over $200. Kosovo, which ranked fourth in terms of total assistance, received over $800 per resident. With the second-highest level of economic assistance per capita, Kosovo enjoyed the most rapid recovery in levels of per capita GDP. In contrast, Haiti, which received much less per capita than Kosovo, has experienced little growth in per capita GDP.

Germany and Japan both stand out as unequaled success stories. One of the most important questions is why both operations fared so well compared with the others. The easiest answer is that Germany and Japan were already highly developed and economically advanced societies. This certainly explains why it was easier to reconstruct their economies than it was to reconstruct those in the other territories. But economics is not a sufficient answer to explain the transition to democracy. The spread of democracy to poor countries in Latin America, Asia, and parts of Africa suggests that this form of government is not unique to advanced industrial economies. Indeed, democracy can take root in countries where neither Western culture nor significant economic development exists. Nation-building is not principally about economic reconstruction, but rather about political transformation.

Because Germany and Japan were also ethnically homogeneous societies, some people might argue that homogeneity is the key to success. We believe that homogeneity helps greatly but that it is not essential, either. It is true that Somalia, Haiti, and Afghanistan are divided ethnically, socioeconomically, or tribally in ways that Germany and Japan were not. However, the kinds of communal hatred that mark Somalia, Haiti, and Afghanistan are even more pronounced in Bosnia and Kosovo, where the process of democratization has nevertheless made some progress.

What principally distinguishes Germany, Japan, Bosnia, and Kosovo from Somalia, Haiti, and Afghanistan is not their levels of Western culture, democratic history, economic development, or ethnic homogeneity. Rather, the principal distinction is the level of effort that the United States and the international community have put into the democratic transformations. Among the recent operations, the United States and its allies have put 25 times more money and 50 times more troops on a per capita basis into post-conflict Kosovo than into post-conflict Afghanistan. These higher levels of input account in significant measure for the higher levels of output in terms of democratic institution-building and economic growth.

Japan, one of the two undoubted successes, fully meets the criterion regarding the duration of time devoted to its transformation. In the first two years, Japan received considerably less external economic assistance per capita than did Germany, Bosnia, or Kosovo, indeed less than Haiti and about the same amount as Afghanistan. Japan's correspondingly low post-conflict economic growth rates reflect this fact. Japan's subsequent growth of the 1950s, spurred by American spending linked to the Korean War, helped to consolidate public support for the democratic reforms that had been put in place in the immediate postwar years. As with the German economic miracle of the 1950s, the experience in Japan suggests that rising economic prosperity is not so much a necessary precursor to political reform as a highly desirable successor and legitimizing factor.

In proportion to its population, Japan also had a smaller military stabilization force (or, as it was then termed, occupation force) than did Germany, Bosnia, or Kosovo, although the force was larger than those in Haiti and Afghanistan. The ability to secure Japan with a comparatively small force relates to both the willing collaboration of the Japanese power structures and the homogeneity of the population. A third important factor was the unprecedented scale of Japan's defeat—the devastation and consequent intimidation wrought by years of total war, culminating in the fire bombing of its cities and finally two nuclear attacks. In situations where the conflict has been terminated less conclusively and destructively (or not terminated at all), such as Somalia, Afghanistan, and most recently Iraq, we have seen more difficult post-conflict security challenges. Indeed, it seems that the more swift and bloodless the military victory, the more difficult can be the task of post-conflict stabilization.

The seven historical cases have differed in terms of duration. The record suggests that although staying long does not guarantee success, leaving early assures failure. To date, no effort at enforced democratization has been brought to a successful conclusion in less than seven years.

UNITY OF COMMAND

Throughout the 1990s, the United States wrestled with the challenge of gaining wider participation in its nation-building endeavors while also preserving adequate unity of command. In Somalia and Haiti, the United States experimented with sequential arrangements in which it initially managed and funded the operations but then quickly turned responsibility over to the United Nations. In Bosnia, the United States succeeded in achieving both broad participation and unity of command on the military side of the operation through NATO. But in Bosnia the United States resisted the logic of achieving a comparable and cohesive arrangement on the civil side. In Kosovo, the United States achieved broad participation and unity of command on both the military and civil sides by working through NATO and the United Nations.

None of these models proved entirely satisfactory. However, the arrangements in Kosovo seem to have provided the best amalgam to date of American leadership, European and other participation, financial burden-sharing, and unity of command. Every international official in Kosovo works ultimately for either the NATO commander or the Special Representative of the U.N. Secretary General. Neither of these is an American. But by virtue of America's credibility in the region and America's influence in NATO and on the U.N. Security council, the United States has been able to maintain a satisfactory leadership role while fielding only 16 percent of the peacekeeping troops and paying only 16 percent of the reconstruction costs.

The efficacy of the Bosnia and Kosovo models has depended on the ability of the United States and its principal allies to attain a common vision of the objectives and then to coordinate the relevant institutions—principally NATO, the Organization for Security and Cooperation in Europe, the European Union, and the United Nations—to meet the objectives. These two models offer a viable fusion of burden-sharing and unity of command.

In Afghanistan, in contrast, the United States opted for parallel arrangements on the military side and even greater divergence on the civil side. An international force—with no U.S. participation—operates in the capital of Kabul, while a national and mostly U.S. force operates everywhere else. The United Nations has responsibility for promoting political transformation, while individual donors coordinate economic reconstruction—or, more often, fail to do so.

The arrangement in Afghanistan is a marginal improvement over that in Somalia, because the separate U.S. and international forces are at least not operating in the same physical space. But the arrangement represents a clear regression from what we achieved in Haiti, Bosnia, or, in particular, Kosovo. It is therefore not surprising that the overall results achieved to date in Afghanistan are better than in Somalia, not yet better than in Haiti, and not as good as in Bosnia or Kosovo. The operation in Afghanistan, though, is a good deal less expensive than those in Bosnia or Kosovo.

APPLYING THE LESSONS TO IRAQ

The challenges facing the United States in Iraq today are formidable. Still, it is possible to draw valuable lessons from America's previous experiences with nation-building. There are four main lessons to be learned for Iraq.

The first lesson is that democratic nation-building can work given sufficient inputs of resources. These inputs, however, can be very high. Regarding military forces, Figure 3 takes the numbers of troops used in the previous cases of nation-building and projects, for each, a proportionally equivalent force for the Iraqi population over the next decade. For example, if Kosovo levels of troop commitments were deployed to Iraq, the number would be some 500,000 U.S. and coalition troops through 2005. (There are roughly 150,000 coalition troops stationed in Iraq today.) To provide troop coverage at Bosnia levels, the requisite troop figures would be 460,000 initially, falling to 258,000 by 2005 and 145,000 by 2008.

In addition to military forces, it is often important to deploy a significant number of international civil police. To achieve a level comparable to the nearly 5,000 police deployed in Kosovo, Iraq would need an infusion of 53,000 international civil police officers through 2005 (in addition to the forces represented in Figure 3).

It is too early to predict with accuracy the required levels of foreign aid, but we can draw comparisons with the previous historical cases. Figure 4 takes the amount of foreign aid provided in six of the seven previous cases of nation-building and projects proportionally equivalent figures for the Iraqi population over the next two years. If Bosnia levels of foreign aid per capita were provided to Iraq, the country would require some $36 billion in aid from now through 2005. Conversely, aid at the same level as Afghanistan would total $1 billion over the next two years.

We at RAND believe that Iraq will require substantial external funds for humanitarian assistance and budgetary support. It is highly unlikely that taxes on the Iraqi oil sector will be adequate to fund the reconstruction of the Iraqi economy in the near future. Judging by the experiences of Bosnia and Kosovo, territories that have higher per capita incomes than Iraq, budgetary support will be necessary for quite some time. To manage immediate operating expenditures, we suggest that the post-conflict authorities in Iraq first establish a reasonable level of expenditures, then create a transparent tax system, and ask foreign donors to pick up the difference until the nation gets on its feet. We believe that this will be the most efficacious avenue to economic recovery.

At the same time, we suspect that Iraq will not receive the same per capita levels of foreign troops, police, or economic aid as did either Bosnia or Kosovo. Figures of 500,000 troops or $36 billion in aid are beyond the capacity of even the world's only superpower to generate or sustain. Even half those levels will require the United States to broaden participation in Iraq's post-conflict stabilization and reconstruction well beyond the comparatively narrow coalition that fought the war, thereby mounting a broader international effort on the Balkan models. According to the lessons learned, the ultimate consequences for Iraq of a failure to generate adequate international manpower and money are likely to be lower levels of security, higher casualties sustained and inflicted, lower economic growth rates, and slower, less thoroughgoing political transformation.

The second lesson for Iraq is that short departure deadlines are incompatible with nation-building. The United States will succeed only if it makes a long-term commitment to establishing strong democratic institutions and does not beat a hasty retreat tied to artificial deadlines. Moreover, setting premature dates for early national elections can be counterproductive.

Third, important hindrances to nation-building include both internal fragmentation (along political, ethnic, or sectarian lines) and a lack of external support from neighboring states. Germany and Japan had homogeneous societies. Bosnia and Kosovo had neighbors that, following the democratic transitions in Croatia and Serbia, collaborated with the international community. Iraq could combine the worst of both worlds, lacking both internal cohesion and regional support. The United States should consider putting a consultative mechanism in place, on the model of the Peace Implementation Council in the Balkans or the ''Two Plus Six'' group that involved Afghanistan's six neighbors plus Russia and the United States, as a means of consulting with the neighboring countries of Iraq.

Fourth, building a democracy, a strong economy, and long-term legitimacy depends in each case on striking the balance between international burden-sharing and unity of command. As noted above, the United States is unlikely to be able to generate adequate levels of troops, money, or endurance as long as it relies principally upon the limited coalition with which if fought the war. On the other hand, engaging a broader coalition, to include major countries that will expect to secure influence commensurate with their contributions, will require either new institutional arrangements or the extension of existing ones, such as NATO.

In its early months, the American-led stabilization and reconstruction of Iraq have not gone as smoothly as might be expected, given abundant, recent, and relevant American experience. This is, after all, the sixth major nation-building enterprise the United States has mounted in eleven years, and the fifth in a Muslim nation or province.

Many of the initial difficulties in Iraq have been encountered elsewhere. Somalia, Haiti, Kosovo, and Afghanistan also experienced the rapid and utter collapse of their prior regimes. In each of those instances, the local police, courts, penal services, and militaries were destroyed, disrupted, disbanded, and/or discredited. They were consequently unavailable to fill the post-conflict security gap. In Somalia, Bosnia, Kosovo, and Afghanistan, extremist elements emerged to fill the resultant vacuum of power. In all five cases, organized crime quickly developed into a major challenge to the occupying authority.

In Bosnia and Kosovo, the external stabilization forces ultimately proved adequate to surmount these challenges. In Somalia and Afghanistan, they did not or have not yet, respectively.

Throughout the 1990s, the management of each major stabilization and reconstruction mission represented a marginal advance over its predecessor, but in the past several years this modestly positive learning curve has not been sustained. The Afghan mission cannot yet be deemed more successful than the one in Haiti. It is certainly too early to evaluate the success of the Iraqi nation-building mission, but its first few months do not raise it above those in Bosnia and Kosovo at a similar stage.

Over the past decade, the United States has made major investments in the combat efficiency of its forces. The return on investment has been evident in the dramatic improvements demonstrated from one campaign to the next, from Desert Storm to the Kosovo air campaign to Operation Iraqi Freedom. But there has been no comparable increase in the capacity of U.S. armed forces, or of U.S. civilian agencies for that matter, to conduct post-combat stabilization and reconstruction operations.

Nation-building has been a controversial mission over the past decade, and the extent of this controversy has undoubtedly curtailed the investments needed to do these tasks better. So has institutional resistance in both the state and defense departments, neither of which regards nation-building among its core missions. As a result, successive administrations tend to treat each new such mission as if it were the first and, more importantly, the last.

This expectation is unlikely to be realized any time soon. In the 1990s, the Clinton administration conducted a major nation-building intervention, on the average, every two years. The current administration, despite a strong disinclination to engage American armed forces in these activities, has launched two major such enterprises in a period of eighteen months.

Post-conflict stabilization and reconstruction with the objective of promoting a transition to democracy appear to be the inescapable responsibility of the world's only superpower. Therefore, in addition to securing the major resources that will be needed to carry through the current operation in Iraq to success, the United States ought to make the smaller long-term investments in its own institutional capacity to conduct such operations. In this way, the ongoing improvements in combat performance of American forces could be matched by improvements in the post-conflict performance of our government as a whole.

Mr. STEVENS. I yield the floor.

Ms. LANDRIEU. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Ms. LANDRIEU. I ask unanimous consent that the order for the quorum call be rescinded.

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

DISTRICT OF COLUMBIA APPROPRIATIONS ACT, 2004—Continued

Ms. LANDRIEU. Mr. President, I know my colleagues will be coming to the floor to speak more about the situation in Iraq, but I take a moment as one of the managers of the DC bill to give a few closing remarks on that subject and wrap up a couple of issues this morning. Then I understand the Democratic leader will come to the floor. When he does, I will be happy to yield. And I see one of my other colleagues.

For the record, I follow up a couple of comments from my friend from Missouri who spoke just a few minutes ago on the subject.

One, he referred to a letter from Secretary Paige. We on our side do not have a copy of that letter. It has not been submitted to us. We would be pleased to receive it if there is such a letter indicating support for this three-sector approach, because all we have is the ''Statement of Secretary of Education Rod Paige On the DC School Choice Initiative Before the House Committee on Government Reform,'' dated June 24, 2003.

I have spent the last 30 minutes reviewing again the statement, which I had read once before, and there was no mention at all in this statement of any three-sector approach. It is approximately 20 pages long, and I have highlighted every reference to the choice initiative fund proposed by the President, and there is no reference in here for charter schools or for education reform for traditional public schools.

So I want to submit this statement for the RECORD. That is all we have on this side. If there is a new statement from the Secretary, we would be happy to review it. I ask unanimous consent that the statement of Secretary Paige be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STATEMENT OF SECRETARY OF EDUCATION ROD PAIGE ON THE DC SCHOOL CHOICE INITIATIVE BEFORE THE HOUSE COMMITTEE ON GOVERNMENT REFORM, JUNE 24, 2003

Chairman Davis and members of the Committee, thank you for the opportunity to appear before you today to discuss the Bush Administration's proposal to initiate a program to expand school choice in the District of Columbia in fiscal year 2004. I welcome the opportunity to describe our proposal and explain our reasons for putting it forward. I am also very pleased to appear at this hearing with Mayor Anthony Williams, who has been, and will continue to be, our partner in developing this initiative. I truly appreciate the Mayor's willingness to work with us, and the relationship we have developed around the simple idea that wider educational options can benefit the children of the District of Columbia.

This hearing occurs very close to the anniversary of a very historic moment in the history of educational choice in America. On Friday, we will observe the one-year anniversary of the Supreme Court's decision in Zelman v. Simmons-Harris, the case that determined that a properly structured school voucher program is constitutional. When the Court announced that decision, I hailed it as one that could open doors of opportunity to thousands of children and could transform the educational landscape in our country. That statement is worth repeating today, as we think about how to improve and reform elementary and secondary education in Washington, DC.

Mr. Chairman, I know that officials in my Department and Members of Congress have been concerned about the quality of education in the District of Columbia for many years. D.C. public schools are only a short walk from our offices, we see District students going to and from school each day, and we read about the challenges of the D.C. public schools in the newspapers almost daily. We all want the capital of the greatest nation on earth to have some of the finest schools on earth. At one time this city's schools were considered among the best in the entire Nation. But for many years we have been disappointed by the performance of public schools in the District, and at the seeming inability of public school officials to manage schools and programs effectively.

In some respects, the situation in the District may be no different from that in other urban school districts that educate large numbers of children living in poverty, but in other respects the District has sometimes seemed uniquely resistant to reform and improvement. I say that with full respect for Superintendent Vance and with appreciation for what he is trying to accomplish and for some of the things he has achieved, but I think it's the truth.

Let's consider the performance of D.C. students on the National Assessment of Educational Progress, or NAEP as it's called, the assessment that measures the performance of students over time in reading, writing, math, and other core academic subjects. In the most recent mathematics assessment, administered in 2000, only 6 percent of D.C. fourth-graders tested at the ''proficient'' or ''advanced'' levels, the levels that show that students have demonstrated competency over challenging subject matter. A lower percentage of students in D.C. demonstrated proficiency than was the case for any State. At the other end of the scale, 76 percent of D.C. fourth-graders scored at the ''below basic'' level, which means that they could not demonstrate even partial mastery of the math skills and knowledge that are appropriate at the fourth-grade level. The 2000 8th grade math results were very similar; only 6 percent of D.C. students tested at the ''proficient'' or ''advanced'' levels, and 77 percent were ''below basic.''

The most recent NAEP reading assessment took place in 2002, and the National Assessment Governing Board announced the results just last week. The results for D.C. students were a little better than the 2000 math scores, but still were completely inadequate. Only 10 percent of D.C. fourth-graders could read proficiently, while 69 percent were ''below basic.'' At the 8th grade level, 9 percent were ''proficient'' or ''advanced'' and 52 percent were ''below basic.''

Looking at the quality of a school system requires more than just reviewing scores on achievement tests. But when we look at other indicators, they too show that D.C. public schools are not providing the education that children in the District need or deserve. The most recent edition of Quality County, the annual review of education trends and data produced by the newspaper Education Week, gave the District a grade of only a D+ for having an acceptable system of academic standards and accountability, a C in the area of success in recruiting new

teachers, and a D+ for school climate. The D.C. public school system has a long history of management problems in such important areas as facilities maintenance, personnel and payroll, food service, procurements, and even in accurately counting enrollments. In addition, the system has historically failed to comply with the requirements of Federal programs, such as Title I and Special Education, to a point where the Department has had to enter into compliance agreements with the District that call for implementation of major reforms within specific timelines. We insisted on these agreements not because some paperwork wasn't being filled out correctly, but because the District was, for instance, failing quite egregiously to provide its disabled students with the free appropriate public education required under the Individuals with Disabilities Education Act.

I would like to repeat what I said a few minutes ago: I support and respect the work that Paul Vance is doing in the District. I know that he has taken on the major management problems and having been a big-city school superintendent myself, I know that turning around a system is not easy. And Superintendent Vance has shown some results. The District's Stanford-9 achievement test scores for 2002 showed minor improvements at most grade levels in reading and math. And the proliferation of charter schools in the District, including some that have achieved great initial success, has given more choices and greater hopes to students and parents. But I believe the preponderance of information demonstrates that schools in the District are not achieving what they should and that more needs to be done if children in the District are to achieve to the high levels called for under the No Child Left Behind Act.

The Bush Administration has responded to this problem by including, in our fiscal year 2004 budget request, a school choice initiative for D.C. You might ask whether expanding educational choice to include private-school options is appropriate for the District, whether it is likely to work, whether giving students wider educational opportunities is likely to help the D.C. public school system improve, and whether we should, instead, request more money for D.C. public schools. Let me address those issues.

We believe that the President's budget includes more than adequate support for D.C.'s public schools, including charter schools. Our request for Department of Education elementary and secondary education formula programs would provide some $92 million to the District in 2004, an increase of 15 percent over the level only two years ago (2002). And let's forget that D.C. already spends, per student, more than all but a handful of urban districts across the country. If money were the solution, then we would have solved the problems of public schooling in the District a long time ago. We believe, instead, that tackling this problem will depend in large measure on giving D.C. students more educational choices.

In the communities across the country that have experimented with publicly and privately funded school choice programs that include private-school options, the results have been extremely positive, for the students directly served by the programs and for the school system as a whole. For example, research by Patrick Wolf of Georgetown University, along with Paul Peterson and Martin West of Harvard, on the first two years of the scholarship program administered by the privately funded Washington Scholarship Fund (WSF), showed that the math and reading achievement of African-American students who enrolled in private schools using support from the Fund was significantly higher than the achievement of a control group of students who remained in D.C. public schools. This research also found that parents who received support from the Fund gave their children's schools higher ratings than did parents of children in the control group, and that their children were doing more homework. Studies by these and equally eminent scholars in other cities, such as Milwaukee, San Antonio, Cleveland, and Dayton, offer very similar results.

What about the charge that voucher programs ''cream'' the best students from the public schools and thereby weaken public school systems? We find no evidence to buttress that claim. To the contrary, research by Caroline Hoxby of Harvard and others has found that students who take advantage of private school choice options are typically at least as educationally and economically disadvantaged as students who remain in the public schools. To some extent, this is because existing choice programs have explicitly targeted children from low-income families, as our initiative would do. But even without this targeting, programs that include private-school options seem to attract students who are no more affluent, and have no better an educational profile, than other students. In addition, there is at least preliminary evidence that school districts in which public schools have been exposed to private-school options seem to attract students who are no more affluent, and have no better an educational profile, than other students. In addition, there is at least preliminary evidence that school districts in which public schools have been exposed to private-school competition, through a choice program, have responded by improving educational services. In Milwaukee and in the Edgewood district in San Antonio, the presence of a choice program was associated with gains in achievement in the public schools.

Those findings are consistent with my own experience directing the Houston Independent School District, the Nation's seventh-largest. In Houston, we didn't resist school choice; we embraced it. We created a system of charter schools even before the State did. We let children in low-performing schools take their share of the funding—$3,750 a year—to a private school. I believe that our acceptance of choice, our willingness to compete with charter and public schools, helped us to make the changes we needed to make in order to achieve the learning gains for which we received national acclaim.

For these reasons, the Administration has put forward our proposal. The outlines of this proposal are very simple. The President's budget request for fiscal year 2004 includes $75 million for a national Choice Incentive Fund. Under this program, the Department would make grants to support projects that provide low-income parents, particularly those who have children attending low-performing public schools, with the opportunity to transfer their children to higher-performing public and private schools, including charter schools. A portion of the money would be reserved for the District of Columbia.

We anticipate making a grant either to the D.C. public school system or to another, independent entity to operate the program in the District. The grantee would then develop and implement procedures for certifying schools to participate in the program, informing D.C. families about the choices available to them, selecting students to participate, and then monitoring and reporting on the program as it goes forward. The proposal in our budget did not specify the maximum amount of assistance an individual student could receive, but we want it to be sufficient to allow students a good choice of educational options.

We also see accountability as a major feature of this initiative, because it will give parents in D.C. the ability to hold schools accountable for meeting the educational needs of students. And we will provide for a rigorous evaluation of the project in D.C. (as well as the other projects funded by the national Choice Incentive Fund) by examining the academic achievement of students, parental satisfaction, and other results, so that the lessons can be applied to future programs and initiatives. We want to obtain solid evidence on the benefits of expanding educational options and making schools accountable to parents while respecting the flexibility and freedom of participating private schools.

Mr. Chairman, I know that this proposal has engendered a great deal of attention in the media and elsewhere, including some vociferous criticism. Before I end my statement, I would like to respond to some of the major criticisms, to set the record straight.

We've heard that the Administration is trying to impose this initiative on the District against the will of its citizens and with no input from its elected and appointed leadership. That is not the case. We have met not only with Mayor Williams, but with Councilman Kevin Chavous, who is the Chairman of the Council's Education Committee, and with School Board President Peggy Cooper Cafritz to discuss our proposal, and we look forward to continuing our discussions with these and other local officials. I would like to commend these officials for the courage they have shown in publicly endorsing a D.C. school choice initiative and their willingness to work with us on the details. We want to implement a choice program that reflects the needs of the District and reflects the input of D.C.'s leadership; we don't pretend to have all the answers.

I acknowledge that a choice initiative that includes private school options will probably not, in the end, be what some of the political leaders in the District want. It is, however, what I believe the parents want. The Washington Scholarship Fund has a waiting list of approximately 5,000 children. One D.C. parent, Virginia Walden-Ford, the leader of the D.C. Parents for School Choice, testified before Councilman Chavous's committee and said the following:

''We have received hundreds of calls from parents who have not been lucky enough to get a scholarship through the many scholarship groups in town, WSF, Black Student Fund, etc., and parents who are camping out for charter schools that are not keeping up the pace of parents' need to get out of failing schools. They contact us looking for better options for their children. Parents here in the District are daily expressing their frustration in a school system that is taking too long to fix itself.''

I note also that a majority of people in the District of Columbia support choice, including choice that includes private school options. In a 1998 Washington Post poll, 56 percent of D.C. residents said that they supported using Federal money to help send the city's low-income students to private or parochial schools, while only 36 percent opposed. For African-Americans this support was even stronger—60 percent were in favor—and among African-Americans with annual incomes of under $50,000, it was even stronger, with 65 percent in favor.

We in the Department have also heard that this initiative will bleed money from the District's public schools. That is also not the case. The Choice Incentive Fund proposed by the President represents new money. It was not obtained by subtracting funds from the other Federal programs that support D.C. public schools. If the initiative does not go forward in the District, my guess is that the money will be used in other communities to expand educational choices and improve educational outcomes in those communities.

We've also heard complaints that we are supporting a voucher program when we could

be supporting the District's charter schools instead. We find this complaint especially interesting since it has recently been voiced by some who were never strong charter school supporters before. But that's all right with us because we strongly support charter schools too. We will continue to fight to make sure the President's charter school funding priorities are fulfilled, especially on the facilities front, so that this vibrant movement can keep flourishing.

And, finally, we've heard that all the Administration cares about is launching a voucher program in the District, that we don't care about the children who will remain in the public school system. That couldn't be farther from the truth. Our Department has a record of reaching out to the D.C. Public Schools, to work with the system on overcoming its problems, of providing it with information, technical assistance, and other resources. We've adopted individual schools in the District and provided those schools with hands-on assistance. In our meetings with D.C. officials, we have said that we will continue these efforts, and I'm happy to state that in public today. The choice initiative should be just one element in an effort to improve education in the District and ensure that all children can achieve to high standards. We want to contribute to the larger effort as well.

Let me close with a quotation from Dr. Howard Fuller, the former superintendent of schools in Milwaukee, currently the Director of the Institute for the Transformation of Learning at Marquette University, and a strong advocate of opening up wider educational choices for children and parents. Dr. Fuller has said:

''In America, it is virtually impossible for our children to bring their dreams to reality without an education. Unfortunately, far too many of our children are not only having their dreams deferred, they are having them destroyed. They are being destroyed by educational systems that are undereducating them, miseducating them, and pushing them out by the thousands every day. We must have a sense of urgency about changing this unacceptable situation.''

It is that ''sense of urgency'' that drives this proposal.

Thank you again for the opportunity to testify today. I would be happy to respond to any questions that the Committee may have.

Ms. LANDRIEU. Mr. President, another point I would like to make is that the Senator made a statement that needs clarification. As I started out this morning, I said the details of this are very important, because if you pursue the details and you dissect the details, you will eventually get to the truth. So there is one detail I must repeat. And I guess I am going to have to stand here, I don't know, every day or a month or a year to continue to say this until the other side cries uncle. This proposal is not—it never was, it is not today—limited or designed for failing schools. Let me repeat, this proposal is not—not when it was initially proposed, not last week, not yesterday, not last night, not today, not this morning at 5 minutes to 12—limited to children in failing schools.

Although the proponents say they are interested in helping children in failing schools, the real issue for proponents of vouchers is they simply believe in choice. That, of course, is their prerogative. But to stand behind the visual of poor people struggling in schools that are failing is absolutely false. This proposal, as written, if anyone reads it, is not limited or directed to failing schools. It gives a preference to students in failing schools, but it is not designed to students in failing schools.

That principle is worth fighting over because the whole accountability system we have put into place is about identifying schools that are failing, and then providing resources to those schools to make them better.

If the other side gets away with saying, ''Well, that is what we said, but that is not really what we meant, because we aren't interested in putting resources into failing schools, we are interested in putting resources into all schools, because our job is to make parents happy,'' I think that is just such a foolish goal.

Let me say why I think it is foolish. As much as I would like to see every parent happy, in my 25 years in public life I don't know how in the heck we would measure that because some parents are real happy, some parents are a little happy, and some parents are happy in some ways and not happy in other ways, and I would have no way of measuring what is a good measure for parental happiness. If someone in this Chamber has any way to measure parental happiness in a way that taxpayers could know if parents are a little happy, just a little happy, happy on Mondays and not on Fridays, and that was our goal, please tell me because I would be open to discuss it.

It is foolishness. We should be directing revenues, if we are going to do that, to failing schools. This proposal is not directed to failing schools. They can say it 1,000 times. I ask you to read the details.

Now my third point. I know my colleague has been very patient, but I have to make this point. My colleague from Missouri asked me, What difference does it make? What difference does all this make?

It makes a huge amount of difference. We, as a Congress, with this President, in a bipartisan way, have embarked upon a new effort, a new journey, to take good public schools and make them great, knowing that some schools are excellent but some schools are really bad. And as a Nation, we are saying since 1965 our general plans are not working as well as they should have, so let's make a big adjustment. We have made a big adjustment, and that difference is worth fighting for, the strengthening of public education in the greatest democracy in the world.

People on my side say to me: Senator LANDRIEU, you have spent a lot of time on this issue. For Louisiana, the State I represent, and for the country I love—and all of us love our country and our States—this is about as essential as it gets.

The fourth point I want to make: My friend from Missouri talks about the single moms. Please help these single mothers, poor single mothers who are working and can't afford to send their children to school. Please help.

And they show pictures of African-American single moms and Hispanic single mothers, kind of indicating, in a very insulting way—I know they do not mean it to be insulting, but you could interpret it as that; and I know that is not the intention—but there are those of us over here who think we spend a lot of time fighting for poor women. I have spent my whole life, basically, doing that. So it is really hard for me to accept this criticism. But I am not perfect, and maybe I have failed in some way in that effort. But when my friends say things to me, that we need to help single mothers, let me just ask them a question. Is it that party or this party which does not support the increase in the minimum wage for these same women? Is it that party on the other side of the aisle which refuses to raise the wage from $5.15 to help poor women have more choices in their life, or is it this side of the aisle? Is it that side of the aisle which refuses, year after year, to put more money into day care so the same poor women who are working two jobs—early in the morning until late at night—could have some sense of satisfaction that their children will be well cared for while they are contributing to the great economy of this Nation, or is it our side?

So you have to understand—I hope people understand—this is a very important debate. The facts will speak for themselves. They can run all the ads they want, all the bumper stickers, and all the headlines, but that is what the facts are.

I have this letter we received today. It is dated September 26. It is from Secretary Paige.

I am writing today to express my strong support for the District of Columbia education improvement initiative. . . .

This bill includes a three-pronged initiative to:—

And here it is—

(1) improve DC public schools . . . (2) create new charter schools . . . and (3) provide scholarships.

This is the first official letter we have received.

This letter is a step in the right direction.

I see the leader on the floor. But let me just say, until this administration says they will veto any bill that does not have this in it, the Members who are willing to negotiate on this have no assurance that this is the way it will ultimately come out.

So I thank the Secretary for clarifying the position. I commend him for his innovation. But again, until we have a statement of a veto from the President unless this proposal includes these three provisions, with permanent funding for all three, we do not have any assurance these words will actually match the rule of law. And that is still a problem.

I see my leader and yield the floor.

The PRESIDING OFFICER. The Democratic leader.

Mr. DASCHLE. I thank the distinguished Senator from Louisiana. I appreciate all of her effort in providing leadership to the Senate on this appropriations bill. We will have more to say about it next week.

ADMINISTRATION'S LACK OF COOPERATION WITH 9/11 COMMISSION

Mr. DASCHLE. Mr. President, I wish to use leader time to talk briefly about another matter I call to my colleagues' attention.

Late last year, I had the opportunity—indeed the obligation—to work on and support the most important commission that has been established in all my years in public service.

In the aftermath of the terrible terrorist attacks of September 11, the families of the victims and all Americans turned to their elected leaders in the White House and the Congress to help them obtain some answers to how this tragedy occurred and what steps should be taken to prevent future 9/11s.

Senate Democrats, led by Senators LIEBERMAN and TORRICELLI, proposed that the best way to provide these answers was to establish a blue-ribbon, independent panel to carefully sort through all the facts and evidence and interview key policymakers.

The record will clearly show that this commission was strongly opposed by the White House. In fact, Vice President CHENEY called me twice to indicate, incorrectly in my view, that creating such a commission could jeopardize the administration's efforts in the war on terrorism.

Other Bush officials in other settings made it clear to the families and Democratic and Republican members of Congress that they were less than enthusiastic about having a commission examine the administration's actions prior to 9/11.

After it became clear that their opposition was politically unsustainable, the administration switched gears and decided to support a commission provided that Congress remove several key elements of the Lieberman/Torricelli proposal designed to ensure the commission functioned as effectively and independently as possible.

Congress was effectively asked to take it on faith that the executive branch would work with the commission on a nonpartisan effort to shed light on the tragedy of 9/11.

Regrettably, that promise has not been realized as the administration continues to throw roadblocks in front of the commission's work. In July, the Chairman Kean and Vice Chairman Hamilton stated publicly that the Bush administration has been slow and unresponsive in producing information sought by the commission.

Shortly after receiving this report, the Senate unanimously approved an amendment offered by myself and several other Senate Democrats urging the President to immediately and publicly call for all executive branch agencies to provide their fullest and most timely cooperation to the commission.

Unfortunately, no such call was issued, 2 more months have elapsed, and we have another report form the chairman and vice chairman that should provide no comfort to those seeking the truth about what happened on 9/11. While stating that administration cooperation has improved, at the half-way mark of the commission's life, Chairman Kean said, ''We have not got everything. We have not gotten everything that we feel we need to do our job.''

Chairman Hamilton indicated that the commission's work is at a crunch point and that unless the commissioners receive satisfactory cooperation from the White House the Commission will be unable to meet its May, 2004 reporting deadline.

Other commissioners have been more stark in their assessment. According to a recent article in the Los Angeles Times, two commissioners said, ''the investigation is still hampered by heeldragging by the White House and federal agencies.''

Despite the administration's attitude toward the creation of this commission, all of us who supported it hoped that once established the administration would recognize the significance and importance of its work and cooperate fully.

We all owe an immense debt of gratitude to the commissioners for their hard work and dedication to this effort. Each of them has already spent countless hours on this task and the families and the nation appreciate their work. It would be a shame if the administration's lack of cooperation prevented them from completing their important task.

As Vice Chairman Hamilton's remarks indicate, time is running out on the administration to reverse course and do right by this investigation. Time is running out on the commission to get the information it needs to complete their work. And time is running out on the families and all Americans to get the answers they deserve. I urge the administration to immediately and completely cooperate with the commission so this work can be completed successfully to the expectations of those families who have given so much.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

RECONSTRUCTION OF IRAQ

Mr. DORGAN. Mr. President, I have just come from a meeting to discuss the Appropriations Committee work beginning next week on the request from President Bush for $87 billion in urgent supplemental appropriations for Iraq. Of that $87 billion, roughly $66 billion is in support of the military and the mission in Iraq; $21 billion is for the reconstruction of Iraq. We will begin writing an appropriations bill in response to all of this next Tuesday morning at 10.

I wish to bring to my colleagues' attention a couple of things with respect to this issue. First, when America sends its sons and daughters to defend our interests, when America puts its soldiers in harm's way, it has an obligation to provide the resources and funding needed to support their mission. I will support that. I will vote for that. I believe the Senate, the entire Congress will do that. But, there is a difference between providing the funding on an urgent basis for support of our troops to carry out their mission in Iraq and Afghanistan and the request for the reconstruction of Iraq. I want to describe that difference.

Iraq is a country with substantial resources. It is not a country desperately impoverished. It is a country with 24 million people. It possesses the second largest oil reserves in the world. Ambassador Bremer told us this week that when pumping at capacity, by next July he expects the Iraq oil fields to be pumping at about 3 million barrels per day. That produces about $20 billion in revenue per year, $16 billion of which is available for export; therefore, the development of currency as a result of the export sales of $16 billion a year of oil, each year, from the country of Iraq. This is not an impoverished country. This a country with substantial wealth under its sands. Pumping that wealth in the form of oil and selling it produces substantial revenue for the 24 million people.

With respect to the question of the reconstruction, I want to go back to April of this year and to a ''Night Line'' program in which Ted Koppel had on one of the top folks in the Department of State who is in charge of the U.S. Agency for International Development, Andrew Natsios. He was asking Mr. Natsios about what would be required of the American taxpayers for the reconstruction of Iraq. I want to read this exchange because it occurred on the ABC television network 5 months ago.

Ted Koppel says: You are saying that the top cost for the U.S. taxpayer will be $1.7 billion with respect to the reconstruction of Iraq?

Mr. Natsios, one of the top officials in the Department of State, who heads the USAID which has the mission for projects for reconstruction: Yes, for the reconstruction. Then there is $700 million in the supplemental budget.

He was referring to something we had done earlier this year for humanitarian relief.

Koppel says: But as far as reconstruction goes, the American taxpayer will not be hit for more than $1.7 billion, no matter how long the process takes?

Mr. Natsios: That is our plan. That is our intention.

Koppel says: And these figures, outlandish figures I have seen, there is a bit of hoopla in all of this?

Mr. Natsios says, in response to a question: That is correct. One point seven billion is the limit on reconstruction for Iraq.

Natsios says: The rest of it is going to come from other countries.

He says: We have arrangements with other countries.

Then he names the other countries. He says: In terms of the American taxpayers' contribution for the reconstruction of Iraq, $1.7 billion. The rest of the rebuilding of Iraq will be done by other countries that have already made pledges—Britain, Germany, Norway, Japan, Canada, Iraq.

He says: Eventually, in several years, when it is up and running, and there is a new government that has been democratically elected, they will finish the job with their own revenues. They are going to get $20 billion a year in oil revenues. But the American part of the reconstruction for Iraq will be $1.7 billion. We have no plans for any further funding for this.

That was this administration's spokesman said in April of this year.

Well, 5 months later, we have a new request to the American taxpayers for almost $21 billion to continue the reconstruction of Iraq.

Mr. Natsios said $1.7 billion. That is all. We have no plans for any other funding requests. Five months later, they are asking for another $21 billion.

Let me tell you what my contention is on the $21 billion to reconstruct Iraq. My feeling is, rather than have the U.S. taxpayers provide $21 billion in grants to reconstruct Iraq, the revenue from Iraqi oil should be used to reconstruct Iraq. So I asked Ambassador Bremer about that.

he said: Well, that is not possible.

I asked: Why?

He said: Iraq has a substantial amount of debt. They have a lot of debt. They have to repay this debt.

I said: To whom does Iraq owe debt?

He said: Germany and France and Russia.

So after that hearing, I went and took a look at who Iraq owed money to. Well, guess what. The top of the list is not France, Russia, and Germany. At the top of the list is Saudi Arabia and Kuwait and the other Arab States, and then, yes, there is some owed to France and Russia and Germany, as well. But at the top of the list is Saudi Arabia and Kuwait.

What the Ambassador was saying to me is we cannot use Iraq's oil to reconstruct Iraq. That oil is going to have to be pumped so they can sell it for cash and send money to Saudi Arabia and Kuwait. So we will have the American taxpayers pay some of their taxes so they can reconstruct Iraq.

Sound perverse? It sure does to me. I think we should say to Saudi Arabia and Kuwait: You loaned Saddam Hussein money. Well, you loaned money to a government that doesn't exist anymore. You know that $50 billion Saddam Hussein owes you, owed Saudi Arabia and Kuwait? Go find them and hand them a bill. It is not this country's obligation to bail out Saudi Arabia for debts that they allowed Saddam Hussein to run up with their countries. That is not our obligation. Iraqi oil ought not to be used to repay Saudi Arabia and Kuwait from money they loaned to Saddam Hussein. Saddam Hussein is gone. No one can find him. The Saddam Hussein government is out of power. It doesn't exist.

So then the question is, How do you reconstruct this country? Well here is some of what American taxpayers are being asked to pay for: Forty garbage trucks, $50,000 each; $9 million to create a zip code for Iraq in the postal system; $54 million for technical and business process studies into a computer network for the Iraqi postal system; building seven new communities, 3,400 homes, including marketplaces, a church, and so on; two 4,000-bed prisons at $50,000 a bed. Well, that is just a start—fix some roads, fix up some electric grids.

The interesting thing is that our ''shock and awe'' military campaign explicitly did not target Iraq's infrastructure. We didn't take out their power grid. We didn't do it because we didn't want to. We didn't destroy their dams or their power grid or the infrastructure of Iraq. Now we are told the infrastructure must be reconstructed. Why? Because guerrillas and insurgent movements inside Iraq have destroyed some of the infrastructure in Iraq, and because Saddam Hussein let it deteriorate for over 20 years.

So the question is, What do we do in Iraq, and who pays for it?

That is a long route to get to my central point. I don't believe it is the American taxpayers' responsibility to ante up $21 billion for the reconstruction of a country that has the capacity to borrow $30 billion, repay it in 10 years at 6 percent interest, with $4 billion a year that comes from a $16 billion-a-year stream of revenue by pumping oil out of the sands of Iraq. Common sense? Sure. Maybe there are some who cannot see that, but I think the American people will.

I have a September 2003 document. I guess it is 55 pages. It is the reconstruction plan for the country of Iraq. Let me say, I believe Iraq needs some reconstruction; there is no question about that. The administration makes the point that the quicker this economy gets up and moving, the quicker you have a vibrant set of opportunities in Iraq for the people, and the safer it will be for our troops. I agree with that. That is fine. But if you look at what they are asking the American people to create in the country of Iraq in these 55 pages, let me go through some of it: Private sector development, $200 million to establish an American-Iraqi enterprise fund to capitalize the enterprise fund to invest in a wide array of private enterprises. This is sort of a venture capital fund of $200 million. Expand networks of employment centers, $8 million; on-the-job training for private sector employment, $35 million; develop a program for computer literacy training in Iraq, $40 million; specialized computer training in Iraq, $15 million; English as a second language in Iraq, $30 million; modernize vocational training institutes, $25 million.

I could go on and on for 50 pages. I understand why they want to do this. What I don't understand is why the American people are required to pay for this, when this country is a country that has the second largest oil reserves in the world and has the capability to produce the revenue to pay for it themselves. This makes no sense. It defies common sense.

I am going to offer an amendment in committee next Tuesday, and I will offer it on the floor if it doesn't prevail in committee. I think we ought to do a couple of things. One, I think we ought to separate this issue and move the support for the troops immediately. I don't think anybody here wants to withhold whatever necessary support is requested to support the military. We sent them there; we have a requirement to support them with all they need to complete the mission.

Second, I think we ought to separate the question of the reconstruction in the country of Iraq and go back to April of 2003, 5 months ago, and the promise made to us and the American people by the head of the agency and the State Department that is going to do the reconstruction, Mr. Natsios, when he said our total obligation we are going to ask the American taxpayers to fund is $1.7 billion. Believe me, he said that is the total amount the American people are going to have to fund.

Five months later, they came back and said: By the way, because Iraq owes money to Saudi Arabia and Kuwait, and Iraqi oil has to be pumped to pay debts to them, we want the American taxpayer to pay for basic infrastructure in the country of Iraq.

I am telling you, there is something fundamentally flawed about that. I hope my colleagues on the Appropriations Committee will see the same thing. We are going to have a chance to vote on my amendment. It is going to be relatively simple. It says this: Let's fund the military request the President sent to us and do so quickly, and in a way that says there is no question about supporting the troops we have sent abroad. Second, here is the way we ought to reconstruct Iraq. The President is right. Iraq needs reconstruction, but he is wrong to ask the American taxpayers to pay for that. The way to reconstruct Iraq is to securitize the oil to be pumped in Iraq at 3 million barrels a day, beginning in July, according to Bremer, and use that securitization for Iraqi oil to repay the securities from that over the next 10 to 20 years to reconstruct Iraq exactly as the administration wants it done. I don't dispute any of these needs. I don't take issue with the administration saying this ought to be done. I

take very strong issue with the suggestion that somehow an administration that promised us 5 months ago the total cost of reconstruction would be $1.7 billion, now says it is $21 billion in reconstruction, which ought to come from American taxpayers' funds, when we are dealing with the second largest oil reserves in the world.

So we are going to have votes on this in the Appropriations Committee. We are going to have votes on it on the floor if it doesn't prevail in committee. I have been reading in the paper that some colleagues feel the same way on both sides of the aisle. They think this makes no sense to talk about $21 billion in grants from the American taxpayers to fund these issues. I hope some of them will join me and that we can do what is right, use a big barrel full of common sense on an issue like this, and help the American taxpayers and the Iraqi people at the same time and, most importantly, do what is necessary to support the American military who is trying to carry out this critical mission in that part of the world.

God bless those men and women. We pray for their safety. We pray for their families. As we work through this next week, I hope there is a healthy dose of common sense in this Senate dealing with this reconstruction issue.

I yield the floor.

Mr. CONRAD. Will the Senator yield for a question?

Mr. DORGAN. I would be happy to yield.

Mr. CONRAD. The Senator has mentioned that the President has come before us and asked for $21 billion to reconstruct Iraq. In addition to that, the President is saying there is another $40 billion to $50 billion of needs next year for the reconstruction of Iraq that is supposed to come from someplace else. The President and his people have said some of these other countries are going to contribute. Is the Senator aware of this additional $40 billion to $50 billion of money for reconstruction of Iraq that the President has identified?

Mr. DORGAN. Mr. President, responding to the question, I am, and Ambassador Bremer made the same point as did Secretary Rumsfeld.

There is a donor conference that is being held in Spain in just a matter of a couple of weeks. We have asked what is the proclivity of these countries to begin helping and donating. Here is what we were told: I believe it is 69 countries have donated $1.5 billion total.

In this request, they are asking the American taxpayers for $21 billion but say there will be a dramatic amount more that is needed but that is going to come from somebody else. It appears very unlikely it is going to come from anybody else. That is my point.

The first step is I think this administration ought to work to have debt forgiveness with Saudi Arabia and Kuwait and others so they do not have that debt overhanging that country and then have that country's oil produce the revenue to reconstruct the country.

This is not a desperately impoverished country. This is a country that sits on top of massive quantities of money in the form of oil, and yet we are being told the American taxpayers—who are already facing very large, staggering deficits, I might say—that somehow the issues of building dams, building prisons, building communities, doing job training, building hospitals, building health care facilities, building roads, all of that should be borne by the American taxpayer at a time when they have the capability to produce the revenue in Iraq to pay for all of that. This is inexplicable to me.

As I said to my colleague, I hope we have a healthy dose of common sense that prevails on this question. Not on the military issue. I want some common sense there, too, but I do not want anybody to question whether we are going to support the military. We do.

On reconstruction, we really need to go at this on behalf of the American people, in their interest. It is not in their interest to have to add this to the Federal debt and say to America's children, you pay for the reconstruction of a country that has oil to pay for its own reconstruction.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. I thank my colleague for giving an excellent presentation and an excellent suggestion. This country has the second largest oil reserves in the world, and we are getting ready to have the American people rebuild that nation.

There is something really wrong with the administration's thinking on this matter, to come before us and ask for $21 billion, to say there is another $40 billion to $50 billion of need in the next year and that they are going to get it from somewhere else, when the somewhere else has promised $1.5 billion. So there is a shortage of another $40 billion. Where is that going to come from, and what is it being used for?

My colleague from North Dakota pointed out what was in the Washington Post this morning, a detailed analysis of some of these expenditures. One that I found most unusual was $1 million per family in Iraq for a witness protection program for 100 families. That is $100 million—$1 million a family. That is a pretty good deal. It is going to be used to build prisons in Iraq for $50,000 a bed. Somebody is not thinking straight.

They are going to create a ZIP Code, millions of dollars to create a ZIP Code; area codes for phone systems, millions of dollars paid for by American taxpayers. I do not think so. This in a country that has the second largest oil reserves in the world. As my colleague has pointed out, the reason we cannot use their oil money to rebuild their country is that they owe tens of billions of dollars to Saudi Arabia and Kuwait?

Somebody has to have some common sense. We have to slow this thing down and think about what we are doing. I think the administration is kind of discombobulated. They are running around throwing out numbers they have not even thought through. That just cannot be what the response of the Congress is.

In light of this request for $87 billion—and that is the tip of the iceberg, unfortunately. The fact is, it is very clear they are not going to get the $40 billion or $50 billion from anybody else and they will be right back asking for tens of billions of dollars more. That cannot be the response.

Now, why not? First, it is not right. It is not fair. The American taxpayer should not be saddled with debts that are not ours. We already have our own debts. We have a runaway freight train of debt in this country.

In light of the President's request for another $87 billion, I think it is time for us to go back to his State of the Union Address on January 28, 2003, when he said to us:

> This country has many challenges. We will not deny, we will not ignore, we will not pass along our problems to other Congresses, to other Presidents, and other generations.

That is what he said to us. But look at what has really happened. We are doing precisely what he said we will not do. The debt of the United States, which will be passed on to future generations, which will be passed on to future Congresses and to future Presidents, is absolutely mushrooming out of control.

The President told us just 2 years ago that in 2008 the debt would be virtually paid off. He said there would only be $36 billion left. Now, we know if we enact the President's policies, instead of virtually paying off the publicly held debt by 2008, which is the smaller part of the debt, it will be $6.2 trillion. How much is that? That is 6,200 billion dollars. That is how much the debt is going to be by 2008, the point at which the President had told us we were going to have virtually paid off the debt. So the President was wrong, and wrong by a mile, on that assertion.

The President told us:

> Tax relief is central to my plan to encourage economic growth, and we can proceed with tax relief without fear of budget deficits, even if the economy softens.

He told that to us 2 years ago. But let's look at what we now know. What we now know is that instead of the assertion by the President that there were not going to be budget deficits, we have record budget deficits, the biggest in the history of the country, and by a country mile. The President's last proposal was reviewed by the Office of Management and Budget, and they tell us now that the deficit will be $535 billion next year.

The previous record deficit was in 1992, when the first President Bush was in office, and the deficit was $290 billion. Now for next year, it is $535 billion. That is a record deficit. The

President told us just 2 years ago it would not occur.

Then the President told us the next year:

. . . our budget will run a deficit that will be small and short-term. . . .

He told us the budget deficit would be small and short term. That was just a year ago. This is according to the President's own budget documents. This is what happens if his spending and his tax proposals are adopted. What we see is an ocean of red ink, and one that grows year after year. These are not small deficits, they are not short-term deficits, they are the biggest deficits we have ever had. And the next 10 years is the budget sweet spot. They are the good times, according to the President's own analysis of his proposals. His own budget shows us that his plan is taking this country right over the fiscal cliff. This is what he says will happen to budget deficits. Not only are they not small, they are record. And they are not short term, they are endless.

This is the President's analysis out to the year 2050, and there is no break in deficits anywhere here. It is deficits each and every year. We are in this part of the chart now, which shows the smallest deficits, and we know they are record deficits, the biggest deficits we have ever had in the history of the country.

Next year alone, there is a deficit of $535 billion. The truth is, it is much worse than that because they are going to take $160 billion of Social Security money on top of that $535 billion of deficit. They are going to take every penny of Social Security surplus and throw that into the pot. So, on an operating basis, the deficit next year is really going to be $700 billion.

The debt of the United States at the time Jimmy Carter was President, after 200 years of history in this country, was around $750 billion, and we are going to add that much or virtually that much in 1 year under this President's plan. That is not the most serious part. That is not the part that really worries this Senator. What really worries me is, that is the tip of the iceberg, according to the President's own analysis of his plans.

He says, if you adopt his budget plan, his spending, his tax plan, that the deficits grow geometrically when the baby boomers start to retire. At the very time the baby boomers retire, the cost of the tax cuts explode, pushing us deep into deficit and debt, to levels never seen in the history of the United States. That is the plan the President is pursuing. It is a reckless plan and it is a dangerous plan.

The President presented his budget for fiscal year 2004, and it said:

Compared to the overall Federal budget and the $10.5 trillion national economy, our budget gap is small by historical standards.

First of all, there weren't going to be any deficits. That proved to be wrong. Then the deficits were going to be small and short term. That proved to be wrong. Now the President is saying, as a share of the whole national economy they are relatively small.

The problem with that statement is it is wrong, too. It is wrong, too. The next chart shows how big these deficits are as a share of our national income. This chart goes all the way back to the end of World War II—just after the end of World War II. You can see the previous record deficit as a percentage of GDP was back in 1983—6 percent of gross domestic product.

Next year, the deficit as percentage of gross domestic product is going to be 6.2 percent, if one excludes the Social Security trust funds from the calculation. So if you are looking at the budget on an operating basis, if you are looking at it as any private sector firm would have to look at its budget, what you see is the biggest deficit, as a percentage of gross domestic product, since World War II. And the President says it is relatively small. It is not relatively small, it is huge. It is the biggest it has been since World War II.

Of course, what the President has left out is that the Social Security surpluses back in 1983 were virtually nonexistent. So when the President—the then-President—took those moneys, he wasn't taking much. But look at what has happened to the Social Security surpluses. They have been mounting dramatically, and now this President is taking every dime of Social Security surplus to pay the operating expenses of the country. No private sector firm would be able to do that. If you were in the private sector, you couldn't take the retirement funds of your employees and throw those into the pot to pay your operating expenses. If you did, you would be on your way to a Federal institution, but it would not be the White House. It would not be the Congress of the United States. You would be on your way to the Federal penitentiary, because that is a violation of Federal law.

Yet that is what this President is doing this year and next year, taking every dime of Social Security trust fund surplus. And not just this year and next year. Under the President's budget plan, he is going to take every penny of Social Security surplus this year and next year and the year after that and the year after that and the year after that and for the next 10 years. Every penny is being taken to pay the operating expenses of the Federal Government.

This President is taking us down the road that is a fiscal disaster of the first order, and we had better start facing up to it. We are going to have an opportunity next week because the President has come before us and asked for another $87 billion—put it on the charge card. No, this $87 billion has to be paid for. We have to start getting back on track.

The President, in his latest estimates, tells us that revenue as a percentage of gross domestic product is going to be at its lowest level since 1950. You will recall one of his major justifications for the tax cuts 2 years ago was that revenue was at a record percentage of gross domestic product. Now we are headed for a record low, in terms of revenue, and his answer is the same: Cut revenue more. It doesn't matter what the question is, the answer from this President, from this administration, is the same: Cut the revenue. If revenue is high, cut it. If revenue is low, cut it some more.

It is not just a question of revenue being low, it is also a question of spending being increased. This chart shows, for this year, 92 percent of the increased discretionary spending is in just three categories: Defense, which accounts for the vast majority of it; homeland security, which is the second biggest chunk; and the third biggest chunk is rebuilding New York and providing relief for the airlines, so badly affected by what has occurred. So we have not only the lowest revenue since 1950, we also have increased expenses for defense, homeland security, rebuilding New York.

Of course, all of us support those increased expenditures in order to meet the obligations the country has taken on under this President.

The President is fond of saying, ''It's the people's money.''

This is a place where I agree with the President absolutely. It is the people's money, he is absolutely right about that. This is the people's money. But what the President has left out is that it is also the people's debt. What he is running up here is a debt that is truly massive in scope.

This looks at the gross debt of the United States. Earlier we were talking about the publicly held debt. But if you look at the gross debt, not only what we owe those who have loaned money to the United States—which, by the way, includes a lot of money from Japan and Europe—we also see that we owe money to ourselves. We owe money to the Social Security trust fund that the President has been taking money from in order to float this boat. That is truly stunning.

We have a gross debt of $6.8 trillion at the end of this year. But look at what is going to happen in the next 10 years. We are going to have a gross debt approaching $15 trillion. That is 15,000 billion dollars. That is real money. And all of this is happening at the worst possible time.

Why the worst possible time? Because, as this chart shows right now, the green bar, which is the Social Security trust fund, the blue bar which is the Medicare trust fund, are running surpluses in anticipation of the retirement of the baby boom generation. Unfortunately, the money is not being used to prepare us for the retirement of the baby boom generation. The money is all being taken and spent on the operating expenses and to pay for the President's tax cuts. That is where the money is going. Not to prepare for the retirement of the baby boom generation.

The red part of these bars is the cost of the President's tax cuts. What one sees is, when the trust funds go cash negative, which happens in the next decade—in fact, it begins to happen pretty soon because in 2008 the leading edge of the baby boom generation starts to retire.

Look at what happens when those trust funds go cash-negative at the very time the cost of the President's tax cuts explode, dragging us deeper and deeper into deficits and debt. This is utterly unsustainable. It is leading us to a crash landing.

You don't have to take my word for it. Here is a report from the New York Times of September 14 reporting on the Congressional Budget Office's warning to all of us here in Congress. Let me quote from the New York Times:

This course—

the fiscal course that the President has embarked upon—

prompted the Congressional Budget Office to issue an unusual warning in its forecast last month: If congressional Republicans and the administration get their wish and extend all of their tax cuts now scheduled to expire, and if they pass a limited prescription drug benefit for Medicare and keep spending at its current level, the deficit by 2013 will have built up to $6.2 trillion.

That is not the gross debt. That is the publicly held debt—$6.2 trillion. That is 6,200 billion.

They go on to say:

Once the baby boomers begin retiring at the end of this decade, that course will lead either to drastically higher taxes, severe spending cuts, or ''unsustainable levels of debt.''

That is the course we are on. That is the course the President has put us on. It is a disastrous course by any judgment.

Again, we have heard from the Congressional Budget Office.

By the way, the head of the Congressional Budget Office used to be on the President's budget team, his Council of Economic Advisers. He came from the White House.

You don't have to just listen to me or to him. Here is the Comptroller General of the United States, David Walker, in a speech on September 17 to the National Press Club. He said in that speech:

The ultimate alternatives to definitive and timely action are not only unattractive, they are arguably infeasible. Specifically, raising taxes to levels far in excess of what the American people have ever supported before, cutting total federal spending by unthinkable amounts, or further mortgaging the future of our children and grandchildren to an extent that our economy, our competitive posture and the quality of life for Americans would be seriously threatened.

This is the Comptroller General of the United States put in place by the bipartisan leadership of Congress warning us that the course the President has us on is a disastrous course.

We don't have to just listen to the head of the Congressional Budget Office, or have to listen to the Comptroller General of the United States. We just have to look at what has happened. We all can look and we can read reality tests. Does it make sense?

Two years ago, the President told us we could have it all. The President said we could have massive tax cuts. He told us we could save Social Security and Medicare without touching the trust funds. He said we could have maximum paydown of the debt. He said we could have a big defense buildup. He said we could do it all. He was wrong. He was wrong by a country mile. He was wrong on each and every count—not protecting Medicare and Social Security. He is taking every dime of the Social Security trust fund surpluses for the entire rest of the decade.

He said we wouldn't have deficits. We have record deficits. He said he would virtually pay off the debt. The debt is exploding. The President is taking us down a course that does not work.

Most recently, he told us:

It is important for you all to understand, for our fellow Americans to understand, the tax relief I have proposed—and will push for until enacted—will create 1.4 million new jobs by the end of 2004.

We are not at the end of 2004. So we can't make a judgment on that. But we can look back at 2001.

In 2001, he made the same kind of claim. He said if you pass his plan, which we did, it was going to generate millions of new jobs.

Wrong again. He hasn't generated millions of new jobs. He has lost millions of jobs—3.3 million jobs lost by August 2003 since this President took office. That is the worst record on jobs since Herbert Hoover. No other President of either party has lost private-sector jobs during their entire term since the Great Depression. This President has lost 3.3 million jobs with his economic plan.

Once again, he is wrong—just wrong. He is just wrong in assertion after assertion after assertion. He is just wrong. That is the hard reality we have to cope with.

If we look at this recovery that is underway—and there are signs of economic recovery, which one would expect—if you go and write $700 billion of hot checks in a year on the Federal accounts, you expect to give some lift to the economy. By spending all of this additional money, all of these tax cuts, you would expect the economy to improve, and it is improving. But we are not seeing much pickup in jobs.

We charted the last nine recessions which have occurred since World War II—the job recovery that occurred during the recovery from those recessions. Here is the trend line that we see: In each of those nine recessions, there has been a good pickup in jobs when the economy started to recover. Here is the pattern in this recovery. This is like a dead cat bouncing. Nothing is happening. Jobs are not being recovered. Jobs are still being lost, and the President told us he had a plan, he had a strategy that was going to bring back jobs—millions of jobs, he said. He was wrong.

Now some are saying deficits don't really matter. It is really quite stunning to hear some of our Republican colleagues, who for years believed deficits did matter, all of sudden completely change course and say deficits don't matter. The Chairman of the Federal Reserve Board believes deficits matter. Here is what he said before the Senate Banking Committee:

There is no question that as deficits go up, contrary to what some have said, it does affect long-term interest rates. It does have a negative impact on the economy, unless attended to.

Again, we didn't need to just listen to the head of the Federal Reserve Board. Hear what the head of the Congressional Budget Office said in testimony before the Budget Committee earlier this month. He said:

To the extent that going forward we run large sustained deficits in the face of full employment, it will in fact crowd out capital accumulation and otherwise slow economic growth.

This is the testimony of Mr. Holtz-Eakin who was, again, put in office by the Republicans who control both Chambers, and came from the President's own economic advisors saying that deficits do matter. They do hurt economic growth in the long term.

Again, I go back to the Comptroller General and his outstanding speech to the National Press Club on September 17.

The ''bottom line'' is, there is little question that deficits do matter, especially if they are large, structural and recurring in nature. In addition, our projected budget deficits are not ''manageable'' without significant changes in ''status quo'' programs, policies, processes and operations.

I don't know exactly when this Congress is going to awaken to the threat that is barreling down on us, but we face a circumstance just as clear as it can be: The largest deficits in our history in dollar terms, by far. Deficits as a percentage of GDP fairly measured that are the largest since World War II and no relief in sight. Instead, deficits as far as the eye can see, massive deficits that are coming at the worst possible time, right before the baby boomers retire, right when we should be paying down debt or prepaying the liability.

Instead, we are taking the money, hundreds of billions of dollars; in fact, over $2 trillion of Social Security surpluses alone over the next decade the President proposes taking to spend on other operations in government. That is $2.4 trillion of Social Security money, taking every dime. Not just this year, not just next year, but every year for the next decade.

Two years ago the President told us we could expect nearly $6 trillion in surpluses over the next 10 years. In just 2 years that has turned into $4 trillion, $4,000 billion of deficits.

Where did the money go? Here is where it went: 39 percent went to the tax cuts the President proposed and pushed through Congress; 28 percent went to increased spending, largely, as

I indicated earlier, defense and Homeland Security; 7 percent went to the economic downturn; 27 percent in revenue shortfalls not associated with the tax cuts. So two thirds of the disappearance of the surplus in the move to deficits is on the revenue side of the equation. That is where the money has gone.

Some are saying, we do not have to worry about this; we will grow our way out of it. Here is what the Comptroller General of the United States said, again in a speech to the National Press Club:

> [T]he consensus opinion at a recent meeting of prominent economists representing a wide variety of ideological viewpoints was that . . . ''we cannot simply agree our way out of this problem.''

It is time to face up to reality. It is time to face up to the fact we have again down a course that is not working. I am not casting aspersions on anyone's intentions or motivations. That does no good. But we can now look back at the President's record objectively and clearly. We can see that statement after statement he has made to this Congress was simply wrong.

He said there would be no deficits. We have record deficits. He said they would be small and short-term. They are massive and unending. He said they are small as a percentage of our gross domestic product. They are the biggest they have been since World War II as a percentage of gross domestic product, fairly measured. The President said this would all create jobs. He said it would create millions of jobs. Millions of jobs have been lost.

Now he says he needs another $87 million that he does not want to pay for. Where is the money going? We have heard a number of presentations this morning: 500 experts, at $200,000 each, to investigate crimes against humanity in Iraq. Let me repeat that. Here we are in the deepest deficit, in debt at the worst possible time, and the President says one of the things we should do is get us 500 experts at $200,000 each to investigate crimes against humanity. I am all for investigating crimes against humanity, but I am all against spending $200,000 each for 500 people in one year to investigate crimes against humanity in Iraq. Have we completely taken leave of our senses around here?

He wants to build prisons over there at $50,000 a bed. He wants to have a witness protection program that will provide $1 million per family. Yes, it is there. Read the Washington Post: A witness protection program for families of five, 100 families of five, at $200,000 each in the family, five people, $200,000 each, and that is $1 million for 100 families, for a total of $100 million. We do not have a witness protection program like that in this country.

Let's get serious around here. We are in disastrous deficit and debt and we are talking about these kind of expenditures in a country that has the second largest oil reserves in the world, and we say, ''Just put it on the debt of the American people''? I don't think so. There has to be a better way.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. KENNEDY. 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. KENNEDY. Mr. President, we are in morning business?

The PRESIDING OFFICER. The Senator is correct.

Mr. KENNEDY. I thank the Chair.

Mr. President, early next week we will take up what has now become the defining issue of this session of Congress—the Bush administration's proposal for $87 billion for Iraq.

I support our troops in Iraq. We all support our troops in Iraq. If that is the issue, the vote will be 100 to nothing in the Senate.

The administration had an effective plan to win the war. The tragedy is that our troops are paying with their lives because the administration failed to prepare a plan to win the peace.

Our troops performed superbly in the war. They are doing their very best under enormously difficult circumstances now. They deserve the full support of Congress, and they will get it.

But they also deserve a realistic plan from the administration. They deserve to know how the administration will bring in the international community, deliver on the promise of democracy, and bring our troops home with honor.

The administration has refused to provide a realistic plan to the Congress and our troops. It has provided only a 2-month-old, 28-page plan called ''Achieving The Vision To Restore Full Sovereignty To The Iraqi People.''

I would like to know why it is called a working document. I would like to know why the administration is asking the Congress to write an $87 billion blank check based on the draft plan.

This is the draft plan. I will include it by reference rather than including all of it in the RECORD. It is 28 pages, including the cover page, ''Coalition Provisional Authority, Baghdad, Iraq, Achieving the Vision to Restore Full Sovereignty to the Iraqi People,'' dated July 21. It is a working document that is the basis of the administration plan that was provided to the Armed Services Committee.

I will read from the provisions in the plan on security from August 1 to October 3, point 4: Locate and secure and eliminate WMD capability. Then November 3 to January 4: Continue to locate and secure and eliminate WMD capability. And then from February 4: Continue to locate and secure and eliminate WMD. Point No. 1: Defeat internal armed threats. That is August to October. November to January 4: Continue to defeat all threats. February 4: Continue transfer responsibility to the Iraqis.

It is an insult to the American people. It is an insult to our troops who are paying with their lives. For most of us, when it comes to Iraq, there is a widening credibility gap between rosy descriptions of progress by the administration and the hard reality on the ground for our troops and for the Iraqi people.

On September 14, Vice President CHENEY said ''90 percent of the cities and towns and villages are governed by democratically elected or appointed local councils.'' He said that ''all the schools are open, and that all the hospitals are up and functioning.''

In yesterday's Washington Post, Secretary Rumsfeld wrote glowingly of our ''solid progress'' in restoring Iraq. Yet we all know that the reality on the ground is quite different. And we are learning that there are even those within the administration who are reporting that things are not going well. Yet, those concerns are kept carefully from public view.

In fact, the New York Times reported just last week on September 17 that new intelligence reports conclude that ordinary Iraqis are turning against us. And Defense Department officials believe that ''indications of that hostility extend well beyond the Sunni heartland or Iraq, which has been the main setting for attacks on American forces.''

We are still losing an American a day. After going it alone on the war, we have few allies to relieve our troops and join us in winning the all-important peace.

Secretary Rumsfeld admitted this week that our failure to recruit sufficient foreign troops likely means additional callups for our reservists and guard units. General Abizaid told the Senate Armed Services Committee yesterday that ''it doesn't look like we'll have a coalition brigade. We have no choice but to plan for American forces.'' He is not counting on foreign troops. Clearly, the situation in Iraq is out of control. Our policies are not working. Our plan in Iraq is an $87 billion failure, and our troops are paying the price.

The administration must admit that our plan is not working, that we cannot stay this course. We know it. The American people know it. Our allies know it. We cannot afford just to stay the same failing course. We owe our troops a change in plan.

Before the Congress writes a blank check for $87 billion, we need to know that the administration has a realistic plan. Our troops who are paying with their lives deserve no less.

I suggest the absence of a quorum.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

The PRESIDING OFFICER. In my capacity as a Senator from South Carolina, I ask unanimous consent that the order for the quorum call be rescinded.

Without objection, it is so ordered.

RECESS SUBJECT TO THE CALL OF THE CHAIR

The PRESIDING OFFICER. In my capacity as a Senator from South Carolina, I ask unanimous consent that the Senate stand in recess subject to the call of the Chair.

Without objection, it is so ordered.

There being no objection, the Senate, at 1:17 p.m., recessed subject to the call of the Chair and reassembled at 1:26 p.m. when called to order by the Presiding Officer (Mr. CRAIG).

The PRESIDING OFFICER. The majority leader is recognized.

RECAPPING THIS WEEK'S LEGISLATION

Mr. FRIST. Mr. President, there are several issues I wish to take this opportunity to comment on at the end of this week. First is the issue that has been discussed for the last 3 days and which we will be coming back to on Monday—the issue of education of young children in the District of Columbia.

With the leadership of the Mayor and working closely with the person who day in and day out observes firsthand what happens in the District, the head of the school board, and local officials, a proposal has been put together, generated at the local level, that we are currently talking about and debating before the Senate. That is the issue of allowing young children in school who are trapped—for the most part, impoverished children—in failing schools and giving them the opportunity to expand, grow, learn, and become educated, and thus giving them a shot at what we all know as the American dream.

Yesterday was a unique day in that on the floor of the Senate was Mayor Anthony Williams, who made a historic visit to the Senate floor at the invitation of Senator FEINSTEIN. From his presence here and in our many conversations with him, what is emphasized is how important this issue is to the District, to the future of this District, because it has to do with children and education. That is how important this issue of choice is, empowering the parents to have some sort of say in their children's education.

As Senator FEINSTEIN has so eloquently argued, the District of Columbia choice program is the Mayor's program. It is not our program—the Senate program or the House program, or the Federal Government program. It is the program of the District and for the District's children and families. It is what the leaders in the District of Columbia want.

We have spent almost 3 whole days on the bill, and we will spend, as I mentioned, Monday on it. Today, only one amendment has been offered. It is frustrating to me when we recognize the real problems that are in the District today in terms of education and we see there is a response generated that makes sense and is locally supported, which has new Federal dollars, new additional dollars coming in to support the initiatives, it is frustrating that if there are 4, 5, 6—I don't know the number of people who oppose choice in education and parental involvement, but if they have amendments, we can debate them. Then we can vote on these amendments, and hopefully defeat them, because I am a great believer in DC choice but at least allow us to debate.

Avoiding offering amendments when time is being made available on the floor, in response to the great needs that we know exist, is frustrating and in some ways disappointing.

The only amendment that has passed, in fact, was by Senator FEINSTEIN, who is an advocate for this bill. So really there have been no amendments proposed from the other side. Yet, as we heard in the opening comments a few hours ago, the opposition insists that we cannot move this bill anytime soon.

I say that despite the positive impact that we know this bill can make on the District's schoolchildren. I am not exactly sure why there is this refusal to offer amendments and live with the outcome, when the time is made available and the issue is before us. I hope it is not national politics because we are talking about the District's schoolchildren. We are not talking about a partisan national debate.

Our goal is to give children today the very best education possible. So we need to debate it, we need to amend it, if necessary, and, if not, we need to move on, have a vote on it, and express the will of this Senate for the benefit of the kids.

The Senate Appropriations Committee has passed legislation that does offer this city's schoolchildren a genuine opportunity to achieve an education. It has been pointed out on the Senate floor, but it is important for me to again state it, that this is $40 million of new money, that is additional money which, if this legislation passes, will come. If the legislation does not pass, that additional $40 million is not going to go into education today. The money is to be divided between the supporting of public schools, of charter schools which are in the District, and then a new nonpublic opportunity scholarship program whereby over 2,000 students who are impoverished, who are trapped in failing schools by definition in the legislation, are given the opportunity to walk, with a check of $7,500, to any nonpublic school in the District. If we pass the legislation, they have that opportunity. If we do not pass the legislation, they are not going to have that opportunity. It is as simple as that.

That is, again, why this is frustrating to me as majority leader and as one who is trying to schedule the Nation's business accordingly.

It is new money. It is not going to take resources from other education. That used to be the argument: There is public education moneys and the money will be taken from public education and diverted to nonpublic education. That argument is bogus. It does not exist. This is new money that is coming into the system.

The record today in the District, in terms of educating children, has been painted pretty well, but in too many ways it ends up being almost statistics and coldhearted facts. But the coldhearted facts, I have to say, do tell the story. We spend about $1,200 per student right now, per capita, per kid, in the District. In spite of that, the outcomes, the scores, are lower than any State in the country today. So the answer is not just money. We know that.

Only 10 percent, or 1 out of 10, of the District's fourth graders are proficient in math. Less than 12 percent of the District's fourth graders can write at grade level. Actually, it is fewer than 10 percent of the District's fourth graders are proficient at math, and right at 10 percent are proficient in reading. That means 90 percent are not proficient at reading. Only 6 percent, about 1 out of 20 or 1 out of 18, of District fourth graders can do math at a proficient level.

Words were used like ''disgrace,'' which I think it is, and ''scandal,'' not in the sense that there is misappropriation but a scandal in the fact that the outcome is so poor for these students and the disgrace is really in some ways ours for not responding and responding aggressively and appropriately. That is what we can do by passing this bill.

I should also add that I believe the dropout rate in the District is around 42 percent, and nationwide it is about 29 percent. So 42 percent do not go on to school. As I mentioned before, the ACTs and the SATs, which would allow one to go to college, are the lowest in the country as well. So kids who are graduating from public school are graduating with an inability to read, write, do math, and to add and subtract, really basic measures.

None of us in this Chamber would tolerate that sort of outcome for our own children, unable to complete simple fourth grade mathematics, or in the fourth grade an inability to write at grade level. Would we tolerate it? The answer is clearly, no.

It has been pointed out that many of the people who oppose school choice for children and parents in the District, in this body and in the House of Representatives as well, send their kids to private schools, and yet at the same time, when the opportunity is there, they do not give that same opportunity to other parents.

I mentioned Mayor Tony Williams, DC Board of Education president Peggy Cooper Cafritz, City Council member Kevin Chavous are all courageously advancing the cause of universal education for DC's kids. In addition to them are the parents of kids in the District. All across the city, parents line up in order to obtain better options for

their children. The need is so real and so intense that the District public school choice programs right now in the District are oversubscribed.

Each year, more than 1,000 schoolchildren are wait-listed for the city's magnet programs, those magnet programs which give those unique opportunities for parents to choose, with their kids, the type of program that best suits their individual needs—again, stressing the importance of parental involvement, of matching needs to sources. More than 1,000 children are wait-listed trying to get into those programs.

Right now the District has made more headway than my own State of Tennessee in the development of charter schools. About 15 percent of DC's kids are in charter schools. About 11,500 are in attendance in those charter schools. Once again, because they get that opportunity to better match resources to needs in an overall system that is failing and involves more choice, there is a waiting list of over 1,000 kids in the District for charter schools right now.

Indeed, in this $40 million there is increased funding for charter schools which are part of the public education system in the District.

Thinking in terms of choice and opportunity scholarships, where individual kids have the opportunity to take resources that are already being spent on their behalf and allowing them to choose the school they could go to, taking that same principle, which is the principle behind, the fundamental power behind, DC choice, one need only to look at when John Walton and Ted Forstmann invested $2 million in the children's scholarship fund in the District. What happened?

There were 1,000 seats and yet 10,000 kids applied for those 1,000 seats—again, to show the pent-up demand here for greater choice, greater opportunity to choose the type of school that best suits your needs.

On this particular issue, I just want to close and say I do stand with those parents, with those people on those waiting lists, because we have an opportunity to reverse that and to expand the opportunity for families to become involved and kids to have that choice. To me it is nonsensical for us to withhold from them that opportunity when it is within our power to do so, to support each child's right—and it is a basic right—to learn to read and to write and to add and subtract. Basic education for our schoolchildren simply just cannot wait.

ENCOURAGING DEVELOPMENT IN SUDAN

Mr. FRIST. Mr. President, I want to discuss an encouraging development that most Americans have had no reason, at least initially, to pay attention to. That is what has happened in a country on another continent, the country being Sudan.

This week, several days ago, we received word that the civil war that has raged there for 20 years and has claimed over 2 million lives, lives lost as a product of this civil war, a war that has caused over 5 million families to leave their homes, to be displaced from their homes and have to move to another part of the country—that civil war may be one step closer to ending.

On Tuesday evening the Sudanese rebels and the Khartoum Government reached an agreement on the position and size of their respective armed forces. A formal agreement, since that time, has been signed. This agreement includes three significant breakthroughs: A substantial withdrawal of government forces from the southern region of the country; redeployment of the Sudan People's Liberation Army, the SPLA, forces in Khartoum, and third, the formation of an integrated force in the southern Blue Nile region and the Nuba Mountains.

What this typically means is that units are integrated to include troops from each side. That way, each side acts as a check, a check and a balance on each other.

Sudan's Vice President, Osman Ali, says the deal ''has paved the way for a comprehensive peace agreement.''

The Southern People's Liberation Army, SPLA, leader John Garang, concurs, saying, ''With this agreement, the direction and orientation for peace in Sudan is irresponsible.''

Clearly, while the agreement is key, there are still significant issues to be resolved. Many issues remain; for example, those regarding power and regarding the whole topic of wealth sharing. But the good news and the encouraging news, the news that brings joy to my heart, having spent so much time in the Sudan personally, is that both sides have looked at extending the cease-fire for 2 additional months, so they can keep talking and keep working toward peace.

A 2-month cease-fire, what does that mean? It means there will be less of the destructive killing, the bombing, the wars, and the battles that go on almost in a routine manner in that part of the world.

I was just in the Sudan about 4 weeks ago. I had the opportunity to work at the mission hospital there and become very intimately acquainted, again not as a Senator but as a doctor, with individuals who have suffered, directly or indirectly, from these war injuries. I go to the Sudan about once a year, plus or minus several months, where in the past I again have had the opportunity to treat people who have been hurt directly in the war, people who have lost their legs from the land mines which have been planted because of that war.

I mentioned part of the agreement applied to the Nuba Mountains. It is now about 4 years ago that I first took a trip to the Nuba Mountains. At that time the United Nations did not allow relief flights to go in that part of the world. The Nuba Mountains have been neglected in many ways by the international community. I am pleased since we first went in about 4 years ago, the region has opened up to more relief and more transparency and much more of a spotlight, where the world can see the human tragedy that has gone on in that part of the world.

I also mentioned, as part of the agreement, the southern Blue Nile. About 2 years ago I had the opportunity to go to the Blue Nile region. I was in the Blue Nile region actually just a day after a very significant battle that had been fought in that region. It was just the night before. Again, I am delighted that is part of this formation of an integrated force, both in the southern Blue Nile and the Nuba Mountains.

I have had the opportunity to go to Pabong, which is in the oil region, where people have been displaced several years ago. Although this whole wealth sharing is an issue that has to be addressed in the future, it is an issue about which I am very hopeful, now that progress is being made along the lines of increased peace in the Sudan.

Last month I was able to operate and perform surgery in a hospital called Lui Hospitala, a hospital sponsored by the Samaritan's Purse, a faith-based organization here in the United States. When I first started going to that hospital, it was just a schoolhouse. That was about 6 or 7 years ago, 1997. Osama bin Laden had just left, I think about 1996, from the Sudan. When we first went into the area of southern Sudan, it was just a schoolhouse there. The original hospital had land mines around it.

Since that point in time, over the last 6 or 7 years, the land mines have been removed from the old hospital grounds and now 30,000, 40,000, 50,000 patients are seen a year at that particular facility.

Through these experiences, I have had the opportunity of seeing first hand the shattering results of a brutal civil war. President Bush very early on, right after he began office as President, appointed Jack Danforth as a special envoy to that region—again showing the importance to the United States to establish, to promote, and to work for peace in that part of the world.

In the Senate we passed the Sudan Peace Act. We will continue to follow very closely the situation. We will continue to work with the administration, Jack Danforth and President Bush, to support the efforts of the Kenyan mediator, Lazarus Sumbeiywo, to encourage and support this encouraging undertaking.

It is the people of the Sudan—and that's who I spend most of the time with as part of this medical mission work in these clinics and in the treatment and in the doctor-patient relationship—it is the people of Sudan who long the most for the end of this violence.

So this reported progress from this week is something that is very gratifying and pleasing to me and leaves me very optimistic about the future. It is a wonderful part of the world.

THE SMALL BUSINESS ADMINISTRATION

Mr. FRIST. Mr. President, in a few minutes we will be formally addressing the issue surrounding the Small Business Administration. Thus, I would like to briefly comment on the importance of small business in this country, how the Senate is responding, and to put a little bit of perspective around the importance of the United States doing everything it can—whether it is with the regulatory burden, whether it is in making resources and capital available, or opening up other opportunities for small businesses in this country—how important that is to overall economic growth.

Benjamin Franklin once said: He who would fish must venture his bait. Fortunately, in America we have millions of creative and driven women and men and even teams ready to cast their reels. Fortunately, we have the Small Business Administration ready to help them. You might say that the Small Business Administration is an entrepreneur's bait and tackle shop.

I believe by today's action in a few moments we will be passing the Small Business Administration's 50th Anniversary Reauthorization Act of 2003. This Federal agency has helped more than 20 million Americans start, grow, and expand their businesses. It has become the Government's most effective instrument for economic development. With its help, small companies have grown from a handful of employees into literally thousands. The vitality of the American economy is due in no small part to this agency, which celebrates its 50th anniversary this year.

Thanks to today's legislative victory, this pivotal agency will continue working with America's job creators to grow the economy, to boost the economy, and to expand the economy.

Just how important are small business owners? Those innovators create 60 to 80 percent of new jobs nationwide. Sixty to eighty percent of new jobs are created by small businesses. They generate more than 50 percent of the gross domestic product. Small business owners are the heart of the American marketplace, and their contributions to jobs and productivity is its lifeblood.

In my home State of Tennessee, 97.1 percent of all businesses are small businesses. From the year 1999 to the year 2000, Tennessee's small businesses added a net total of 36,806 employees, and 12,000 companies with fewer than 100 workers employed 44.9 percent of the State's nonfarm sector workers. Workers and consumers depend on the small business sector to generate jobs, products, and services. The Small Business Administration helps fuel the creativity and the dynamism of this vital sector of the economy. And it has been extraordinarily successful.

Take, for example, one restaurant chain, the Outback Steak House. It may come as a surprise to some, but the Outback Steak House does not have its headquarters in Australia. No. It has its headquarters in Tampa, FL. In a little over 10 years, the Outback Steak House has grown from a really small restaurant operation into a dining phenomenon.

In February of 1990, the 2½-year-old company employed approximately 300 people and had a net worth of less than $2 million. That year, there was an injection from the Small Business Administration. Ten years later, the restaurant chain employs not 300 people but 38,000 people. That $2 million has grown into revenues of the dizzying amount of $1.16 billion. The Outback Steak House now has restaurants in 48 States, 13 countries, and places as far away as Seoul and Rio de Janeiro.

Staples is another dazzling example of a Small Business Administration injection of help with a catalytic effect. It started as a single office supply store in Brighton, MA, in 1986. The office supply store is now the country's largest operator of office superstores, employing more than 58,000 people, with annual gross sales of $11.6 billion. It in turn is offering services and products to small businesses to help them cut their own costs in the hopes that they might also grow to such proportions.

At a macro level during the last 4 fiscal years, just one financing program within the Federal agency has helped create 1.3 million new jobs—newly created jobs all by this one financing program.

Over that same period of time, a second lending program at the agency—a program called the 504 Loan Program—helped create and retain an additional 445,000 jobs.

HUBZone is another program that has been a job creator. In the last 2 years, this program which targets severely economically distressed areas, has helped create over 30,000 new jobs.

These are just a few of the examples—a smattering—of the programs at the SBA that have helped and worked so effectively to add new jobs to the economy. The SBA, it should be said, is just one of the many efforts that are made by this body and by our Government to support job creative policies.

We think simply back to the 2003 Jobs and Growth Tax Relief Act. We provided 23 million small business owners with tax cuts averaging, through that one bill, $2,200 each. In fact, small businesses received 80 percent of the benefits of the reduction in the top marginal tax rate. That 2003 Jobs and Growth Tax Relief Act quadrupled the amount that small businesses can expense for new capital investments, and that in turn will lead to new investment in technology, in machinery, and new investments in equipment.

This legislation is yet another example of this body, our Government, working with the President to create jobs and economic growth. Together with the Small Business Administration reauthorization, these progrowth policies—these policies that create jobs and grow the economy—will increase productivity and make every consumer's dollar go further.

Remington Electric Shaver magnate and pitchman Victor Kiam once observed:

> Entrepreneurs are simply those who understand that there is little difference between obstacle and opportunity, and are able to turn both to their advantage.

I think with the passage of this bill we can include ourselves—this body—in that description as well.

I applaud my colleagues for supporting the Small Business Administration, which in turn will reach out in support of America's most important job creators, the small business owner.

ROSH HASHANAH

Mr. FRIST. Mr. President, this evening at sundown, Jews around the world will gather to begin their observance of Rosh Hashanah, the Jewish New Year, and the beginning of the high holidays.

Rosh Hashanah and Yom Kippur, which will be observed over the next 10 days, are the most significant of all Jewish holidays. They are a time for celebration. They are a time for thanksgiving. They are a time for family. They are a time of reflection and of atonement.

Many today all over the world are reflecting over the last year and what that last year has brought, and also to look ahead to that next year with those hopes of what will come over the next 12 months. It is believed that on Rosh Hashanah, God records the destiny of all mankind in the Book of Life.

It is my hope that as we pray, we will do so for the enduring faith in God, and also with the strong, the fervent hope for the strength and the courage and the boldness and also the compassion to see us through these very difficult times for America and the world.

So as we end this week, I would like to wish all of my colleagues and all of those around the world who observe these holidays a very happy and a very healthy and a very sweet new year.

L'shana Toua.

PRESIDENT BUSH'S AGENDA FOR IRAQ

Mr. JOHNSON. Mr. President, as a Member of the Appropriations Committee, having had the opportunity to listen carefully to Secretary of Defense Rumsfeld lay out before the Senate and to the American people President Bush's agenda for Iraq, I think I need to share my dismay at some itemization of the President's requests.

We all know, due to the lack of internationalization and the go-it-alone approach in Iraq, that the cost in blood and in money is almost exclusively

American. That contrasts with Desert Storm over a decade ago when George Bush, senior, led that war. While the United States did the lion's share of the fighting, the financial cost, at least, was offset—not quite but almost entirely—by our allies.

In this case, a unilateral or near unilateral preemptive effort, alienating our allies, has led us to a situation where, on the heels of the $70 billion supplemental appropriations of a short time ago, the President has now asked for an additional $87 billion in yet another installment, and there will be more to come from the American taxpayers. This is at a time when our budget is deep in red ink, having gone from budget surpluses from the last years of the Clinton administration to now record deficits.

To put this $87 billion in some perspective, that is roughly three times what the Federal Government spends on K through 12 education for an entire year. At a time when we are told we do not have the money to come up with the additional $8 billion for Leave No Child Behind, we have an $87 billion request here. This is, again, due to a woeful lack of postwar planning for our circumstances in Iraq.

Much of this money will go for equipment and pay and resources for our troops in the field. There, there will be no quibbling. There will be strong bipartisan support for that. My own son fought with the 101st Airborne in Baghdad. No one is more supportive of our troops than I. Although out of that immense amount of money, no doubt we do need to scrutinize it carefully to make sure the money is well spent.

But on the other $20.3 billion request for reconstruction—and when George Bush says reconstruction, keep in mind he is not talking about repairing things that were damaged in the war. He is talking about building whole new water systems and communications systems and roads and schools and housing systems that never have existed before. So it was with some interest that I looked at what some of the components are of our taxpayers' money that George Bush recommends that we authorize in this body.

There is $164 million for the curriculum for training the Iraqi military. This doesn't involve any training organization hiring any troops or policing. This is for a new textbook for a few for curriculum training—$164 million?

There is $100 million to finance 500 experts for investigating crimes against humanity at $200,000 per expert; 500 at $200,000 per expert to investigate crimes in Iraq; $20 million to protect 400 judges and prosecutors at $50,000 a crack—$50,000 a person, or 400 judges. That is just this year. Heaven knows what this is going to be in the future.

There is $100 million to enroll 100 families of five in a witness protection program at $200,000 a person. Mr. Chairman, $200,000 a person for witness protection in Iraq? I think you ought to be able to hide someone pretty well for $200,000 a pop. Yet this is going to cost us $100 million.

There is $10 million for 100 experts to assist prison reconstruction for 6 months at $100,000 each. These experts must be much cheaper than the $200,000 experts for crime investigation because prison construction is only $100,000 per piece but we are going to have 100 of them.

There are 100 experts advising Iraq on how to build prisons in Iraq. There is $400 million—we are getting into big money—for two new 4,000-bed prisons at $50,000 a bed; 4,000 prison beds at $50,000 a bed.

I have a lot of constituents in my State of South Dakota who live in homes that do not cost $50,000 a bedroom by far. Yet here we are building this immense infrastructure in Iraq with American taxpayers' money at the time we are being told, no, we don't have the money to help our police and law enforcement in South Dakota and across the country. We don't have the resources for so many other needs which we have. We are deep in debt and every dime of this is being paid for from the Social Security trust fund?

The list goes on:

There is $150 million to begin work on a $500–$700 million children's hospital with all the latest technology. We all want to help the children of Iraq, but I have to tell you that we have children in South Dakota—particularly on our Indian reservations—who have access to virtually no health care at all. We have people in rural areas with hospitals that are on the verge of closing because of the lack of Medicare reimbursement. We have hospitals, clinics, and nursing homes across America that may not last a year given the inadequacy of Medicare reimbursement, particularly in the rural areas.

We have teaching hospitals that train the next generation of medical experts in America that are financed on fumes and do not know where their money is going to come from for next year. Yet we have this kind of expenditure request.

There is $100 million to build seven new cities, complete with 3,258 houses, roads, elementary schools, two high schools, a clinic, a place of worship, and a market—seven new cities with new high schools.

I have high schools all over South Dakota that can't pass bond issues, that are falling down, that do not have infrastructure, and that literally are a danger to the pupils. President Bush says he would veto legislation that would include money to help rebuild and renovate schools in America. But guess who is getting the new schools. It is not us. We are going to borrow more money out of the Social Security trust fund in order to do this. This is President Bush's priorities? What does that reflect on his values? Think of it.

There is $54 million for comprehensive technical and business process studies for a computer network for the Iraqi postal system—$54 million for computer studies for the Iraqi postal system. Where I come from, you can buy a lot of computers for $54 million. You could run a pretty good postal system in a small country with that. This is just for computer studies—$54 million. Think of the hospitals, nursing homes, clinics, schools, daycare centers, afterschool programs—think of what you could do with that kind of resource.

There is $9 million to reengineer the business practices of Iraq's postal service, including instituting ZIP Codes. How has Iraq made it for these thousands years without the Americans helping them develop a ZIP Code? It is amazing. How have they struggled? How can we expect these people to live without our taking money out of the Social Security trust fund to help them develop a ZIP Code? What a generous thing for this administration to do for other people on the other side of the planet on our dime, borrowing money to do it.

We have another $2 million for garbage trucks at $50,000 apiece. Apparently, for these thousands of years the Iraqis have been unable to collect their garbage because they did not have a modern garbage truck. They had other vehicles for doing this. We are going to provide 40 of these at $50,000 a pop.

I can tell you that I have a lot of people in communities in my State wishing they had some help for their infrastructure—whether it is garbage, sewage, water, or a lot of other things. A lot of communities are struggling but they don't have the resources for this kind of help.

I am not suggesting that we cut and run from Iraq. I am not suggesting that the United States doesn't have a significant role to play in the reconstruction of that sad country. We are all glad Saddam Hussein is gone. Heaven knows what is going to be in its place.

We have demonstrated that we can win wars unilaterally. But winning the peace, this President should have learned long ago, requires significant international assistance. Now that our allies have been largely alienated, it looks as if it is going to be our dollars and our blood to do it.

There is $20.3 billion, and the list of these kinds of things goes on and on.

I think this requires serious scrutiny. I think this deserves debate in this Senate. Our friends in the Republican leadership have told us they don't want to segregate these issues from the financing of our troops because they don't want the embarrassment of having a debate on this and amendments offered and the possible rejection of some of this. Apparently their goal is to wrap the whole thing up into one huge $87 billion item and anybody who dares vote against that will have their patriotism challenged. They will be told they are not good Americans because they are not supporting our troops.

We need a little sanity here. We need an opportunity—not to reject everything in the rebuilding of Iraq, but we have a role to play. We will step to the plate to do our share.

But this administration has been told in no uncertain terms that this shouldn't be exclusively our obligation; that when we do some rebuilding it shouldn't be at such a fabulous level of extravagance far beyond what any American community could possibly come to Washington and ask for.

Our people deserve better. They deserve to know what is in George Bush's request. They deserve to have some up-and-down votes, and this shouldn't be rushed through in a manner that the people do not actually understand what they are buying into with an agenda such as this.

I know we are going to go to markup on this supplemental request very quickly next week. The difficulty in shoving this thing through so fast is that the American taxpayer will have no idea what was in this thing. They will be told it is $87 billion—a huge number. Who knows what that means until you explain in some detail what you could buy with that kind of money.

I think we need to have a national debate about America's role in the world and about the level and scope of the contributions that America is making in rebuilding this country. Why has this administration failed to attract international financial support? If you cannot get their troops, why not at least some financial resources for this rebuilding? Why has that failed, as well? We need to know that.

We need to know what will follow. I assure this body, this is not the last request. This is an installment. There is much more to come, both militarily and potentially in rebuilding.

What has happened to the Iraqi oil revenue? Is there a possibility of turning some of this into loans rather than flatout grants? We are told we cannot loan the money because Iraq already has a lot of debt. Their debt is primarily to Kuwait and Saudi Arabia. Apparently, it appears we are going to put repaying their debts ahead of the American taxpayer, ahead of our financial needs. We are saying we have to give grants because these people have to pay off their loans to Saudi Arabia and Kuwait before they can do anything for us.

We have water projects in South Dakota. We have sewer wastewater problems. We have roads, railroads, all kinds of infrastructure that is underfunded. Those communities are being asked for matching funds. Many projects in South Dakota and across the country are done by loans. And we have a grant level at $20.3 billion, with mind-boggling levels of expenditure, for purposes that would leave any American citizen shaking his head.

We do not want to delay anything unnecessarily. There are some urgent needs in Iraq, particularly for our troops. We need to take care of those needs and have some certainty.

I hope in the course of this debate the American people are considering the use of their dollars, that there be considerable scrutiny and the people understand what this President wants them to buy into. If that comprehension is out there, there will be a lot of unhappiness in the land if, in fact, this Senate is unable to break out some of these expenditures; if we have to pass this up-or-down vote in one massive $87 billion item—three times America's education budget—for purposes that would make royalty blush.

Our people deserve better. The Senate deserves an opportunity to consider these issues with much more care than is being suggested.

We will learn more, no doubt, about the details of some of the proposed expenditures from the Bush administration in the days to come. I hope we have a very real, sobering debate about the use of our constituents' money and whether this is the best use—some of it, no doubt, is; but much of it, I submit, is an outrageous abuse to the American taxpayer.

I yield the floor.

Ms. LANDRIEU. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Ms. LANDRIEU. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Ms. LANDRIEU. Mr. President, I was quite moved by my colleague from South Dakota and his comments about the war, the budget and the choices that the Senate is going to have to make. I thank my colleague for discussing such specific, detailed, and passionate comments, and raising the awareness of some of the very substantial issues at stake in making such a compelling argument as to why this discussion should continue for some reasonable length of time so these issues can be aired and the American people can have a better opportunity to come to their own conclusion based on facts as the Senator outlined this morning.

I commend the Senator and thank him. Other colleagues will speak of the issues, including the international challenges that face America, as well as the domestic challenges.

LIE AND BUY

Mr. LEVIN. Mr. President, on September 18, 2003, the Bureau of Justice Statistics released its annual report on the National Instant Criminal Background Check System, also known as NICS. According to its report, approximately 136,000, or 1.7 percent, of the 7.8 million of the gun checks performed by the NICS system resulted in a denial. Since its inception, the NICS database has prevented approximately 976,000 individuals from illegally acquiring a firearm. The report went on to note that 66 percent of the rejections were due to a felony record or outstanding warrant, and about 14 percent were rejected for a domestic violence misdemeanor conviction or restraining order.

Earlier this year, the Americans for Gun Safety Foundation released a report entitled, ''The Enforcement Gap: Federal Gun Laws Ignored.'' The report analyzed the Justice Department's record enforcing and prosecuting gun laws. The report examined prosecution data acquired under the Freedom of Information Act from the Justice Department for fiscal years 2000 through 2002. The AGS study reveals a significant gap between the number of Federal gun crimes committed and the number of Federal prosecutions initiated.

The report found that 20 of the 22 major Federal gun laws are rarely prosecuted. The two statutes consistently enforced are laws against the use of a firearm in the commission of a Federal crime and a felon in possession of a firearm. The 20 laws that address other illegal firearm activity, including gun trafficking, firearm theft, lying on a criminal background check form, removing firearm serial numbers, and selling guns to minors are rarely enforced according to the AGS study.

The statistics in the AGS report are startling. According to AGS, in the fiscal year ending September 30, 2002, U.S. Attorneys filed only 578 cases against individuals who lied on the criminal background check form to purchase a firearm despite the fact that over 100,000 people were denied purchases for that reason. President Bush and Attorney General Ashcroft pledged to vigorously enforce the gun laws on the books, but the AGS report seems to indicate that the Bush administration has failed to live up to the promise. I believe vigorous law enforcement is a critical step toward reducing gun violence. I urge the Justice Department to step up its efforts to prosecute not only people who commit gun crimes, but those who illegally seek to buy a gun.

ADDITIONAL STATEMENTS

TRIBUTE TO CAROLYN ''KELLY'' EARL DAVIS

● Mr. DAYTON. Mr. President, I am delighted to honor a Minnesotan who recently reached the age of 90, after having spent much of her life in dedicated service in her community. Carolyn ''Kelly'' Earl Davis was born on September 21, 1913, the daughter of Dr. George Earl and Lillian Earl. Growing up, Carolyn, affectionately known since childhood as ''Kelly''—the name given to her by her brother, Rol—loved to play baseball. She was an all-star player whose exploits on the field were greeted with exhortations of ''Slide, Kelly, slide!''

Kelly lived in St. Paul, MN, and attended Summit School, where she took part in student government, sports, and volunteer work. She then attended Smith College and the University of Minnesota. In 1936, Kelly married Edward P. ''Ned'' Davis, Jr., and the Davises, who eventually had three daughters, Sally, Janie, and Mary, lived in St. Paul until moving to Bloomington's Friendship Village retirement community. They had been married 60 years at the time of Ned's death in 1997.

Today, Kelly is the proud grandmother of 6 and the great-grandmother of 3. Her family activities and interests have included canoeing, skiing, tennis, and golf. Throughout her life, Kelly has also given of herself through a remarkable career of volunteer service. During World War II, she served her country as a nurse's aide with the Red Cross. She is a member of the House of Hope Presbyterian Church, where she has been president of the Women's Association Board, among other offices and committee memberships. She has taught Sunday school and has also been a leader of the Brownies and Girl Scouts. Her enthusiasm for sports motivated her to teach tennis and skiing to underprivileged children, having collected the necessary equipment for them to use.

Because education has been especially important to her, she belonged to the alumni boards of the Saint Paul Academy and Summit School. She was also a member of Summit School's Board of Trustees and chaired the school's 1958 building fund. Even at the age of 79, Kelly was still busy, serving as the chairman of Summit School's 75th anniversary celebration.

The range of Kelly's interests and pursuits is formidable: the arts, public health, employment, child and family welfare. She gave of her energies and fund-raising talents to a variety of organizations and causes, including the Junior League, the St. Paul Rehabilitation Center, the Children's Hospital Association, Neighborhood House, Merriam Park Community Center, the Volunteer Bureau, the Family Nursing Service, Planned Parenthood, and the Minnesota Public Health Association.

Despite the passing years, Kelly remained involved into her eighties. She served for two terms on the Friendship Village residents council and held the post of chair of the Friendship Village ad hoc committee for the health care center renovation.

Kelly's contributions are so numerous that they are almost impossible to catalogue. I am proud to salute this remarkable lady for her exceptional record of community service and advocacy. Truly, Kelly has spent her life working with and enjoying people of all ages.●

MESSAGE FROM THE HOUSE

At 11:44 a.m., a message from the House of Representatives, delivered by Ms. Niland, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 2557. An act to provide for the conservation and development of water and related resources, to authorize the Secretary of the Army to construct various projects for improvements to rivers and harbors of the United States, and for other purposes.

ENROLLED BILLS SIGNED

The following enrolled bills, previously signed by the Speaker of the House, were signed on September 25, 2003, by the President Pro Tempore (Mr. STEVENS):

H.R. 2555. An act making appropriations for the Department of Homeland Security for the fiscal year ending September 30, 2004, and for other purposes.

H.R. 2657. An act making appropriations for the Legislative Branch for the fiscal year ending September 30, 2004, and for other purposes.

S. 111. An act to direct the Secretary of the Interior to conduct a special resource study to determine the national significance of the Miami Circle site in the State of Florida as well as the suitability and feasibility of its inclusion in the National Park System as part of Biscayne National Park, and for other purposes.

S. 233. An act to direct the Secretary of the Interior to conduct a study of Coltsville in the State of Connecticut for potential inclusion in the National Park System.

S. 278. An act to make certain adjustments to the boundaries of the Mount Naomi Wilderness Area, and for other purposes.

MEASURES REFERRED

The following bill was read the first and the second times by unanimous consent, and referred as indicated:

H.R. 2557. An act to provide for the conservation and development of water and related resources, to authorize the Secretary of the Army to construct various projects for improvements to rivers and harbors of the United States, and for other purposes; to the Committee on Environment and Public Works.

MEASURES PLACED ON THE CALENDAR

The following bill was read the second time, and placed on the calendar:

S. 1657. A bill to amend section 44921 of title 49, United States Code, to provide for the arming of cargo pilots against terrorism.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second times by unanimous consent, and referred as indicated:

By Mr. LEVIN (for himself, Mr. ALEXANDER, Mr. MCCONNELL, Mr. LIEBERMAN, and Mr. SCHUMER):

S. 1665. A bill to permit reviews of criminal records of applicants for private security officer employment; to the Committee on the Judiciary.

By Mr. COCHRAN (for himself and Mr. KENNEDY):

S. 1666. A bill to amend the Public Health Service Act to establish comprehensive State diabetes control and prevention programs, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

By Mr. BROWNBACK (for himself and Mr. NICKLES):

S. 1667. A bill to exempt small trailer manufacturers from enhanced early warning reporting requirements under the Transportation Recall Enhancement, Accountability, and Documentation (TREAD) Act; to the Committee on Commerce, Science, and Transportation.

By Mr. BROWNBACK (for himself, Mr. MILLER, Mr. ALEXANDER, Mr. ALLARD, Mr. ALLEN, Mr. BUNNING, Mr. BURNS, Mr. CHAMBLISS, Mr. CORNYN, Mr. CRAIG, Mr. CRAPO, Mr. ENSIGN, Mr. ENZI, Mr. FITZGERALD, Mr. GRAHAM of South Carolina, Mr. HATCH, Mrs. HUTCHISON, Mr. INHOFE, Mr. KYL, Mr. LOTT, Mr. MCCAIN, Ms. MURKOWSKI, Mr. NICKLES, Mr. SANTORUM, Mr. SESSIONS, Mr. SUNUNU, Mr. THOMAS, and Mr. VOINOVICH):

S. 1668. A bill to establish a commission to conduct a comprehensive review of Federal agencies and programs and to recommend the elimination or realignment of duplicative, wasteful, or outdated functions, and for other purposes; to the Committee on Governmental Affairs.

By Mr. INHOFE (for himself and Mr. BREAUX):

S. 1669. A bill to reauthorize the Dingell-Johnson Sport Fish Restoration Act; to the Committee on Environment and Public Works.

ADDITIONAL COSPONSORS

S. 50

At the request of Mr. JOHNSON, the name of the Senator from North Dakota (Mr. CONRAD) was added as a cosponsor of S. 50, a bill to amend title 38, United States Code, to provide for a guaranteed adequate level of funding for veterans health care, and for other purposes.

S. 736

At the request of Mr. ENSIGN, the name of the Senator from Massachusetts (Mr. KENNEDY) was added as a cosponsor of S. 736, a bill to amend the Animal Welfare Act to strengthen enforcement of provisions relating to animal fighting, and for other purposes.

S. 756

At the request of Mr. THOMAS, the name of the Senator from Arkansas (Mrs. LINCOLN) was added as a cosponsor of S. 756, a bill to amend the Internal Revenue Code of 1986 to modify the qualified small issue bond provisions.

S. 876

At the request of Mr. WYDEN, the names of the Senator from Illinois (Mr. DURBIN) and the Senator from Minnesota (Mr. DAYTON) were added as cosponsors of S. 876, a bill to require public disclosure of noncompetitive contracting for the reconstruction of the infrastructure of Iraq, and for other purposes.

S. 1298

At the request of Mr. AKAKA, the name of the Senator from Massachusetts (Mr. KENNEDY) was added as a cosponsor of S. 1298, a bill to amend the

Farm Security and Rural Investment Act of 2002 to ensure the humane slaughter of non-ambulatory livestock, and for other purposes.

S. 1558

At the request of Mr. ALLARD, the name of the Senator from South Carolina (Mr. GRAHAM) was added as a cosponsor of S. 1558, a bill to restore religious freedoms.

S. 1587

At the request of Mr. BIDEN, the name of the Senator from Georgia (Mr. MILLER) was added as a cosponsor of S. 1587, a bill to make it a criminal act to willfully use a weapon, explosive, chemical weapon, or nuclear or radioactive material with the intent to cause death or serious bodily injury to any person while on board a passenger vessel, and for other purposes.

S. 1600

At the request of Mr. CAMPBELL, the name of the Senator from South Dakota (Mr. JOHNSON) was added as a cosponsor of S. 1600, a bill to provide for periodic Indian needs assessments, to require Federal Indian program evaluations, and for other purposes.

S. 1630

At the request of Mrs. CLINTON, the name of the Senator from Georgia (Mr. MILLER) was added as a cosponsor of S. 1630, a bill to facilitate nationwide availability of 2–1–1 telephone service for information and referral services, and for other purposes.

S. 1638

At the request of Mr. GRASSLEY, the name of the Senator from Mississippi (Mr. LOTT) was added as a cosponsor of S. 1638, a bill to amend title II of the Higher Education Act of 1965 to increase teacher familiarity with the educational needs of gifted and talented students, and for other purposes.

S. RES. 228

At the request of Mr. MILLER, his name was added as a cosponsor of S. Res. 228, a resolution recognizing the teams and players of the Negro Baseball Leagues for their achievements, dedication, sacrifices, and contributions to baseball and the Nation.

S. RES. 231

At the request of Mr. FEINGOLD, the names of the Senator from Indiana (Mr. LUGAR) and the Senator from Delaware (Mr. BIDEN) were added as cosponsors of S. Res. 231, a resolution commending the Government and people of Kenya.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BROWNBACK (for himself and Mr. NICKLES):

S. 1667. A bill to exempt small trailer manufacturers from enhanced early warning reporting requirements under the Transportation Recall Enhancement, Accountability, and Documentation (TREAD) Act; to the Committee on Commerce, Science, and Transportation.

Mr. BROWNBACK. Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1667

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

SECTION 1. WEIGHT EXEMPTION FOR CLASSIFICATION OF TRAILER MANUFACTURERS.

Notwithstanding any other provision of law, for purposes of the early warning reporting requirements under section 30166(m) of title 49, United States Code, manufacturers of trailers with a gross vehicle weight rating of 26,000 pounds or less shall not, with respect to such trailers, be subject to the additional reporting requirements under section 579.24 of title 49, Code of Federal Regulations, that are applicable to manufacturers that produce, import, offer for sale, or sell 500 or more vehicles during the calendar year of a reporting period or during each of the prior two calendar years.

AMENDMENTS SUBMITTED AND PROPOSED

SA 1788. Mr. FRIST (for Ms. SNOWE (for herself and Mr. KERRY)) proposed an amendment to the bill S. 1375, to provide for the reauthorization of programs administered by the Small Business Administration, and for other purposes.

SA 1789. Mr. FRIST (for Mr. GRAHAM, of South Carolina) proposed an amendment to the resolution S. Res. 219, to encourage the People's Republic of China to establish a market-based valuation of the yuan and to fulfill its commitments under international trade agreements.

TEXT OF AMENDMENTS

SA 1788. Mr. FRIST (for Ms. SNOWE (for herself and Mr. KERRY)) proposed an amendment to the bill S. 1375, to provide for the reauthorization of programs administered by the Small Business Administration, and for other purposes; as follows:

On page 87, strike line 7 and all that follows through page 91, line 4.

On page 91, strike line 23 and all that follows through page 92, line 5, and insert the following:

Section 351(3)(A)(ii) of the Small Business Investment Act of 1958 (15 U.S.C. 689(3)(A)(ii)) is amended—

(1) in subclause (I), by striking ''50 percent or more'' and all that follows and inserting ''the median family income for such tract does not exceed 80 percent of the greater of the statewide median family income or metropolitan area median family income; or''; and

(2) in subclause (II), by striking ''household income'' each place it appears and inserting ''family income''.

On pages 109 through 110, redesignate paragraphs (6) through (13) as paragraphs (7) through (14), respectively.

On page 109, between lines 2 and 3, insert the following:

''(6) DISADVANTAGED NATIVE AMERICAN ENTREPRENEUR.—The term 'disadvantaged Native American entrepreneur' means a disadvantaged entrepreneur who is also a member of an Indian Tribe.''

On page 111, line 21, strike ''and'' and all that follows through ''(4)'' on line 22, and insert the following:

''(4) to provide training and technical assistance to disadvantaged Native American entrepreneurs and prospective entrepreneurs; and

''(5)''

On page 117, strike lines 9 through 14 and insert the following:

''(i) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—There are authorized to be appropriated to the Administrator $15,000,000 for each of the fiscal years 2004 through 2006 to carry out the provisions of this section, which shall remain available until expended.

''(2) TRAINING FOR NATIVE AMERICAN ENTREPRENEURS.—In addition to the amount authorized under subsection (i)(1), there are authorized to be appropriated to the Administrator $2,000,000 for each of the fiscal years 2004 through 2006 to carry out the provisions of subsection (c)(4), which shall remain available until expended.''

On page 190, strike line 21 and all that follows through ''(iii)'' on page 191, line 1, and insert the following:

''(ii)''.

On page 192, strike line 11 and all that follows through page 193, line 6, and insert the following:

SEC. 403. SMALL BUSINESS PARTICIPATION IN PRIME CONTRACTING.

(a) RESERVED CONTRACTS.—Section 15(j) of the Small Business Act (15 U.S.C. 644(j)) is amended by adding at the end the following:

''(4) Any adjustment to the simplified acquisition threshold (as defined in section 4(11) of the Office of Federal Procurement Policy Act (41 U.S.C. 403(11))), shall be immediately matched by an identical adjustment to the small business reserve for purposes of this subsection.''.

(b) PARTICIPATION IN MULTIPLE AWARD CONTRACTS.—Section 15(j) of the Small Business Act (15 U.S.C. 644(j)) is amended—

(1) in paragraph (2), by striking ''(2) In carrying out paragraph (1)'' and inserting ''(3) In carrying out paragraphs (1) and (2)'';

(2) in paragraph (3), by striking ''(3) Nothing in paragraph (1)'' and inserting ''(4) Nothing in this subsection''; and

(3) by adding after paragraph (1) the following:

''(2)(A) In the case of orders under multiple award contracts, including Federal Supply Schedule contracts and multi-agency contracts, that are subject to the small business reserve, contracting officers shall consider not less than 2 small business concerns if such small business concerns can offer the items sought by the contracting officer on competitive terms, with respect to price, quality, and delivery schedule, with the goods or services available in the market.

''(B) If only 1 small business concern can satisfy the requirement, the contracting officer shall include such small business concern in their evaluation.''.

(c) REPORT REQUIREMENT.—

(1) IN GENERAL.—Not less than once every 180 days, the Comptroller General shall submit a report on the level of participation in multiple award contracts, including the Federal Supply Schedule to—

(A) the Small Business Administration;

(B) the Committee on Small Business and Entrepreneurship of the Senate; and

(C) the Committee on Small Business of the House of Representatives.

(2) CONTENTS.—Each report submitted under paragraph (1) shall contain, for the 6-month reporting period—

(A) the total number of multiple award contracts;

(B) the total number of small business concerns that received multiple award contracts;

(C) the total number of orders;

(D) the total value of orders;

(E) the number of orders received by small business concerns;

(F) the value of orders received by small business concerns;

(G) the number of small business concerns that received orders; and

(H) such other information that the Comptroller General considers relevant.

On page 193, strike line 14 and all that follows through page 194, line 7, and insert the following:

(2) in subparagraph (F), by striking the period at the end and inserting ''; and''; and

''(G) certification that the offeror or bidder will acquire articles, equipment, supplies, services, or materials, or obtain the performance of construction work from small business concerns in the amount and quality used in preparing the bid or proposal, unless such small business concerns are no longer in business or can no longer meet the quality, quantity, or delivery date.''.

(b) PENALTIES FOR FALSE CERTIFICATIONS.—Section 16(f) of the Small Business Act (15 U.S.C. 645(f)) is amended by striking ''of this Act'' and inserting ''or the reporting requirements of section 8(d)(11)''.

On page 195, strike lines 4 through 19 and insert the following:

(1) by redesignating paragraph (11) as paragraph (14); and

(2) by inserting after paragraph (10) the following:

''(11) CERTIFICATION.—A report submitted by the prime contractor pursuant to paragraph (6)(E) to determine the attainment of a subcontract utilization goal under any subcontracting plan entered into with a Federal agency under this subsection shall contain the name and signature of the president or chief executive officer of the contractor, certifying that the subcontracting data provided in the report are accurate and complete.

''(12) CENTRALIZED DATABASE.—The results of an evaluation under paragraph (10)(C) shall be included in a national centralized governmentwide database.

''(13) PAYMENTS PENDING REPORTS.—Each Federal agency having contracting authority shall ensure that the terms of each contract for goods and services includes a provision allowing the contracting officer of an agency to withhold an appropriate amount of payment with respect to a contract (depending on the size of the contract) until the date of receipt of complete, accurate, and timely subcontracting reports in accordance with paragraph (11).''.

On page 196, lines 17 and 18, strike ''performance, or lack of performance of the subcontractor.'' and insert ''circumstances surrounding the failure to make the timely payment described in subparagraph (A).''.

On page 199, line 3, strike ''(b)'' and insert the following:

(b) HUBZONE STATUS TIMELINE AND COMMENCEMENT.—

(1) IN GENERAL.—A base closure area shall be treated as a HUBZone for a period of 5 years beginning on the date of final closure. A military base that was closed before the date of enactment of this Act shall not be considered a base closure area for purposes of this section.

(2) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect on the date of enactment of this Act.

(c)

SA 1789. Mr. FRIST (for Mr. GRAHAM of South Carolina) proposed an amendment to the resolution S. Res. 219, to encourage the People's Republic of China to establish a market-based valuation of the yuan and to fulfill its commitments under international trade agreements; as follows:

Strike the fourth clause of the preamble.

In the seventh clause of the preamble, strike ''free fluctuation'' and insert ''market-based valuation''.

EXECUTIVE SESSION

EXECUTIVE CALENDAR

Mr. FRIST. Mr. President, I ask unanimous consent that the Senate immediately proceed to executive session to consider en bloc the following nominations on today's Executive Calendar: Nos. 364 through 378 and all the nominations on the Secretary's desk.

I further ask unanimous consent that the nominations be confirmed, the motions to reconsider be laid upon the table, the President be immediately notified of the Senate's action, and the Senate then return to legislative session.

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

The nominations considered and confirmed en bloc are as follows:

DEPARTMENT OF DEFENSE

Gordon England, of Texas, to be Secretary of the Navy.

AIR FORCE

The following named officer for appointment in the United States Air force to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be lieutenant general

Lt. Gen. Lance L. Smith

The following named officer for appointment in the United States Air Force to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be lieutenant general

Lt. Gen. William R. Looney, III

ARMY

The following named officer for appointment in the Reserve of the Army to the grades indicated under title 10, U.S.C., section 12203:

To be brigadier general

Colonel Dennis P. Geoghan

The following named officer for appointment in the United States Army to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be lieutenant general

Maj. Gen. Claude V. Christianson

The following named officer for appointment in the United States Army to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be lieutenant general

Lt. Gen. William E. Ward

NAVY

The following named officer for appointment in the United States Naval Reserve to the grade indicated under title 10, U.S.C., section 12203:

To be rear admiral

Rear Adm. (lh) Peter L. Andrus

The following named officer for appointment in the United States Naval Reserve to the grade indicated under title 10, U.S.C., section 12203:

To be rear admiral

Rear Adm. (lh) James M. McGarrah

The following named officer for appointment in the United States Navy to the grade indicated under title 10, U.S.C., section 624:

To be rear admiral (lower half)

Capt. Richard E. Cellon

The following named officer for appointment in the United States Naval Reserve to the grade indicated under title 10, U.S.C., section 12203:

To be rear admiral (lower half)

Capt. Ben F. Gaumer

The following named officer for appointment in the United States Navy to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be vice admiral

Rear Adm. Henry G. Ulrich, III

The following named officer for appointment as Chief of Naval Reserve, United States Navy, and appointment to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., sections 601 and 5143:

To be vice admiral

Rear Adm. John G. Cotton

The following named officer for appointment in the United States Navy to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be vice admiral

Vice Adm. Timothy J. Keating

The following named officer for appointment in the United States Navy to the grade indicated under title 10, U.S.C., section 624:

To be rear admiral (lower half)

Capt. Robert F. Burt

MARINE CORPS

The following named officer for appointment in the United States Marine Corps to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be lieutenant general

Maj. Gen. Jan C. Huly

NOMINATIONS PLACED ON THE SECRETARY'S DESK

AIR FORCE

PN363 Air Force nominations (44) beginning MARK T. ALLISON, and ending FREDERICK M. WOLFE, which nominations were received by the Senate and appeared in the Congressional Record of February 25, 2003

PN871 Air Force nominations (2) beginning GEOFFREY H. HILLS, and ending JOHN B. STEELE, which nominations were received by the Senate and appeared in the Congressional Record of September 2, 2003

PN905 Air Force nominations (3) beginning STEPHEN W. HUMPHREY, and ending RANDY J. YOVANOVICH, which nominations were received by the Senate and appeared in the Congressional Record of September 4, 2003

PN875 Air Force nominations (5) beginning SCOTT G. BOOK, and ending SARAH K. SLAVENS, which nominations were received by the Senate and appeared in the Congressional Record of September 2, 2003

PN874 Air Force nominations (2) beginning TERI L. POULTON-CONSOLDANE, and ending SHELDON G. WHITE, which nominations were received by the Senate and appeared in the Congressional Record of September 2, 2003

PN873 Air Force nomination of Brian P. Olson, which was received by the Senate and appeared in the Congressional Record of September 2, 2003

PN872 Air Force nominations (2) beginning CRAIG H. MORRIS, and ending SHERICE D. YOUNG, which nominations were received by

the Senate and appeared in the Congressional Record of September 2, 2003

PN946 Air Force nomination of Gerilyn A. Posner, which was received by the Senate and appeared in the Congressional Record of September 17, 2003

ARMY

PN948 Army nomination of Timothy C. Kelly, which was received by the Senate and appeared in the Congressional Record of September 17, 2003

PN949 Army nominations (2) beginning PAUL D. HARRELL, and ending WILLIAM S. LEE, which nominations were received by the Senate and appeared in the Congressional Record of September 17, 2003

PN947 Army nomination of Gregory S. Johnson, which was received by the Senate and appeared in the Congressional Record of September 17, 2003

PN921 Army nomination of Andrew D. Stewart, which was received by the Senate and appeared in the Congressional Record of September 8, 2003

PN912 Army nomination of John B. Munozatkinson, which was received by the Senate and appeared in the Congressional Record of September 4, 2003

PN876 Army nomination of Kevin J. Chapman, which was received by the Senate and appeared in the Congressional Record of September 2, 2003

PN850 Army nominations (10) beginning MICHAEL J. BULLOCK, and ending PAUL A. TRAPANI, which nominations were received by the Senate and appeared in the Congressional Record of July 30, 2003

PN878 Army nomination of Charles A. Jarnot, which was received by the Senate and appeared in the Congressional Record of September 2, 2003

PN877 Army nomination of Mary M. McCord, which was received by the Senate and appeared in the Congressional Record of September 2, 2003

PN866 Army nominations (175) beginning SCOTT E. ALEXANDER, and ending WILLIAM H. WOODS, which nominations were received by the Senate and appeared in the Congressional Record of August 1, 2003

PN865 Army nominations (109) beginning BRYAN K. ADAMS, and ending JOSEPH M. YOSWA, which nominations were received by the Senate and appeared in the Congressional Record of August 1, 2003

PN864 Army nominations (142) beginning RICHARD K. ADDO, and ending VERONICA S. ZSIDO, which nominations were received by the Senate and appeared in the Congressional Record of August 1, 2003

PN863 Army nominations (950) beginning MADELFIA A. ABB, and ending X0007, which nominations were received by the Senate and appeared in the Congressional Record of August 1, 2003

PN744 Army nominations (39) beginning WILLIAM T. BARBEE, JR., and ending KENNETH W. YATES, which nominations were received by the Senate and appeared in the Congressional Record of June 16, 2003

PN929 Army nominations (1630) beginning TYRONE C.* ABERO, and ending X3713, which nominations were received by the Senate and appeared in the Congressional Record of September 10, 2003

PN879 Army nomination of Joseph T. Ramsey, which was received by the Senate and appeared in the Congressional Record of September 2, 2003

PN849 Army nominations (54) beginning STEPHEN W. AUSTIN, and ending NATHAN L. ZIMMERMAN, which nominations were received by the Senate and appeared in the Congressional Record of July 30, 2003

MARINE CORPS

PN880 Marine Corps nomination of Bryan D. McKinney, which was received by the Senate and appeared in the Congressional Record of September 2, 2003

PN881 Marine Corps nomination of Jon C. Rhodes, which was received by the Senate and appeared in the Congressional Record of September 2, 2003

PN913 Marine Corps nomination of Colin D. Smith, which was received by the Senate and appeared in the Congressional Record of September 4, 2003

NAVY

PN950 Navy nomination of Robert E. Stone, which was received by the Senate and appeared in the Congressional Record of September 17, 2003

PN851 Navy nominations (26) beginning STEPHEN M. SAIA, and ending DAVID A. TUBLEY, which nominations were received by the Senate and appeared in the Congressional Record of July 30, 2003

PN859 Navy nominations (25) beginning LEE A. AXTELL, and ending DENNIS W. YOUNG, which nominations were received by the Senate and appeared in the Congressional Record of July 30, 2003

PN858 Navy nominations (37) beginning LEANNE K. AABY, and ending MICHAEL J. ZUCCHERO, which nominations were received by the Senate and appeared in the Congressional Record of July 30, 2003

PN857 Navy nominations (64) beginning LINDA M. ACOSTA, and ending JOAN L. WRIGHT, which nominations were received by the Senate and appeared in the Congressional Record of July 30, 2003

PN856 Navy nominations (18) beginning RICHARD E. AGUILA, and ending SCOTT D. THOMAS, which nominations were received by the Senate and appeared in the Congressional Record of July 30, 2003

PN855 Navy nominations (117) beginning MICHAEL T. AKIN, and ending PETER G. WOODSON, which nominations were received by the Senate and appeared in the Congressional Record of July 30, 2003

PN854 Navy nominations (56) beginning JAMES J. ANDERSON, and ending JOHN F. ZOLLO, which nominations were received by the Senate and appeared in the Congressional Record of July 30, 2003

PN853 Navy nominations (16) beginning VIDA M. ANTOLINJENKINS, and ending DOMINICK G. YACONO, JR., which nominations were received by the Senate and appeared in the Congressional Record of July 30, 2003

PN852 Navy nominations (38) beginning ROLAND E. ARELLANO, and ending MARVA L. WHEELER, which nominations were received by the Senate and appeared in the Congressional Record of July 30, 2003

PN868 Navy nominations (2) beginning BRENT T. CHANNELL, and ending MATTHEW W. EDWARDS, which nominations were received by the Senate and appeared in the Congressional Record of August 1, 2003

PN867 Navy nominations (9) beginning EMMA J. M. BROWN, and ending MARCIA L. ZIEMBA, which nominations were received by the Senate and appeared in the Congressional Record of August 1, 2003

PN894 Navy nominations (11) beginning MARC E BOYD, and ending WENDY L SNYDER, which nominations were received by the Senate and appeared in the Congressional Record of September 3, 2003

PN895 Navy nominations (17) beginning OLIVIA L. BETHEA, and ending THERESA A TALBERT, which nominations were received by the Senate and appeared in the Congressional Record of September 3, 2003

PN896 Navy nominations (41) beginning JASON B BABCOCK, and ending TIMOTHY J ZINCK, which nominations were received by the Senate and appeared in the Congressional Record of September 3, 2003

PN897 Navy nominations (15) beginning REID B APPLEQUIST, and ending BRET A WASHBURN, which nominations were received by the Senate and appeared in the Congressional Record of September 3, 2003

PN898 Navy nominations (30) beginning TRACIE L ANDRUSIAK, and ending ROBERT A WOLF, which nominations were received by the Senate and appeared in the Congressional Record of September 3, 2003

PN899 Navy nominations (16) beginning TIMOTHY A ANDERSON, and ending DOUGLAS T WAHL, which nominations were received by the Senate and appeared in the Congressional Record of September 3, 2003

PN900 Navy nominations (51) beginning SOWON S AHN, and ending SCOTT D YOUNG, which nominations were received by the Senate and appeared in the Congressional Record of September 3, 2003

PN901 Navy nominations (201) beginning LEON S ABRAMS, and ending CARL ZEIGLER, which nominations were received by the Senate and appeared in the Congressional Record of September 3, 2003

PN902 Navy nominations (864) beginning RAFAEL A ACEVEDO, and ending TODD A ZIRKLE, which nominations were received by the Senate and appeared in the Congressional Record of September 3, 2003

PN922 Navy nomination of Paul C. Bown, which was received by the Senate and appeared in the Congressional Record of September 8, 2003

PN923 Navy nomination of Paul H. Evers, which was received by the Senate and appeared in the Congressional Record of September 8, 2003

PN951 Navy nominations (3) beginning WILLIAM K. BANE, and ending ANDY J. LANCASTER, which nominations were received by the Senate and appeared in the Congressional Record of September 17, 2003

PN952 Navy nominations (31) beginning BRADLEY A APPLEMAN, and ending FLORENCIO J YUZON, which nominations were received by the Senate and appeared in the Congressional Record of September 17, 2003

PN953 Navy nominations (37) beginning ERSKINE L ALVIS, and ending RANDY E WILLIAMS, which nominations were received by the Senate and appeared in the Congressional Record of September 17, 2003

PN954 Navy nominations (44) beginning MICHAEL S AGABEGI, and ending REID J WINKLER, which nominations were received by the Senate and appeared in the Congressional Record of September 17, 2003

PN955 Navy nominations (57) beginning JOHN R ANDERSON, and ending NICOLAS D I YAMODIS, which nominations were received by the Senate and appeared in the Congressional Record of September 17, 2003

PN956 Navy nominations (73) beginning ALAN L ADAMS, and ending GEORGES E YOUNES, which nominations were received by the Senate and appeared in the Congressional Record of September 17, 2003

PN957 Navy nominations (135) beginning JAMES D ABBOTT, and ending ROBERT W ZURSCHMIT, which nominations were received by the Senate and appeared in the Congressional Record of September 17, 2003

PN958 Navy nominations (319) beginning TIM K ADAMS, and ending TIMOTHY P ZINKUS, which nominations were received by the Senate and appeared in the Congressional Record of September 17, 2003

LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will resume legislative session.

HONORING THE LIFE OF HERB BROOKS

Mr. FRIST. I ask unanimous consent that the Judiciary Committee be discharged from further consideration of S. Res. 235 and the Senate proceed to its consideration.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report the resolution by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 235) honoring the life of the late Herb Brooks and expressing the deepest condolences of the Senate to his family on his death.

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

Mr. FRIST. I ask unanimous consent that the resolution and preamble be agreed to en bloc, the motion to reconsider be laid upon the table, and any statements related thereto be printed in the RECORD, with no intervening action.

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

The resolution (S. Res. 235) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 235

Whereas the Senate has learned with great sadness of the death of Herb Brooks;

Whereas Herb Brooks, born in Saint Paul, Minnesota, greatly distinguished himself by his long commitment to the game of hockey, the players whom he coached, the State of Minnesota, and the United States of America;

Whereas Herb Brooks was a member of the 1964 and 1968 United States Olympic Hockey Teams;

Whereas Herb Brooks coached the 1980 United States Olympic Hockey Team, also known as the ''Miracle on Ice'', to a sensational victory against the favored Soviet Union team, providing the United States with an unforgettable moment that highlighted American determination, resilience, and spirit;

Whereas the United States Olympic Team continued victoriously on and won the Gold Medal at the 1980 Olympic Games;

Whereas Herb Brooks coached 3 University of Minnesota hockey teams to NCAA National Championships in 1974, 1976, and 1979;

Whereas Herb Brooks subsequently coached the Minnesota North Stars, the New York Rangers, the New Jersey Devils, and the Pittsburgh Penguins;

Whereas Herb Brooks spearheaded the development of the Division I hockey program at Saint Cloud State University by serving as the first coach of the team, obtaining the funding for a world-class ice arena, and recruiting top-level players to the new program;

Whereas in 1990, Herb Brooks was inducted into the United States Hockey Hall of Fame and in 1999 was inducted into the International Hockey Hall of Fame;

Whereas Herb Brooks was a devoted husband to his wife, Patti, and a loving father to his 2 children, Dan and Kelly; and

Whereas his life was remarkable for its constant pursuit of excellence: Now, therefore, be it

Resolved, That the Senate—

(1) pays tribute to the outstanding career, character, and dedicated work of the great American Herb Brooks;

(2) expresses its deepest condolences to the family of Herb Brooks; and

(3) directs the Secretary of the Senate to transmit an enrolled copy of this resolution to the family of Herb Brooks.

SMALL BUSINESS ADMINISTRATION 50TH ANNIVERSARY REAUTHORIZATION ACT OF 2003

Mr. FRIST. I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar 248, S. 1375.

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

The assistant legislative clerk read as follows:

A bill (S. 1375) to provide for the reauthorization of programs administered by the Small Business Administration, and for other purposes.

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Small Business and Entrepreneurship, with amendments, as follows:

[Strike the parts shown in black brackets and insert the part shown in italic.]

S. 1375

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Small Business Administration 50th Anniversary Reauthorization Act of 2003''.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

SEC. 2. EFFECTIVE DATE.

(a) IN GENERAL.—This Act and the amendments made by this Act shall take effect on October 1, 2003.

(b) RULEMAKING AUTHORITY.—

(1) PROPOSED REGULATIONS.—Except as otherwise specifically provided in this Act, not later than 180 days after the date of enactment of this Act, the Administrator of the Small Business Administration (referred to in this Act as the ''Administrator'' and the ''Administration'', respectively) shall publish proposed regulations to carry out the provisions of this Act and the amendments made by this Act.

(2) FINAL REGULATIONS.—Except as otherwise specifically provided in this Act, not later than 300 days after the date of enactment of this Act, the Administrator shall issue final regulations to carry out the provisions of this Act and the amendments made by this Act.

TITLE I—GENERAL PROVISIONS

Subtitle A—Administration Accountability

SEC. 101. DOCUMENT RETENTION AND INVESTIGATIONS.

Section 10(e) of the Small Business Act (15 U.S.C. 639(e)) is amended by striking the matter preceding paragraph (2) and inserting the following:

''(e) DOCUMENT RETENTION; INVESTIGATIONS.—

''(1) DOCUMENT RETENTION.—The [Administration] *Administrator* and the Inspector General of the Administration shall—

''(A) retain all documents and records, including correspondence, records of inquiry, memoranda (including those relating to all investigations conducted by or for the Administration), reports, studies, analyses, contracts, agreements, opinions, computer entries, e-mail messages, forms, manuals, briefing materials, press releases, and books for a period of not less than 2 years from the date such documents are created;

''(B) keep the items described in subparagraph (A) available at all times for inspection and examination by the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives, or their duly authorized representatives; and

''(C) upon the written request of the Committee on Small Business and Entrepreneurship of the Senate or the Committee on Small Business of the House of Representatives pursuant to subparagraph (B), the Administrator or the Inspector General, as applicable, shall make such documents or records available to the requesting committee or its duly authorized representative within 5 business days of the request, and if a document or record cannot be made available within such timeframe, the Administrator or the Inspector General, as applicable, shall provide the requesting committee with a written explanation stating the reason that each document or record requested has not been provided and a date certain for its production.''.

SEC. 102. MANAGEMENT OF THE SMALL BUSINESS ADMINISTRATION.

Section 4 of the Small Business Act (15 U.S.C. 633) is amended—

(1) by striking ''SEC. 4.'' and inserting the following:

''SEC. 4. MANAGEMENT OF THE SMALL BUSINESS ADMINISTRATION.'';

(2) in subsection (a), by striking ''(a)'' and inserting the following:

''(a) ESTABLISHMENT.—'';

(3) in subsection (b)—

(A) by striking ''(b)(1)'' and inserting the following:

''(b) AUTHORITY OF ADMINISTRATOR.—

''(1) IN GENERAL.—

''(A) APPOINTMENT.—'';

(B) in paragraph (1)—

(i) by striking ''The Administrator shall not engage'' and inserting the following:

''(B) SOLE EMPLOYMENT.—The Administrator shall not engage'';

(ii) by striking ''In carrying out'' and inserting the following:

''(C) NONDISCRIMINATION; SPECIAL CONSIDERATION FOR VETERANS.—In carrying out''; and

(iii) by striking ''The President'' and inserting the following:

''(D) APPOINTMENT OF DEPUTY ADMINISTRATOR; ASSOCIATE ADMINISTRATORS.—The President''; and

(C) in paragraph (2), by striking ''the Administrator also'' and inserting ''RESPONSIBILITIES OF ADMINISTRATOR.—The Administrator''; and

(4) by adding at the end the following:

''(g) OFFICE OF LENDER OVERSIGHT.—The Director of the Office of Lender Oversight shall—

''(1) formulate, execute, and promote policies and procedures of the Administration that provide adequate and effective oversight and review of lenders participating in, or applying to participate in, the loan and loan guaranty programs for small business concerns under this Act and the Small Business Investment Act of 1958 *(15 U.S.C. 661 et seq.)*; and

''(2) report directly to the Chief Operating Officer of the Administration.''.

Subtitle B—Authorizations

SEC. 111. PROGRAM AUTHORIZATION LEVELS.

Section 20 of the Small Business Act (15 U.S.C. 631 note) is amended—

(1) in subsection (a)(1), by striking ''certification'' each place that term appears and inserting ''accreditation'';

(2) by striking subsections (c) through (h) and inserting the following:

''(c) DISASTER MITIGATION PILOT PROGRAM.—The following program levels are authorized for loans under section 7(b)(1)(C):

''(1) $15,000,000 for fiscal year 2003.

''(2) $15,000,000 for fiscal year 2004.

''(3) $15,000,000 for fiscal year 2005.

''(4) $15,000,000 for fiscal year 2006.'';

(3) by redesignating subsection (i) as subsection (d); and

(4) by adding at the end the following:

''(e) FISCAL YEAR 2004.—

''(1) PROGRAM LEVELS.—The following program levels are authorized for fiscal year 2004:

''(A) For the programs authorized by this Act, the Administration is authorized to make—

''(i) $70,000,000 in technical assistance grants, as provided in section 7(m); and

''(ii) $100,000,000 in direct loans, as provided in section 7(m).

''(B) For the programs authorized by this Act, the Administration is authorized to make $21,550,000,000 in deferred participation loans and other financings. Of such sum, the Administration is authorized to make—

''(i) $16,000,000,000 in general business loans, as provided in section 7(a);

''(ii) $5,000,000,000 in certified development company financings, as provided in section 7(a)(13) of this Act and section 504 of the Small Business Investment Act of 1958;

''(iii) $500,000,000 in loans, as provided in section 7(a)(21); and

''(iv) $50,000,000 in loans, as provided in section 7(m).

''(C) For the programs authorized by title III of the Small Business Investment Act of 1958, the Administration is authorized to make—

''(i) $4,000,000,000 in purchases of participating securities; and

''(ii) $3,000,000,000 in guarantees of debentures.

''(D) For the programs authorized by part B of title IV of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $6,000,000,000, of which not more than 50 percent may be in bonds approved pursuant to section 411(a)(3) of that Act.

''(E) The Administration is authorized to make grants or enter into cooperative agreements for a total amount of $7,000,000 for the Service Corps of Retired Executives program authorized by section 8(b)(1).

''(2) ADDITIONAL AUTHORIZATIONS.—

''(A) There are authorized to be appropriated to the Administration for fiscal year 2004 such sums as may be necessary to carry out the provisions of this Act not elsewhere provided for, including administrative expenses and necessary loan capital for disaster loans pursuant to section 7(b), and to carry out title IV of the Small Business Investment Act of 1958, including salaries and expenses of the Administration.

''(B) Notwithstanding any other provision of this paragraph, for fiscal year 2004—

''(i) no funds are authorized to be used as loan capital for the loan program authorized by section 7(a)(21) except by transfer from another Federal department or agency to the Administration, unless the program level authorized for general business loans under paragraph (1)(B)(i) is fully funded; and

''(ii) the Administration may not approve loans on its own behalf or on behalf of any other Federal department or agency, by contract or otherwise, under terms and conditions other than those specifically authorized under this Act or the Small Business Investment Act of 1958, except that it may approve loans under section 7(a)(21) of this Act in gross amounts of not more than $2,000,000.

''(f) FISCAL YEAR 2005.—

''(1) PROGRAM LEVELS.—The following program levels are authorized for fiscal year 2005:

''(A) For the programs authorized by this Act, the Administration is authorized to make—

''(i) $75,000,000 in technical assistance grants, as provided in section 7(m); and

''(ii) $105,000,000 in direct loans, as provided in 7(m).

''(B) For the programs authorized by this Act, the Administration is authorized to make $22,300,000,000 in deferred participation loans and other financings. Of such sum, the Administration is authorized to make—

''(i) $16,500,000,000 in general business loans, as provided in section 7(a);

''(ii) $5,250,000,000 in certified development company financings, as provided in section

7(a)(13) of this Act and section 504 of the Small Business Investment Act of 1958;

''(iii) $500,000,000 in loans, as provided in section 7(a)(21); and

''(iv) $50,000,000 in loans, as provided in section 7(m).

''(C) For the programs authorized by title III of the Small Business Investment Act of 1958, the Administration is authorized to make—

''(i) $4,250,000,000 in purchases of participating securities; and

''(ii) $3,250,000,000 in guarantees of debentures.

''(D) For the programs authorized by part B of title IV of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $6,000,000,000, of which not more than 50 percent may be in bonds approved pursuant to section 411(a)(3) of that Act.

''(E) The Administration is authorized to make grants or enter into cooperative agreements for a total amount of $7,000,000 for the Service Corps of Retired Executives program authorized by section 8(b)(1).

''(2) ADDITIONAL AUTHORIZATIONS.—

''(A) There are authorized to be appropriated to the Administration for fiscal year 2005 such sums as may be necessary to carry out the provisions of this Act not elsewhere provided for, including administrative expenses and necessary loan capital for disaster loans pursuant to section 7(b), and to carry out title IV of the Small Business Investment Act of 1958, including salaries and expenses of the Administration.

''(B) Notwithstanding any other provision of this paragraph, for fiscal year 2005—

''(i) no funds are authorized to be used as loan capital for the loan program authorized by section 7(a)(21) except by transfer from another Federal department or agency to the Administration, unless the program level authorized for general business loans under paragraph (1)(B)(i) is fully funded; and

''(ii) the Administration may not approve loans on its own behalf or on behalf of any other Federal department or agency, by contract or otherwise, under terms and conditions other than those specifically authorized under this Act or the Small Business Investment Act of 1958, except that it may approve loans under section 7(a)(21) of this Act in gross amounts of not more than $2,000,000.

''(g) FISCAL YEAR 2006.—

''(1) PROGRAM LEVELS.—The following program levels are authorized for fiscal year 2006:

''(A) For the programs authorized by this Act, the Administration is authorized to make—

''(i) $80,000,000 in technical assistance grants, as provided in section 7(m); and

''(ii) $110,000,000 in direct loans, as provided in 7(m).

''(B) For the programs authorized by this Act, the Administration is authorized to make $23,050,000,000 in deferred participation loans and other financings. Of such sum, the Administration is authorized to make—

''(i) $17,000,000,000 in general business loans, as provided in section 7(a);

''(ii) $5,500,000,000 in certified development company financings, as provided in section 7(a)(13) of this Act and section 504 of the Small Business Investment Act of 1958;

''(iii) $500,000,000 in loans, as provided in section 7(a)(21); and

''(iv) $50,000,000 in loans, as provided in section 7(m).

''(C) For the programs authorized by title III of the Small Business Investment Act of 1958, the Administration is authorized to make—

''(i) $4,500,000,000 in purchases of participating securities; and

''(ii) $3,500,000,000 in guarantees of debentures.

''(D) For the programs authorized by part B of title IV of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $6,000,000,000, of which not more than 50 percent may be in bonds approved pursuant to section 411(a)(3) of that Act.

''(E) The Administration is authorized to make grants or enter into cooperative agreements for a total amount of $7,000,000 for the Service Corps of Retired Executives program authorized by section 8(b)(1).

''(2) ADDITIONAL AUTHORIZATIONS.—

''(A) There are authorized to be appropriated to the Administration for fiscal year 2006 such sums as may be necessary to carry out the provisions of this Act not elsewhere provided for, including administrative expenses and necessary loan capital for disaster loans pursuant to section 7(b), and to carry out title IV of the Small Business Investment Act of 1958, including salaries and expenses of the Administration.

''(B) Notwithstanding any other provision of this paragraph, for fiscal year 2006—

''(i) no funds are authorized to be used as loan capital for the loan program authorized by section 7(a)(21) except by transfer from another Federal department or agency to the Administration, unless the program level authorized for general business loans under paragraph (1)(B)(i) is fully funded; and

''(ii) the Administration may not approve loans on its own behalf or on behalf of any other Federal department or agency, by contract or otherwise, under terms and conditions other than those specifically authorized under this Act or the Small Business Investment Act of 1958, except that it may approve loans under section 7(a)(21) of this Act in gross amounts of not more than $2,000,000.''.

SEC. 112. ADDITIONAL REAUTHORIZATIONS.

(a) DRUG-FREE WORKPLACE PROGRAM ASSISTANCE.—Section 21(c)(3)(T) of the Small Business Act (15 U.S.C. 648(c)(3)(T)) is amended by striking ''October 1, 2003'' and inserting ''October 1, 2006''.

(b) PAUL D. COVERDELL DRUG-FREE WORKPLACE PROGRAM.—Section 27(g)(1) of the Small Business Act (15 U.S.C. 654(g)(1)) is amended by striking ''2001 through 2003'' and inserting ''2004 through 2006''.

(c) SMALL BUSINESS DEVELOPMENT CENTERS.—Section 21(a)(4)(C) of the Small Business Act (15 U.S.C. 648(a)(4)(C)) is amended—

(1) by amending clause (vii) to read as follows:

''(vii) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subparagraph—

''(I) $125,000,000 for fiscal year 2004;

''(II) $130,000,000 for fiscal year 2005; and

''(III) $135,000,000 for fiscal year 2006.'';

(2) by redesignating clause (viii) as clause (ix); and

(3) by inserting after clause (vii) the following:

''(viii) LIMITATION.—From the funds appropriated pursuant to clause (vii), the Administration shall reserve not less than $1,000,000 in each fiscal year to develop portable assistance for startup and sustainability nonmatching grant programs to be conducted by eligible small business development centers in communities that are economically challenged as a result of a business or government facility downsizing or closing, which has resulted in the loss of jobs or small business instability. A non-matching grant under this clause shall not exceed $100,000, and shall be used for small business development center personnel expenses and related small business programs and services.''.

TITLE II—FINANCIAL ASSISTANCE

Subtitle A—7(a) Loan Guarantee Program

SEC. 201. NATIONAL PREFERRED LENDERS PILOT PROGRAM.

Section 7(a)(2) of the Small Business Act (15 U.S.C. 636(a)(2)(C)) is amended by adding at the end the following:

''(E) NATIONAL PREFERRED LENDERS PILOT PROGRAM.—

''(i) ESTABLISHMENT.—There is established the National Preferred Lenders Pilot Program, a 3-year pilot program in which a participant in the Preferred Lenders Program may operate as a preferred lender in any State if such lender meets the criteria established by the Administration.

''(ii) ELIGIBILITY CRITERIA.—For purposes of clause (i), criteria established by the Administration shall include—

''(I) demonstrated proficiency in the Preferred Lenders Program for not less than 3 years;

''(II) annual loan approvals of a minimum number of 7(a) Preferred Lenders Program loans, excluding SBA Express loans, as determined by the Administration;

''(III) operation by the lender in not less than 5 States or 10 Small Business Administration districts;

''(IV) satisfactory centralized approval, loan servicing, and loan liquidation functions and processes; and

''(V) consideration of any comments and recommendations that may be received from any District Director or Regional Administrator relating to the performance of the applicant.

''(iii) TERMS AND CONDITIONS.—Applicants shall be approved under the following terms and conditions:

''(I) TERM.—Each participant approved under this subparagraph shall be eligible to make loans for up to 1 year under the program established under this subparagraph.

''(II) RENEWAL.—At the expiration of the term described in subclause (I), the authority of a participant to make loans under this subparagraph may be renewed based on a review of performance during the initial term.

''(III) EFFECT OF FAILURE.—Failure to meet the criteria under this subparagraph shall not effect the eligibility of a participant to continue as a preferred lender in States or districts in which it is in good standing.''.

SEC. 202. EXTENSION OF PROGRAM PARTICIPATION FEES.

Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended—

(1) in paragraph (12) by striking ''(b)'' and inserting the following:

''(B)'';

(2) in paragraph (18)—

(A) in subparagraph (A)—

(i) in clause (i), by striking ''2 percent'' and inserting ''1 percent''; and

(ii) in clause (ii), by striking ''3 percent'' and inserting ''2.5 percent''; and

(B) by striking subparagraph (C); and

(3) in paragraph (23)(A), by striking ''0.5 percent'' and all that follows through ''equal to''.

SEC. 203. LOANS SOLD IN SECONDARY MARKET.

Section 5(g) of the Small Business Act (15 U.S.C. 634(g)) is amended by adding at the end the following:

''(6) Trust certificates issued pursuant to this subsection may be comprised of a pool of loans, guaranteed by the Administration, with varying interest rates. The interest rate paid by such certificates shall be equal to the weighted average of the interest rates of the loans in the pool. The Administration shall prescribe the maximum amount of variation in the loan characteristics in order to enhance the marketability of the pool.''.

SEC. 204. CLARIFICATION OF ELIGIBILITY FOR VETERANS.

Section 7(a)(8) of the Small Business Act (15 U.S.C. 636(a)(8)) is amended to read as follows:

''(8) The Administration may make loans under this subsection to—

''(A) small business concerns owned and controlled by veterans (as defined in section 101(2) of title 38, United States Code);

''(B) small business concerns owned and controlled by disabled veterans (as defined in section 4211(3) of title 38, United States Code); and

''(C) small business concerns owned and controlled by members of Reserve components of the Armed Forces (as defined in section 101(c)(6) of title 10, United States Code).''.

SEC. 205. ENHANCEMENT OF LOW DOCUMENTATION LOAN PROGRAM.

Section 7(a)(25)(C) of the Small Business Act (15 U.S.C. 636(a)(25)(C)) is amended by striking ''$100,000'' and inserting ''$250,000''.

SEC. 206. INCREASED LOAN AMOUNTS FOR EXPORTERS.

Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended—

(1) in paragraph (3)—

(A) in subparagraph (A), by inserting before the semicolon at the end the following: ''and paragraph (14)''; and

(B) in subparagraph (B), by striking ''$1,250,000'' and inserting ''$1,300,000''; and

(2) in paragraph (14), by adding at the end the following:

''(D) The total amount of financings under this paragraph that are outstanding and committed (by participation or otherwise) to the borrower from the business loan and investment fund established under this Act may not exceed $1,300,000 and the gross loan amount under this paragraph may not exceed $2,600,000.''.

Subtitle B—Microloan Program

SEC. 211. MICROLOAN PROGRAM IMPROVEMENTS.

(a) INTERMEDIARY ELIGIBILITY REQUIREMENTS.—Section 7(m)(2) of the Small Business Act (15 U.S.C. 636(m)(2)) is amended—

(1) in subparagraph (A), by striking ''in paragraph (10); and'' and inserting ''of the term 'intermediary' under paragraph (11);''; and

(2) in subparagraph (B)—

(A) by striking ''(B) has at least'' and inserting the following:

''(B) has—

''(i) at least''; and

(B) by striking the period at the end and inserting the following: ''; or

''(ii) a full-time employee who has not less than 3 years experience making microloans to startup, newly established, or growing small business concerns; and

''(C) has at least 1 year experience providing, as an integral part of its microloan program, intensive marketing, management, and technical assistance to its borrowers.''.

(b) CONFORMING CHANGE IN AVERAGE SMALLER LOAN SIZE.—Section 7(m)(3)(F)(iii) of the Small Business Act (15 U.S.C. 636(m)(3)(F)(iii)) is amended by striking ''$7,500'' and inserting ''$10,000''.

(c) LIMITATION ON THIRD PARTY TECHNICAL ASSISTANCE.—Section 7(m)(4)(E)(ii) of the Small Business Act (15 U.S.C. 636(m)(4)(E)(ii)) is amended—

(1) by striking ''TECHNICAL ASSISTANCE'' and inserting ''THIRD PARTY TECHNICAL ASSISTANCE''; and

(2) by striking ''25 percent'' and inserting ''30 percent''.

(d) LOAN TERMS.—Section 7(m)(1)(B)(i) of the Small Business Act (15 U.S.C. 636(m)(1)(B)(i)) is amended by striking ''short-term''.

(e) REPORT ON TRANSFERRED AMOUNTS.—Section 7(m)(9)(B) of the Small Business Act (15 U.S.C. 636(m)(9)(B)) is amended—

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

''(i) IN GENERAL.—The Administration'';

(2) by striking the period after ''financing''; and

(3) by adding at the end the following:

''(ii) REPORT.—The Administration shall report, in its annual budget request and performance plan to Congress, on the performance by the Administration of the requirements of clause (i).''.

(f) ACCURATE SUBSIDY MODEL.—Section 7(m) of the Small Business Act (15 U.S.C. 636(m)) is amended by adding at the end the following:

''(14) IMPROVED SUBSIDY MODEL.—The Administrator shall develop a subsidy model for the microloan program under this subsection, to be used in the fiscal year 2005 budget, that is more accurate than the subsidy model in effect on the day before the date of enactment of this paragraph.''.

(g) INCREASED FLEXIBILITY FOR PROVIDING TECHNICAL ASSISTANCE TO POTENTIAL BORROWERS.—Section 7(m)(4)(E)(i) of the Small Business Act (15 U.S.C. 636(m)(4)(E)(i) is amended by striking ''25 percent'' and inserting ''30 percent''.

Subtitle C—Lender Oversight

SEC. 221. EXAMINATION AND REVIEW FEES.

Section 5(b) of the Small Business Act (15 U.S.C. 634(b)) is amended—

(1) in the matter preceding paragraph (1), by striking ''(b) In the performance'' and inserting the following:

''(b) AUTHORITY OF ADMINISTRATOR.—In the performance'';

(2) in paragraph (12), by striking ''and'' at the end;

(3) in paragraph (13), by striking the period at the end and inserting ''; and''; and

(4) by adding at the end the following:

''(14) require lenders participating in the program authorized by section 7(a), including Small Business Lending Companies, to pay reasonable examination and review fees, which shall be—

''(A) deposited in the account for salaries and expenses of the Administration; and

''(B) made available only for the costs of examinations, reviews, and other lender oversight activities concerning lenders participating in the program authorized by section 7(a).''.

SEC. 222. ENFORCEMENT AUTHORITY FOR SMALL BUSINESS LENDING COMPANIES AND NON-FEDERALLY REGULATED SBA LENDERS.

The Small Business Act (15 U.S.C. 631 et seq.) is amended—

(1) by redesignating section 36 as section 37; and

(2) by inserting after section 35 the following new section:

''SEC. 36. ENFORCEMENT AUTHORITY FOR SMALL BUSINESS LENDING COMPANIES AND NON-FEDERALLY REGULATED SBA LENDERS

''(a) DEFINED TERM.—In this section the term 'management official' means an officer, director, general partner, manager, employee, agent, or other participant in the management or conduct of the affairs of a Small Business Lending Company or non-federally regulated SBA lender under section 7(a).

''(b) AUTHORIZATION.—

''(1) SMALL BUSINESS LENDING COMPANIES.—The Administration is authorized to—

''(A) supervise the safety and soundness of Small Business Lending Companies;

''(B) set capital standards for, regulate, examine, and enforce laws relating to Small Business Lending Companies; and

''(C) prescribe regulations governing the operations, oversight, and enforcement of Small Business Lending Companies, in accordance with the purposes of this Act.

''(2) NON-FEDERALLY REGULATED SBA LENDERS.—The Administration is authorized to—

''(A) supervise the safety and soundness of non-federally regulated SBA lenders;

''(B) regulate, examine, and enforce laws relating to lending by non-federally regulated SBA lenders under section 7(a); and

''(C) prescribe regulations governing the operations, oversight, and enforcement of non-federally regulated SBA lenders, in accordance with the purposes of this Act.

''(c) CAPITAL DIRECTIVES.—The Administration may—

''(1) deem the failure of a Small Business Lending Company to maintain capital at or above the minimum capital level established by the Administration as an unsafe and unsound practice; and

''(2) in addition to, or in lieu of, any other action authorized by law, issue a directive to a Small Business Lending Company that fails to return or maintain capital at or above its required level, as established by the Administration.

''(d) FORFEITURE OF AUTHORITY FOR NONCOMPLIANCE.—

''(1) IN GENERAL.—Subject to the provisions of subsection (g), if any Small Business Lending Company violates any of the provisions of this Act, or any related regulation, such company shall forfeit all of the rights, privileges, and franchises under this Act.

''(2) ADJUDICATION.—A company under paragraph (1) shall not forfeit its rights, privileges, and franchises under this Act, unless a court of the United States, with jurisdiction over the judicial district in which the principal place of business of such company is located, determines, in a suit brought by, or on behalf of, the Administrator, that such company violated this Act, or regulations promulgated pursuant to this Act.

''(e) REVOCATION OR SUSPENSION OF AUTHORITY.—

''(1) IN GENERAL.—Subject to the provisions of subsection (g), the Administration may revoke or suspend the authority of a participating lender to make, service, or liquidate business loans under section 7(a) if the participating lender—

''(A) knowingly makes false statements in any written statement required under this Act or any regulation issued under this Act;

''(B) fails to state, in any written statement required under this Act or any regulation issued under this Act, a material fact necessary in order to make the statement not misleading in the light of the circumstances under which the statement was made;

''(C) willfully or repeatedly violates—

''(i) any provision of this Act;

''(ii) any rule or regulation issued under this Act; or

''(iii) any condition imposed by the Administration with any application, request, or agreement; or

''(D) violates any cease and desist order issued by the Administration under this section.

''(2) LENGTH OF SUSPENSION.—The suspension under paragraph (1) shall remain in full force and effect until the Administration issues a written notice of termination.

''(3) NOTIFICATION.—If the lending authority of a lender is revoked under paragraph (1), the lender shall send notification, not later than 30 days after such revocation, to all existing borrowers that such authority has been revoked and that a new servicer has been appointed to service their loans. If the lender fails to provide such notification before the deadline, the a*A*dministration shall provide such notification to borrowers.

''(4) DELEGATION.—The Administration may delegate the authority to suspend a participating lender's authority to make loans under section 7(a), but shall not delegate the authority to revoke a participating lender's authority to make such loans.

''(f) CEASE AND DESIST ORDERS.—If a participating lender or management official has violated, or is about to violate any provision of this Act, or any related regulation, the Administration, subject to the provisions of subsection (g), may—

''(1) order the participating lender or management official to—

''(A) cease and desist from such violation; and

''(B) take, or refrain from, such action as the Administration deems necessary to ensure compliance with the Act and related regulations; and

''(2) suspend the authority of such participating lender pending full compliance with all orders issued under paragraph (1).

''(g) PROCESS FOR REVOCATION OR SUSPENSION OF AUTHORITY OR CEASE AND DESIST ORDERS.—

''(1) NOTICE.—Before revoking or suspending the authority of a participating lender pursuant to subsection (e) or issuing a cease and desist order pursuant to subsection (f), the Administration shall—

''(A) provide notice to the participating lender that such action is contemplated; and

''(B) provide the participating lender with an opportunity to show cause why such action should not be taken.

''(2) CONTENTS.—A notice under paragraph (1) shall contain—

''(A) a statement of the matters of fact and law asserted by the Administration;

''(B) a description of the legal authority and jurisdiction under which a hearing is to be held; and

''(C) the time and place of the hearing that will be held before the Administration.

''(3) HEARING.—

''(A) IN GENERAL.—A hearing under this subsection shall take place before the Office of Hearings and Appeals of the Administration.

''(B) SUBPOENA.—The Administration may require by subpoena—

''(i) the attendance and testimony of witnesses; and

''(ii) the production of all books, papers, e-mails, faxes, and documents relating to the hearing under this paragraph.

''(C) ENFORCEMENT OF SUBPOENA.—If a party disobeys a subpoena issued under subparagraph (B), the Administration, or any party to a proceeding before the Administration, may invoke the aid of any court of the United States to require—

''(i) the attendance and testimony of witnesses; and

''(ii) the production of books, papers, e-mails, faxes, and documents.

''(D) WITNESS FEES.—Witnesses summoned before the Administration shall be paid, by the party at whose instance they were called, the same fees and mileage that are paid witnesses in the courts of the United States.

''(4) ISSUANCE OF ORDER.—

''(A) IN GENERAL.—If the Administration, after a hearing, or a waiver thereof, determines on the record that an order revoking or suspending the authority of a participating lender under section 7(a) or a cease and desist order should be issued, the Administration shall promptly issue such order to the participating lender and any other person involved.

''(B) CONTENTS.—The order issued under subparagraph (A) shall contain—

''(i) a statement of the findings of the Administration;

''(ii) the reasons therefore; and

''(iii) the effective date of the order.

''(C) EFFECTIVE DATE.—

''(i) CEASE AND DESIST ORDER.—A cease and desist order issued under this paragraph shall become effective on the date specified therein.

''(ii) REVOCATION OR SUSPENSION.—An order revoking or suspending the authority of a participating lender under section 7(a) shall be final and conclusive 30 days after the date of issuance of such order unless the participating lender files an appeal under paragraph (5).

''(5) APPEAL.—

''(A) APPEAL BY RIGHT.—Not later than 30 days after an order is issued under paragraph (4), a participating lender may appeal such order by filing a petition requesting that the Administration's order be set aside or modified with the clerk of the United States district court for the judicial district in which such participating lender has its principal place of business.

''(B) LEAVE OF COURT.—After the expiration of the period described in subparagraph (A), a participating lender may file a petition of appeal only by leave of court and upon a showing of reasonable grounds for failure to timely file such petition.

''(C) DELIVERY OF PETITION.—Upon receiving a petition under this paragraph, the clerk of the court shall immediately deliver a copy of the petition to the Administration, which shall certify and file in the court a transcript of the record upon which the order complained of was entered.

''(D) AMENDMENT OF PETITION.—If the Administration amends or sets aside its order, in whole or in part, before the record is filed under subparagraph (C), the petitioner may amend the petition within such time as the court may determine, on notice to the Administration.

''(E) EFFECT OF PETITION.—The filing of a petition for review shall not affect the operation of the order of the Administration, but the district court may restrain or suspend, in whole or in part, the operation of the order pending the final hearing and determination of the petition.

''(F) AUTHORITY OF COURT.—

''(i) IN GENERAL.—Except as provided under clause (ii), the district court may affirm, modify, or set aside any order of the Administration issued under this subsection.

''(ii) LIMITATION.—The district court shall not consider an objection to an order of the Administration unless such objection was presented to the Administration or there were reasonable grounds for failure to do so.

''(G) ADDITIONAL EVIDENCE.—

''(i) IN GENERAL.—If the district court determines that the just and proper disposition of the case requires the taking of additional evidence, the court may take additional evidence and findings of fact, or may order the Administration to reopen the hearing for the taking of such evidence, in such manner and upon such terms and conditions as the court determines to be proper.

''(ii) MODIFICATION OF FINDINGS.—The Administration may modify its findings as to the facts, or make new findings, by reason of the additional evidence so taken, and it shall file its modified or new findings and the amendments, if any, of its order, with the record of such additional evidence.

''(6) ENFORCEMENT OF ORDER.—

''(A) IN GENERAL.—If any participating lender or other person against which an order is issued under this section fails to obey the order, the Administration may file an application with the United States district court within the judicial district where the participating lender has its principal place of business, for the enforcement of the order by filing a transcript of the record upon which the disobeyed order was entered.

''(B) NOTICE.—Upon the receipt of the application filed under subparagraph (A), the court shall notify the participating lender or other person of such enforcement action.

''(C) PROCEDURE.—The evidence to be considered, the procedure to be followed, and the jurisdiction of the court shall be the same as is provided in paragraph (5) for applications to set aside or modify orders.

''(h) REMOVAL OR SUSPENSION OF MANAGEMENT OFFICIALS.—

''(1) REMOVAL OF MANAGEMENT OFFICIALS.—

''(A) NOTICE OF REMOVAL.—The Administrator may serve upon any management official a written notice of its intention to remove that management official if, in the opinion of the Administrator such management official—

''(i) has willfully and knowingly committed any substantial violation of—

''(I) this Act;

''(II) any regulation issued under this Act;

''(III) a cease-and-desist order which has become final; or

''(IV) any agreement by the management official or the participating lender; or

''(ii) has willfully and knowingly committed or engaged in any act, omission, or practice which constitutes a substantial breach of a fiduciary duty of that person as a management official if the violation or breach of fiduciary duty involves personal dishonesty on the part of such management official.

''(B) CONTENTS OF NOTICE.—A notice provided under subparagraph (A) shall contain—

''(i) a statement of the facts constituting the grounds for the removal of the management official; and

''(ii) the time and place at which a hearing will be held to determine if the management official should be removed from office.

''(C) HEARINGS.—

''(i) TIMING.—A hearing described in subparagraph (B) shall take place not earlier than 30 days nor later than 60 days after the date on which notice is provided under subparagraph (A), unless an earlier or later date is set by the Administrator at the request of—

''(I) the management official, for good cause shown; or

''(II) the Attorney General of the United States.

''(ii) CONSENT.—If the management official fails to appear, in person or by a duly authorized representative, at a hearing under this paragraph, that management official shall be deemed to have consented to the issuance of an order of removal under subparagraph (A).

''(D) ISSUANCE OF ORDER OF REMOVAL.—

''(i) IN GENERAL.—The Administrator may issue an order of removal from office if—

''(I) consent is deemed under subparagraph (C)(ii); or

''(II) the Administrator finds, upon the record of the hearing described in this subsection, that any of the grounds specified in the notice of removal has been established.

''(ii) EFFECTIVENESS.—An order under clause (i) shall—

''(I) become effective on the expiration of the date which is 30 days after the date that notice is provided to the participating lender and the management official concerned (except in the case of an order issued upon consent as described in ⟦clause⟧ *subparagraph* (C)(ii), which shall become effective at the time specified in such order); and

''(II) remain effective and enforceable, except to the extent it is stayed, modified, terminated, or set aside by action of the Administrator or a reviewing court, in accordance with this section.

''(2) AUTHORITY TO SUSPEND OR PROHIBIT PARTICIPATION.—

''(A) IN GENERAL.—The Administrator may—

''(i) if necessary to protect the Small Business Lending Company or interests of the Administration, suspend from office any management official described in paragraph (1), or temporarily prohibit such official from further participating in the management or conduct of the affairs of the Small Business Lending Company; and

''(ii) if necessary to protect the interests of the Administration, suspend from office any management official described in paragraph (1) or prohibit from further participation a non-federally regulated SBA lender or any management official described in paragraph (1) in any activities related to the making, servicing, review, approval, or liquidation of any loan made under section 7(a).

''(B) EFFECTIVENESS.—A suspension or prohibition under subparagraph (A)—

''(i) shall become effective upon service of notice under paragraph (1); and

''(ii) unless stayed by a court in proceedings under subparagraph (C), shall remain in effect—

''(I) pending the completion of the administrative proceedings pursuant to a notice under paragraph (1); and

''(II) until the Administrator dismisses the charges specified in the notice, or, if an order of removal or prohibition is issued against the management official, until the effective date of any such order.

''(C) JUDICIAL REVIEW.—Not later than 10 days after any management official has been suspended from office or prohibited from participation in the management or conduct of the affairs of a participating lender, the management official may apply for a stay of the suspension or prohibition, pending the completion of the administrative proceedings under this subsection, to—

''(i) the United States district court for the judicial district in which the home office of the participating lender is located; or

''(ii) the United States District Court for the District of Columbia.

''(3) AUTHORITY TO SUSPEND ON CRIMINAL CHARGES.—

''(A) IN GENERAL.—If a management official is charged, in any information, indictment, or complaint authorized by a United States attorney or a State prosecutor, with the commission of a felony involving dishonesty or breach of trust, or has been convicted of any felony, the Administrator may suspend that management official from office or prohibit that management official from further participation in the management or conduct of the affairs of the participating lender.

''(B) EFFECTIVENESS.—A suspension or prohibition under paragraph (A) shall remain in effect until the subject information, indictment, or complaint is finally disposed of, or until terminated by the Administrator.

''(C) AUTHORITY UPON CONVICTION.—

''(i) IN GENERAL.—If a judgment of conviction with respect to an offense described in paragraph (A) is entered against a management official and is no longer subject to appellate review, the Administrator may issue an order removing that management official from office.

''(ii) NOTICE.—A copy of the order issued under clause (i) shall be delivered to the management official and the participating lender for which such official was employed.

''(iii) EFFECTIVE DATE.—The order of removal under clause (i) shall take effect upon the delivery of a copy of the order to the participating lender.

''(D) AUTHORITY UPON DISMISSAL OR OTHER DISPOSITION.—A finding of not guilty or other disposition of charges described in subparagraph (A) shall not preclude the Administrator from initiating proceedings to suspend or remove the management official from office, or to temporarily prohibit the management official from participation in the management or conduct of the affairs of any participating lender.

''(4) PROCEDURAL PROVISIONS; JUDICIAL REVIEW.—

''(A) HEARING VENUE.—Any hearing under this subsection shall be—

''(i) held in the Federal judicial district or in the territory in which the principal office of the participating lender is located, unless the party afforded the hearing consents to another place; and

''(ii) conducted in accordance with the provisions of chapter 5 of title 5, United States Code.

''(B) ISSUANCE OF ORDERS.—After a hearing under this subsection, and not later than 90 days after the Administrator has notified the parties that the case has been submitted for final decision, the Administrator shall—

''(i) render a decision in the matter, which shall include findings of fact upon which its decision is predicated; and

''(ii) issue and serve upon each party to the proceeding an order or orders consistent with the provisions of this section.

''(C) AUTHORITY TO MODIFY ORDERS.—The Administrator may modify, terminate, or set aside any order issued under this section—

''(i) at any time, upon such notice, and in such manner as the Administrator may prescribe, until a petition for review is timely filed with a United States district court, in accordance with subparagraph (D)(ii) and a record of the proceeding has been filed in accordance with subparagraph (D)(iii); and

''(ii) after the filing of the record under subparagraph (D)(iii), with permission of the court.

''(D) JUDICIAL REVIEW.—

''(i) IN GENERAL.—Judicial review of an order issued under this section shall be limited to the provisions of this subsection.

''(ii) PETITION FOR JUDICIAL REVIEW.—Any party to a hearing under this section may obtain a review of any order issued pursuant to subparagraph (B) (other than an order issued with the consent of the management official concerned or an order issued under subsection (d)), by filing, not later than 30 days after the date of service of such order, in the United States district court for the judicial district in which the principal office of the licensee is located or in the United States District Court for the District of Columbia, a written petition requested that the order be modified, terminated, or set aside.

''(iii) NOTICE TO ADMINISTRATION.—The clerk of the court receiving a petition under ⟦subparagraph⟧ *clause* (ii) shall transmit a copy of the petition to the Administrator, who shall submit to the court the record of the proceeding, in accordance with section 2112 of title 28, United States Code.

''(iv) JURISDICTION.—

''(I) EXCLUSIVE.—Upon the filing of the record under clause (iii), the district court described in clause (ii) shall have exclusive jurisdiction to affirm, modify, terminate, or set aside, in whole or in part, the order of the Administrator, except as provided under paragraph (2)(B)(ii)(II).

''(II) REVIEW.—The review of any proceeding under subclause (I) shall be in accordance with chapter 7 of title 5, United States Code.

''(v) JUDICIAL REVIEW NOT A STAY.—The commencement of proceedings for judicial review under this paragraph shall not, unless specifically ordered by the district court, operate as a stay of any order issued by the Administrator under this section.

''(*i*) INJUNCTIONS.—

''(1) APPLICATION.—If, in the judgment of the Administrator, a participating lender or any other person has engaged, or is about to engage, in any acts or practices which violate any provision of this Act, any rule or regulation under this Act, or any order issued under this Act, the Administrator may apply to the proper district court of the United States, or a United States court of any place subject to the jurisdiction of the United States, for an order to—

''(A) enjoin such acts or practices; or

''(B) enforce compliance with such provision, rule, regulation, or order.

''(2) JURISDICTION.—A court under paragraph (1) shall have jurisdiction over any action under paragraph (1).

''(3) ISSUANCE.—Upon a showing by the Administrator that a participating lender or other person has engaged, or is about to engage, in any act or practice described in paragraph (1), the court shall issue, without bond—

''(A) a permanent or temporary injunction;

''(B) a restraining order; or

''(C) any other appropriate order.

''(j) APPOINTMENT OF RECEIVERS.—In any injunction proceeding under subsection (*i*), the district court may—

''(1) seize the assets of 1 or more Small Business Lending Companies; and

''(2) appoint the Administration, or another receiver, to hold or administer the assets seized under paragraph (1) under the direction of the court.

''(k) POSSESSION OF ASSETS.—

''(1) SMALL BUSINESS LENDING COMPANIES.—If a Small Business Lending Company is insolvent, out of compliance with capital requirements under this section, or otherwise operating in an unsafe or unsound condition, the Administration may take possession of—

''(A) the portfolio of loans guaranteed by the Administration and sell such loans to a third party through a receiver appointed under subsection (j)(2); and

''(B) servicing activities of loans that are guaranteed by the Administration and sell such servicing rights to a third party through a receiver appointed under subsection (j)(2).

''(2) NON-FEDERALLY REGULATED SBA LENDERS.—If a non-federally regulated SBA lender is insolvent or otherwise operating in an unsafe and unsound condition, the Administration may take possession of—

''(A) the portfolio of loans guaranteed by the Administration and sell such loans to a third party; and

''(B) servicing activities of loans that are guaranteed by the Administration and sell such servicing rights to a third party.

''(*l*) PENALTIES AND FORFEITURES.—

''(1) IN GENERAL.—Except as provided under paragraph (3), a Small Business Lending Company or a non-federally regulated SBA lender that violates any regulation or written directive issued by the Administrator regarding the filing of any regular or special report shall pay to the United States a civil penalty of not more than $5,000 for every day after the due date in which the lender fails to file such report, unless such failure is due to reasonable cause and not willful neglect.

''(2) RECOVERY OF CIVIL PENALTY.—The civil penalty provided for in this section shall accrue to the United States and may be recovered in a civil action brought by the Administration.

''(3) EXEMPTION.—The Administrator may, by regulation, order, or upon the application of an interested party, at any time before a report is due under paragraph (1) and after notice and opportunity for hearing, exempt, in whole or in part, any Small Business Lending Company from the provisions of paragraph (1), upon such terms and conditions and for such period of time as the Administrator determines to be appropriate, if the Administrator finds that such action is consistent with the public interest or the protection of the Administration.

''(4) ALTERNATIVE REQUIREMENTS.—If an exemption is granted under paragraph (3), the Administrator may, for the purposes of this section, make any alternative requirements appropriate to the situation.''.

SEC. 223. DEFINITIONS FOR SMALL BUSINESS LENDING COMPANIES AND NON-FEDERALLY REGULATED SBA LENDERS.

Section 3 of the Small Business Act (15 U.S.C. 632) is amended—

(1) in subsection (l), by striking ''Act—

''(1) the term'' and inserting ''Act, the term''; and

(2) by adding at the end the following:

''(r) SMALL BUSINESS LENDING COMPANY.—In this Act, the term 'Small Business Lending Company' means a non-depository financial institution that is licensed, supervised, examined, and regulated by the Administration to only make loans under section 7.

''(s) NON-FEDERALLY REGULATED SBA LENDER.—In this Act, the term 'non-federally regulated SBA lender' means a financial institution, other than a Small Business Lending Company, that makes loans under section 7 and is not regulated by—

''(1) the Farm Credit Administration;

''(2) the Federal Financial Institution Examination Council;

''(3) the Board of Governors of the Federal Reserve System;

''(4) the Office of the Comptroller of the Currency;

''(5) the Federal Deposit Insurance Corporation;

''(6) the Office of Thrift Supervision; or

''(7) the National Credit Union Administration.''.

Subtitle D—Disaster Assistance Loan Program

SEC. 231. CONFORMING AMENDMENT FOR DISASTER ASSISTANCE LOAN PROGRAM.

Section 7(c)(6) of the Small Business Act (15 U.S.C. 636(c)(6)) is amended—

(1) by striking ''$500,000'' each place it appears and inserting ''$1,500,000''; and

(2) by inserting ''commencing on or after April 1, 1993,'' before ''unless an applicant''.

SEC. 232. DISASTER RELIEF FOR SMALL BUSINESS CONCERNS DAMAGED BY DROUGHT.

(a) DROUGHT DISASTER AUTHORITY.—

(1) DEFINITION OF DISASTER.—Section 3(k) of the Small Business Act (15 U.S.C. 632(k)) is amended—

(A) by inserting ''(1)'' after ''(k)''; and

(B) by adding at the end the following:

''(2) For purposes of section 7(b)(2), the term 'disaster' includes—

''(A) drought; and

''(B) below average water levels in the Great Lakes, or on any body of water in the United States that supports commerce by small business concerns.''.

(2) DROUGHT DISASTER RELIEF AUTHORITY.—Section 7(b)(2) of the Small Business Act (15 U.S.C. 636(b)(2)) is amended—

(A) by inserting ''(including drought), with respect to both farm-related and nonfarm-related small business concerns,'' before ''if the Administration''; and

(B) in subparagraph (B), by striking ''the Consolidated Farmers Home Administration Act of 1961 (7 U.S.C. 1961)'' and inserting the following: ''section 321 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961), in which case, assistance under this paragraph may be provided to farm-related and nonfarm-related small business concerns, subject to the other applicable requirements of this paragraph''.

(b) LIMITATION ON LOANS.—From funds otherwise appropriated pursuant to section 20 for loans under section 7(b) of the Small Business Act (15 U.S.C. 636(b)), not more than $9,000,000 may be used during fiscal year 2004 to provide drought disaster loans to nonfarm-related small business concerns.

(c) PROMPT RESPONSE TO DISASTER REQUESTS.—Section 7(b)(2)(D) of the Small Business Act (15 U.S.C. 636(b)(2)(D)) is amended by striking ''Upon receipt of such certification, the Administration may'' and inserting ''Not later than 30 days after the date of receipt of such certification by a Governor of a State, the Administration shall respond in writing to that Governor on its determination and the reasons therefore, and may''.

(d) RULEMAKING.—Not later than 45 days after the date of enactment of this section, the Administrator shall promulgate final rules to carry out this section and the amendments made by this section.

SEC. 233. DISASTER MITIGATION PILOT PROGRAM.

Section 7(b)(1)(C) of the Small Business Act (15 U.S.C. 636(b)(1)(C)) is amended by striking ''2000 through 2004'' and inserting ''2003 through 2006''.

Subtitle E—504 Loan Program

SEC. 241. EXTENSION OF USER FEES.

Section 503(f) of the Small Business Investment Act of 1958 (15 U.S.C. 697(f)) is amended by striking ''October 1, 2003'' and inserting ''October 1, 2006''.

SEC. 242. AMORTIZED LOAN LOSS RESERVE FUND.

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), 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. 243. ALTERNATIVE LOSS RESERVE 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:

''(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)(II).

''(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)(iii) 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 purposes of this paragraph, the term 'qualified independent auditor' means any licensed 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**]** *11* 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 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).''.

(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 over capitalization in the loss reserves maintained by certified development companies participating in the Premier Certified Lenders Program established under section 508 of the Small Business Investment Act of 1958 (15 U.S.C. 697e); and
(B) alternatives for establishing and maintaining loss reserves that are sufficient to protect the Federal Government from the risk of loss associated with loans guaranteed under such Program.
(2) TRANSMISSION OF REPORT.—The report described in paragraph (1) shall be transmitted to the Committee on Small Business of the House of Representatives and the Committee on Small Business and Entrepreneurship of the Senate not later than 180 days after the date of the enactment of this Act.
(3) LIMITATION.—The amount of the contract described in paragraph (1) shall not exceed $75,000.

SEC. 244. DEBENTURE SIZE.

Section 502*(2)* of the Small Business Investment Act of 1958 (15 U.S.C. 696) is amended *to read as follows:*
[(1) by striking ''The Administration may,'' and inserting the following:
''(a) IN GENERAL.—The Administration may,'';
(2) by striking '': *Provided, however*, That the foregoing powers'' and inserting the following:
''(b) CONDITIONS.—The authority under subsection (a)''; and
(3) in subsection (b) (as designated by paragraph (2)), by amending paragraph (2) to read as follows:**]**
''(2) MAXIMUM AMOUNT.—Loans made by the Administration under this section shall be limited to—
''(A) $1,500,000 for each small business concern if the loan proceeds will not be directed toward a goal or project described in subparagraph (B) or (C);
''(B) $2,000,000 for each small business concern if the loan proceeds will be directed toward 1 or more of the public policy goals described under section 501(d)(3); and
[''(C) $2,000,000 for each small business concern if the loan proceeds will be directed toward manufacturing projects.''.**]**
''(C) $4,000,000 for each small business concern if the loan proceeds will be directed toward manufacturing projects.''.

SEC. 245. JOB CREATION OR RETENTION STANDARDS.

Section 501 of the Small Business Investment Act of 1958 (15 U.S.C. 695) is amended by striking the undesignated paragraph at the end and inserting the following:
''(e) JOB CREATION OR RETENTION.—
[''(1) IN GENERAL.—A project being funded by the debenture is deemed to satisfy the job creation or retention requirement under subsection (d)(1) if the project creates or retains 1 job opportunity for every $50,000 guaranteed by the Administration.**]**
''(1) IN GENERAL.—A project being funded by the debenture is deemed to satisfy the job creation or retention requirement under subsection (d)(1) if the project creates or retains—
''(A) 1 job opportunity for every $50,000 guaranteed by the Administration; or
''(B) in the case of a manufacturing project, 1 job opportunity for every $100,000 guaranteed by the Administration.
''(2) TEMPORARY JOB CREATION WAIVER.—
''(A) IN GENERAL.—If a development company fails to meet the job creation and retention requirements under this section, the company may apply for a temporary waiver from the Administration. Not later than 30 days after the request for such waiver, the Administration shall respond to the request and may temporarily waive the requirement if the development company shows reasonable cause for its failure to meet the job creation and retention requirements under this section and demonstrates how it intends to attain such requirements in the future.
''(B) AGGREGATION OF GOALS AND OBJECTIVES.—If a project meets the economic development objectives or public policy goals under paragraphs (2) and (3) of subsection (d), the project does not need to meet the individual job creation or retention requirements for that particular project if the outstanding portfolio of the development company meets or exceeds the job creation or retention criteria under subsection (d)(1).''.

SEC. 246. SIMPLIFIED APPLICATIONS.

(a) LOANS OF $400,000 OR LESS.—
(1) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Administrator shall develop a shorter, more concise, and simplified application form for loan guarantees involving not more than $400,000 authorized under section 504 of the Small Business Investment Act of 1958 (15 U.S.C. 697a).
(2) AVAILABILITY TO CERTIFIED DEVELOPMENT COMPANIES.—The form developed under paragraph (1) shall be made available to certified development companies not later than 180 days after the date of enactment of this Act.

(b) ALL OTHER LOANS.—
(1) IN GENERAL.—Not later than 270 days after the date of enactment of this Act, the Administrator shall develop a shorter, more concise, and simplified application form for all loan guarantees authorized under section 504 of the Small Business Investment Act of 1958 (15 U.S.C. 697a), including those described in subsection (a).
(2) AVAILABILITY TO CERTIFIED DEVELOPMENT COMPANIES.—The form developed under paragraph (1) shall be made available to certified development companies not later than 270 days after the date of enactment of this Act.

SEC. 247. CHILD CARE LENDING PILOT PROGRAM.

(a) LOANS AUTHORIZED.—Section 502 of the Small Business Investment Act of 1958 (15 U.S.C. 696) is amended—
(1) in the matter preceding paragraph (1)—
(A) by striking ''The Administration'' and inserting the following:
''(a) AUTHORIZATION.—The Administration'';
(B) by striking ''and such loans'' and inserting ''. Such loans'';
(C) by striking '': *Provided, however*, That the foregoing powers shall be subject to the following restrictions and limitations:'' and inserting a period; and
(D) by adding at the end the following:
''(b) RESTRICTIONS AND LIMITATIONS.—The authority under subsection (a) shall be subject to the following restrictions and limitations:''; and
(2) in paragraph (1)—
(A) by inserting after ''USE OF PROCEEDS.—'' the following:
''(A) IN GENERAL.—''; and
(B) by adding at the end the following:
''(B) LOANS TO SMALL, NONPROFIT CHILD CARE BUSINESSES.—
''(i) IN GENERAL.—Notwithstanding subsection (a)(1), the proceeds of any loan described in subsection (a) may be used by the certified development company to assist small, nonprofit child care businesses, provided that—
''(I) the loan will be used for a sound business purpose that has been approved by the Administration;
''(II) each such business receiving financial assistance meets all of the same eligibility requirements applicable to for-profit businesses under this title, except for status as a for-profit business;
''(III) 1 or more individuals has personally guaranteed the loan;
''(IV) the small, non-profit child care business has clear and singular title to the collateral for the loan; and
''(V) the small, non-profit child care business has sufficient cash flow from its operations to meet its obligations on the loan

and its normal and reasonable operating expenses.

''(ii) LIMITATION ON VOLUME.—Not more than 7 percent of the total number of loans guaranteed in any fiscal year under this title may be awarded under the pilot program.

''(iii) DEFINED TERM.—For purposes of this subparagraph, the term 'small, non-profit child care business' means an establishment that—

''(I) is organized in accordance with section 501(c)(3) of the Internal Revenue Code of 1986;

''(II) is primarily engaged in providing child care for infants, toddlers, pre-school, or pre-kindergarten children (or any combination thereof), may provide care for older children when they are not in school, and may offer pre-kindergarten educational programs;

''(III) including its affiliates, has tangible net worth that does not exceed $7,000,000, and has average net income (excluding any carryover losses) for the preceding 2 completed fiscal years that does not exceed $2,500,000; and

''(IV) is licensed as a child care provider by the District of Columbia, the insular area, or the State in which it is located.''.

''(iv) SUNSET PROVISION.—This subparagraph shall remain in effect until September 30, 2006, and shall apply to all loans authorized under this subparagraph that are applied for, approved, or disbursed during the period beginning on the date of enactment of the Small Business Administration 50th Anniversary Reauthorization Act of 2003 and ending on September 30, 2006.''.

(b) REPORTS.—

(1) SMALL BUSINESS ADMINISTRATION.—

(A) IN GENERAL.—Not later than 6 months after the date of enactment of this Act, and every 6 months thereafter until September 30, 2006, the Administrator shall submit a report on the implementation of the program under subsection (a) to—

(i) the Committee on Small Business and Entrepreneurship of the Senate; and

(ii) the Committee on Small Business of the House of Representatives.

(B) CONTENTS.—The report under subparagraph (A) shall contain—

(i) the date on which the program is implemented;

(ii) the date on which the rules are issued pursuant to subsection (c); and

(iii) the number and dollar amount of loans under the program applied for, approved, and disbursed during the previous 6 months—

''(I) with respect to nonprofit child care business; and

''(II) with respect to for profit child care business.

(2) GENERAL ACCOUNTING OFFICE.—

(A) IN GENERAL.—Not later than March 31, 2006, the Comptroller General of the United States shall submit a report on the child care small business loans authorized by section 502(b)(1)(B) of the Small Business Investment Act of 1958, as added by this Act, to—

(i) the Committee on Small Business and Entrepreneurship of the Senate; and

(ii) the Committee on Small Business of the House of Representatives.

(B) CONTENTS.—The report under subparagraph (A) shall contain information gathered during the first 2 years of the loan program, including—

(i) an evaluation of the timeliness of the implementation of the loan program;

(ii) a description of the effectiveness and ease with which certified development companies, lenders, and small businesses have participated in the loan program;

(iii) a description and assessment of how the loan program was marketed;

(iv) by location (State, insular area, and District of Columbia) and in total, the number of child care small businesses, categorized by status as a for-profit or non-profit business, that—

(I) applied for loans under the program (and whether it was a new or expanding child care provider);

(II) were approved for loans under the program; and

(III) received loan disbursements under the program (and whether they are a new or expanding child care provider); and

(v) with respect to the businesses described under clause (iv)(III)—

(I) the number of such businesses in each State, insular area, and District of Columbia, as of the year of enactment of this Act;

(II) the total amount loaned to such businesses under the program;

(III) the total number of loans to such businesses under the program;

(IV) the average loan amount and term;

(V) the currency rate, delinquencies, defaults, and losses of the loans;

(VI) the number and percent of children served who receive subsidized assistance; and

(VII) the number and percent of children served who are low income.

(C) ACCESS TO INFORMATION.—

(i) IN GENERAL.—The Administration shall collect and maintain such information as may be necessary to carry out this paragraph from certified development centers and child care providers, and such centers and providers shall comply with a request for information from the Administration for that purpose.

(ii) PROVISION OF INFORMATION TO GAO.—The Administration shall provide information collected under this subparagraph to the Comptroller General of the United States for purposes of the report required by this paragraph.

(c) RULEMAKING AUTHORITY.—Not later than 120 days after the date of enactment of this Act, the Administrator shall issue final rules to carry out the loan program authorized by section 502(b)(1)(B) of the Small Business Investment Act of 1958, as added by this Act.

SEC. 248. DEFINITION OF RURAL AREA.

Section 501 of the Small Business Investment Act of 1958 (15 U.S.C. 695) is amended by adding at the end the following:

''(f) DEFINITION OF RURAL AREA.—For purposes of this title, the term 'rural area' means any area other than—

''(1) a city or town with a population of not less than 50,000 inhabitants; or

''(2) the urbanized area adjacent to a city or town under subparagraph (A).''.

Subtitle F—Surety Bond Program

SEC. 251. CLARIFICATION OF MAXIMUM SURETY BOND GUARANTEE.

(a) IN GENERAL.—Section 411(a)(1) of the Small Business Investment Act of 1958 (15 U.S.C. 694b(a)(1)) is amended by striking ''contract up to'' and inserting ''total work order or contract amount at the time of bond execution that does not exceed''.

SEC. 252. AUTHORIZATION OF PREFERRED SURETY BOND GUARANTEE PROGRAM.

Section 411(a) of the Small Business Investment Act of 1958 (15 U.S.C. 694b(a)) is amended by adding at the end the following: ''This paragraph shall remain in effect through September 30, 2006.''.

Subtitle G—Miscellaneous

SEC. 261. COORDINATION OF SBA LOANS.

Section 7(a)(3) of the Small Business Act (15 U.S.C. 636(a)(3)) is amended—

(1) by inserting ''TOTAL AMOUNT OF LOANS.—'' before ''No loan''; and

(2) by amending subparagraph (A) to read as follows:

''(A) if the total amount outstanding and committed (by participation or otherwise) to the borrower under section 7(a) would exceed $1,000,000 (or if the gross loan amount would exceed $2,000,000), except as provided in subparagraph (B), plus an amount not to exceed the maximum amount of a development company financing under title V of the Small Business Investment Act of 1958 (15 U.S.C. 695 et seq.), and the Administration shall report to Congress in its annual budget request and performance plan on the number of small business concerns that have financings under both section 7(a) and under title V of the Small Business Investment Act of 1958, and the total amount and general performance of such financings.;''.

SEC. 262. LEASING OPTIONS FOR 7(a) AND 504 BORROWERS.

(a) 7(a) LOANS.—Section 7(a)(28) of the Small Business Act (15 U.S.C. 636(a)(28)) is amended to read as follows:

''(28) LEASING.—In addition to such other lease arrangements as may be authorized by the Administration, a borrower under this section may lease, permanently or for a short term, to 1 or more tenants, not more than 40 percent of any property purchased or constructed as part of a project financed under this section if the borrower permanently occupies and uses not less than 60 percent of the total business space of the property.''.

(b) 504 LOANS.—Subsection (b)(5) of section 502 of the Small Business Investment Act of 1958 (15 U.S.C. 696), as redesignated by this Act, is amended to read as follows:

''(5) LEASING.—In addition to such other lease arrangements as may be authorized by the Administration, a borrower under this title may lease, permanently or for a short term, to 1 or more tenants, not more than 40 percent of any property purchased or constructed as part of a project financed under this title if the borrower permanently occupies and uses not less than 60 percent of the total business space of the property.''.

SEC. 263. CALCULATION OF FINANCING LIMITATION FOR SMALL BUSINESS INVESTMENT COMPANIES.

Section 306 of the Small Business Investment Act of 1958 (15 U.S.C. 686) is amended by inserting after subsection (a) the following:

''(b) In calculating the 20 percent limitation under subsection (a) or any guarantee required of a small business investment company by the Administration, only 50 percent of the value of any loans issued under either section 7(a) of the Small Business Act or title V of this Act, which are received by the enterprise in which the small business investment company has issued commitments, shall be taken into consideration, but for any 1 such enterprise, a small business investment company may not simultaneously take advantage of this discounted calculation for loans under both section 7(a) of the Small Business Act (15 U.S.C. 636(a)) and title V of this Act.''.

SEC. 264. ESTABLISHING ALTERNATIVE SIZE STANDARD.

Section 3(a)(3) of the Small Business Act (15 U.S.C. 632(a)(3) is amended—

(1) by striking ''When establishing'' and inserting the following: ''ESTABLISHMENT OF SIZE STANDARDS.—

''(**[**1**]***A*) IN GENERAL.—When establishing''; and

(2) by adding at the end the following:

''(**[**2**]***B*) ALTERNATIVE SIZE STANDARD.—The Administrator shall establish an alternative size standard pursuant to paragraph (2), which—

''(**[**A**]***i*) shall be applicable to loan applicants under section 7(a) of this Act or title V of the Small Business Investment Act of 1958 (15 U.S.C. 695 et seq.); and

''(**[**B**]***ii*) shall utilize the maximum net worth and maximum net income of the pro-

spective borrower as an alternative to the use of industry standards.''.

SEC. 265. PILOT PROGRAM FOR GUARANTEES ON POOLS OF NON-SBA LOANS.

Title IV of the Small Business Investment Act of 1958 (15 U.S.C. 692 et seq.) is amended by adding at the end the following:

''PART C—CREDIT ENHANCEMENT GUARANTEES

''SEC. 420. (a) The Administration is authorized, upon such terms and conditions as it may prescribe, in order to encourage lenders to increase the availability of small business financing by improving such lenders' access to reasonable sources of funding, to provide a credit enhancement guarantee, or commitment to guarantee, of the timely payment of a portion of the principal and interest on securities issued and managed by not less than 2 and not more than 5 qualified entities authorized and approved by the Administration.

''(b)(1) The Administration may provide its credit enhancement guarantees in respect of securities that represent interests in, or other obligations issued by, a trust, pool, or other entity whose assets (other than the Administration's credit enhancement guarantee and credit enhancements provided by other parties) consist of loans made to small business concerns.

''(2) All loans under paragraph (1) shall be originated, purchased, or assembled and managed consistent with requirements prescribed by the Administration in connection with this credit enhancement guarantee program.

''(3) The Administration shall prescribe requirements to be observed by the issuers and managers of the securities covered by credit enhancement guarantees to ensure the safety and soundness of the credit enhancement guarantee program.

''(4) The Administration may authorize affiliates of lenders designated as Preferred Lenders (as defined in the Small Business Act) to become issuers and managers of securities covered by credit enhancement guarantees if not more than 50 percent of the voting and economic ownership interests of any such issuer or manager are owned, directly or indirectly, by any single Preferred Lender or any person directly or indirectly controlling such Preferred Lender.

''(c) The full faith and credit of the United States is pledged to the payment of all amounts the Administration may be required to pay as a result of credit enhancement guarantees under this section.

''(d)(1) The Administration may issue an amount of credit enhancement guarantees in any fiscal year not exceeding the amount of the business loan and development company debenture guarantee authority available to the Administration for such year under this Act and the Small Business Act.

''(2) The Administration shall set the percentage and priority of each credit enhancement guarantee on issued securities so that the amount of the Administration's anticipated net loss (if any) as a result of such guarantee is fully reserved in a credit subsidy account funded in whole or in part by fees collected by the Administration.

''(3) The Administration shall charge and collect a fee from the issuer based on the Administration's guaranteed amount of issued securities, but the amount of such fee may not exceed the estimated credit subsidy cost of the Administration's credit enhancement guarantee.

''(e) REPORTING AND ANALYSIS.—

''(1) REPORTING.—During the development and implementation of the pilot program, the Administrator shall provide a report on the status of the pilot program under this section to Congress in each annual budget request and performance plan.

''(2) ANALYSIS AND REPORT.—Not later than December 30, 2005, the Comptroller General shall—

''(A) conduct an analysis of the pilot program under this section; and

''(B) submit a report to Congress that contains a summary of the analysis conducted under subparagraph (A) and a description of any effects, not attributable to other causes, of the pilot program on the lending programs under section 7(a) of the Small Business Act (15 U.S.C. 636(a)) and title V of this Act.

''(3) IMPLEMENTATION.—

''(A) REPORT.—After completing operational guidelines to carry out the pilot program under this section, the Administration shall submit a report, which describes the method in which the pilot program will be implemented, to—

''(i) the Committee on Small Business and Entrepreneurship of the Senate; and

''(ii) the Committee on Small Business of the House of Representatives.

''(B) TIMING.—The Administration shall not implement the pilot program under this section until the date that is 50 days after the report has been submitted under subparagraph (A).

''(f) SUNSET PROVISION.—This section shall remain in effect until September 30, 2006.''.

Subtitle H—New Markets Venture Capital

SEC. 271. TIME FRAME FOR RAISING PRIVATE CAPITAL.

Section 354(d) of the Small Business Investment Act of 1958 (15 U.S.C. 689c(d)) is amended—

(1) by redesignating paragraphs (1) and (2) as paragraphs (2) and (3), respectively; and

(2) by striking ''The Administrator shall'' and all that follows through ''following requirements:'' and inserting the following:

''*(1) IN GENERAL.*—The Administrator shall give each conditionally approved company 2 years to satisfy the requirements under this subsection. If a conditionally approved company meets these requirements before the end of such 2-year period, the Administrator shall proceed to final approval according to the ⟦following⟧ requirement⟦:⟧ *under subsection (e).*''.

SEC. 272. DEFINITION OF LOW-INCOME GEOGRAPHIC AREA.

Section 351(3)(A)(ii)⟦(II)⟧*(I) of the Small Business Investment Act of 1958 (15 U.S.C. 689(3)(A)(ii)*⟦(II)⟧*(I))* is amended by striking ''⟦household income⟧ *50 percent or more*'' and all that follows and inserting ''⟦family⟧ *the median household* income for such tract does not exceed 80 percent of the greater of *the* statewide median ⟦family⟧ *household* income or metropolitan area median ⟦family⟧ *household* income.''.

Subtitle I—Small Business Investment Company Program

SEC. 281. INVESTMENT OF EXCESS FUNDS.

Section 308(b) of the Small Business Investment Act of 1958 (15 U.S.C. 687(b)) is amended by striking the last sentence and inserting the following: ''Such companies with outstanding financings are authorized to invest funds not reasonably needed for their operations in—

''(1) direct obligations of, or obligations guaranteed as to principal and interest by, the United States;

''(2) in ⟦savings account or⟧ certificates of deposit maturing within 1 year ⟦that are issued⟧ *after issuance* by any institution, whose accounts are ⟦F⟧*federally insured, or in savings accounts of such institution*; or

''(3) in such other investment securities, mutual funds, or instruments that solely consist of, invest in, or are supported by the instruments described in paragraphs (1) and (2).''.

SEC. 282. MAXIMUM PRIORITIZED PAYMENT RATE.

Section 303(g) of the Small Business Investment Act of 1958 (15 U.S.C. 683(g)) is amended—

(1) in the matter preceding paragraph (1),

⟦(A)⟧ by striking ''In order'' and inserting ''GUARANTEES OF PARTICIPATING SECURITIES.—In order''; and

⟦(B) by striking ''For purposes of this section,'' and all that follows through ''the extent of earnings.''; and⟧

(2) in paragraph (2), by striking ''1.38 percent'' and inserting ''1.7 percent''.

SEC. 283. IMPROVED DISTRIBUTION REQUIREMENTS.

Section 303(g)(9) of the Small Business Investment Act of 1958 (15 U.S.C. 683(g)(9)) is amended to read as follows:

''(9) After making any distribution pursuant to paragraph (8), a company with participating securities outstanding may distribute the balance of income to its investors if—

''(A) there are no accumulated and unpaid prioritized payments;

''(B) any amounts received by the Administration under this paragraph and paragraph (8) are first applied as prepayment of the principal amount of the outstanding participating securities or debentures of the company at the time of such distribution and then applied to the profit participation under paragraph (11); and

''(C) any distributions under this paragraph are made to private investors and to the Administration in the ratio of private capital to leverage as of the date immediately preceding the distribution until the outstanding participating securities or debentures of the company have been paid in full, after which any remaining distributions under this paragraph are made to private investors and to the Administration in the ratio provided for the distribution of profits under paragraph (11).''.

Subtitle J—Small Business Intermediary Lending Pilot Program

SEC. 291. SHORT TITLE.

This subtitle may be cited as the ''Small Business Intermediary Lending Pilot Program Act of 2003''.

SEC. 292. FINDINGS.

Congress finds the following:

(1) Small and emerging businesses, particularly startups and businesses that lack sufficient or conventional collateral, continue to face barriers accessing mid-sized loans in amounts between $35,000 and $200,000, with affordable terms and conditions.

(2) Consolidation in the banking industry has resulted in a decrease in the number of small, locally controlled banks with not more than $100,000,000 in assets and has changed the method by which banks make small business credit decisions with—

(A) credit scoring techniques replacing relationship-based lending, which often works to the disadvantage of small or startup businesses that do not conform with a bank's standardized credit formulas; and

(B) less flexible terms and conditions, which are often necessary for small and emerging businesses.

(3) In the environment described in paragraphs (1) and (2), non-profit intermediary lenders, including community development corporations, providing financial resources that serve to supplement the small business lending and investments of a bank by—

(A) providing riskier, up front, or subordinated capital;

(B) offering flexible terms and underwriting procedures; and

(C) providing technical assistance to businesses in order to reduce the transaction costs and risk exposure of banks.

(4) Several Federal programs, including the Microloan Program under section 7(m) of the

Small Business Act (15 U.S.C. 636(m)) and the Intermediary Relending Program of the Department of Agriculture, have demonstrated the effectiveness of working through non-profit intermediaries to address the needs of small business concerns that are unable to access capital through conventional sources.

(5) More than 1,000 non-profit intermediary lenders in the United States are—

(A) successfully providing financial and technical assistance to small and emerging businesses;

(B) working with banks and other lenders to leverage additional capital for their business borrowers; and

(C) creating employment opportunities for low income individuals through their lending and business development activities.

SEC. 293. SMALL BUSINESS INTERMEDIARY LENDING PILOT PROGRAM.

(a) IN GENERAL.—Section 7(l) of the Small Business Act (15 U.S.C. 636(l)) is amended to read as follows:

''(l) SMALL BUSINESS INTERMEDIARY LENDING PROGRAM.—

''(1) DEFINITIONS.—For purposes of this subsection—

''(A) the term 'intermediary' means an entity that seeks to borrow, or has borrowed, funds from the Administration to make mid-size loans to small business concerns under this subsection that is a private, nonprofit entity, including—

''(i) a private, nonprofit community development corporation;

''(ii) a consortium of private, nonprofit organizations or nonprofit community development corporations;

''(iii) a quasi-governmental economic development entity (such as a planning and development district), other than a State, county, or municipal government; and

''(v) an agency of or nonprofit entity established by a Native American Tribal Government; and

''(B) the term 'mid-size loan' means a fixed rate loan of not less than $35,000 and not more than $200,000, made by an intermediary to a startup, newly established, or growing small business concern.

''(2) ESTABLISHMENT.—There is established a 3-year small business intermediary lending pilot program (referred to in this section as the ''Program''), under which the Administration may make direct loans to eligible intermediaries, for the purpose of making fixed interest rate mid-size loans to startup, newly established, and growing small business concerns.

''(3) PURPOSES.—The purposes of the small business intermediary lender pilot program are—

''(A) to assist small business concerns in those areas suffering from a lack of credit due to poor economic conditions;

''(B) to create employment opportunities for low-income individuals;

''(C) to establish a mid-size loan program to be administered by the Small Business Administration to make loans to eligible intermediaries to enable such intermediaries to provide small-scale loans, particularly loans in amounts averaging not more than $150,000, to startup, newly established, or growing small business concerns for working capital or the acquisition of materials, supplies, or equipment;

''(D) to test the effectiveness of non-profit intermediaries—

''(i) as a delivery system for a mid-size loan program; and

''(ii) in addressing the credit needs of small businesses and leveraging other sources of credit; and

''(E) to determine the advisability and feasibility of implementing a mid-size loan program nationwide.

''(4) ELIGIBILITY FOR PARTICIPATION.—An intermediary shall be eligible to receive loans if the intermediary has at least 1 year of experience making loans to startup, newly established, or growing small business concerns.

''(5) LOANS TO INTERMEDIARIES.—

''(A) APPLICATION.—Each intermediary desiring a loan under this subsection shall submit an application to the Administration, which describes—

''(i) the type of small business concerns to be assisted;

''(ii) the size and range of loans to be made;

''(iii) the geographic area to be served and its economic, poverty, and unemployment characteristics;

''(iv) the status of small business concerns in the area to be served and an analysis of the availability of credit; and

''(v) the qualifications of the applicant to carry out the purpose of this subsection.

''(B) LOAN LIMITS.—Notwithstanding subsection (a)(3), no loan may be made under this subsection if the total amount outstanding and committed to an intermediary from the business loan and investment fund established by this Act would, as a result of such loan, exceed $1,000,000 during the participation of the intermediary in the Program.

''(C) LOAN DURATION.—Loans made by the Administration under this subsection shall be for a maximum term of 20 years.

''(D) APPLICABLE INTEREST RATES.—Loans made by the Administration to an intermediary under the Program shall bear an annual interest rate equal to 1.00 percent.

''(E) FEES; COLLATERAL.—The Administration may not charge any fees or require collateral with respect to any loan made to an intermediary under this subsection.

''(F) LEVERAGE.—Any loan to a small business concern shall not exceed 75 percent of the total cost of the project, with the remaining funds being leveraged from other sources, including—

''(i) banks or credit unions;

''(ii) community development financial institutions; and

''(iii) other sources with funds available to the intermediary lender.

''(G) DELAYED PAYMENTS.—The Administration shall not require the repayment of principal or interest on a loan made to an intermediary under this section during the first 2 years of the loan.

''(6) PROGRAM FUNDING FOR MID-SIZE LOANS.—

''(A) NUMBER OF PARTICIPANTS.—Under the Program, the Administration may provide loans, on a competitive basis, to not more than 20 intermediaries.

''(B) EQUITABLE DISTRIBUTION OF INTERMEDIARIES.—The Administration shall select and provide funding under the Program to such intermediaries as will ensure geographic diversity and representation of urban and rural communities.

''(7) REPORT TO CONGRESS.—

''(A) INITIAL REPORT.—Not later than 30 months after the date of enactment of the Small Business Administration 50th Anniversary Reauthorization Act of 2003, the Administration shall submit a report containing an evaluation of the effectiveness of the Program to—

''(i) the Committee on Small Business and Entrepreneurship of the Senate; and

''(ii) the Committee on Small Business of the House of Representatives.

''(B) ANNUAL REPORT.—Not later than 12 months after the date of enactment of the Small Business Administration 50th Anniversary Reauthorization Act of 2003, and each year thereafter, the Administration shall submit an annual report containing an evaluation of the effectiveness of the Program to the Committees described in subparagraph (A).

''(C) CONTENTS.—The reports submitted under subparagraphs (A) and (B) shall include—

''(i) the numbers and locations of the intermediaries receiving funds to provide mid-size loans;

''(ii) the amounts of each loan to an intermediary;

''(iii) the numbers and amounts of mid-size loans made by intermediaries to small business concerns;

''(iv) the repayment history of each intermediary;

''(v) a description of the loan portfolio of each intermediary, including the extent to which it provides mid-size loans to small business concerns in rural and economically depressed areas;

''(vi) an estimate of the number of low-income individuals who have been employed as a direct result of the Program; and

''(vii) any recommendations for legislative changes that would improve the operation of the Program.''.

(b) RULEMAKING AUTHORITY.—Not later than 180 days after the date of enactment of this Act, the Administrator shall issue regulations to carry out the amendment made by subsection (a).

(c) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—There are authorized to be appropriated such sums as may be necessary for each of the fiscal years 2004 through 2006 to provide $20,000,000 in loans under section 7(l) of the Small Business Act, as amended by subsection (a).

(2) AVAILABILITY.—Any amounts appropriated pursuant to paragraph (1) shall remain available until expended.

TITLE III—ENTREPRENEURIAL DEVELOPMENT PROGRAMS

Subtitle A—Office of Entrepreneurial Development

SEC. 301. SERVICE CORPS OF RETIRED EXECUTIVES.

(a) IN GENERAL.—Section 8(b)(1)(B) of the Small Business Act (15 U.S.C. 637(b)(1)(B)) is amended—

(1) by striking ''this Act; and to'', and inserting ''this Act. To'';

(2) by striking ''may maintain at its headquarters'' and all that follows through ''That any'' and inserting ''shall maintain at its headquarters and pay the salaries, benefits, and expenses of a volunteer and professional staff to manage and oversee the program. Any''; and

(3) by striking the period at the end and inserting the following: ''and the management of the contributions received.''.

(b) REGULATIONS.—The Administration shall, not later than 180 days after the date of enactment of this Act, promulgate regulations to carry out the amendments made by subsection (a).

(c) EXTENSION OF COSPONSORSHIP AUTHORITY.—Section 401(a)(2) of the Small Business Administration Reauthorization and Amendments Act of 1994 (15 U.S.C. 637 note, 108 Stat. 4190) is amended by striking ''September 30, 2003'' and inserting ''September 30, 2006''.

SEC. 302. SMALL BUSINESS DEVELOPMENT CENTER PROGRAM.

(a) TERM CHANGE.—Section 21(k) of the Small Business Act (15 U.S.C. 648(k)) is amended—

(1) by striking ''CERTIFICATION'' each place it appears and inserting ''ACCREDITATION''; and

(2) by striking ''certification'' each place it appears and inserting ''accreditation''.

(b) PRIVACY REQUIREMENTS.—Section 21(a) of the Small Business Act is amended by adding at the end the following:

''(7) PRIVACY REQUIREMENTS.—

''(A) IN GENERAL.—A small business development center, consortium of small business development centers, or contractor or agent of a small business development center may not disclose the name, address, or telephone number of any individual or small business concern receiving assistance under this section without the consent of such individual or small business concern, unless—

''(i) the Administrator is ordered to make such a disclosure by a court in any civil or criminal enforcement action initiated by a Federal or State agency; or

''(ii) the Administrator considers such a disclosure to be necessary for the purpose of conducting a financial audit of a small business development center, but a disclosure under this clause shall be limited to the information necessary for such audit.

''(B) ADMINISTRATION USE OF INFORMATION.—This section shall not—

''(i) restrict Administration access to program activity data; or

''(ii) prevent the Administration from using client information (other than the information described in subparagraph (A)) to conduct client surveys.

''(C) REGULATIONS.—The Administrator shall issue regulations to establish standards for requiring disclosures during a financial audit under subparagraph (A)(ii).''.

(c) CONFORMING AMENDMENT.—Section 20(a)(1) of the Small Business Act (15 U.S.C. 631 note) is amended by striking ''certification'' each place it appears and inserting ''accreditation''.

SEC. 303. PRIME REAUTHORIZATION AND TRANSFER TO THE SMALL BUSINESS ACT.

(a) PROGRAM REAUTHORIZATION.—Subtitle C of title I of the Riegle Community Development and Regulatory Improvement Act of 1994 (15 U.S.C. 6901 note) is amended to read as follows:

''SEC. 37. PROGRAM FOR INVESTMENT IN MICROENTREPRENEURS.

''(a) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

''(1) ADMINISTRATION.—The term 'Administration' means the Small Business Administration.

''(2) ADMINISTRATOR.—The term 'Administrator' means the Administrator of the Small Business Administration.

''(3) CAPACITY BUILDING SERVICES.—The term 'capacity building services' means services provided to an organization that is, or that is in the process of becoming, a microenterprise development organization or program, for the purpose of enhancing its ability to provide training and services to disadvantaged entrepreneurs.

''(4) COLLABORATIVE.—The term 'collaborative' means 2 or more nonprofit entities that agree to act jointly as a qualified organization under this section.

''(5) DISADVANTAGED ENTREPRENEUR.—The term 'disadvantaged entrepreneur' means a microentrepreneur that—

''(A) is a low-income person;

''(B) is a very low-income person; or

''(C) lacks adequate access to capital or other resources essential for business success, or is economically disadvantaged, as determined by the Administrator.

''(6) INDIAN TRIBE.—The term 'Indian tribe' has the same meaning as in section 4(a) of the Indian Self-Determination and Education Assistance Act.

''(7) INTERMEDIARY.—The term 'intermediary' means a private, nonprofit entity that seeks to serve microenterprise development organizations and programs, as authorized under subsection (d).

''(8) LOW-INCOME PERSON.—The term 'low-income person' means having an income, adjusted for family size, of not more than—

''(A) for metropolitan areas, 80 percent of the area median income; and

''(B) for nonmetropolitan areas, the greater of—

''(i) 80 percent of the area median income; or

''(ii) 80 percent of the statewide nonmetropolitan area median income.

''(9) MICROENTREPRENEUR.—The term 'microentrepreneur' means the owner or developer of a microenterprise.

''(10) MICROENTERPRISE.—The term 'microenterprise' means a sole proprietorship, partnership, or corporation that—

''(A) has fewer than 5 employees; and

''(B) generally lacks access to conventional loans, equity, or other banking services.

''(11) MICROENTERPRISE DEVELOPMENT ORGANIZATION OR PROGRAM.—The term 'microenterprise development organization or program' means a nonprofit entity, or a program administered by such an entity, including community development corporations or other nonprofit development organizations and social service organizations, that provides services to disadvantaged entrepreneurs.

''(12) TRAINING AND TECHNICAL ASSISTANCE.—The term 'training and technical assistance' means services and support provided to disadvantaged entrepreneurs, such as assistance for the purpose of enhancing business planning, marketing, management, financial management skills, and assistance for the purpose of accessing financial services.

''(13) VERY LOW-INCOME PERSON.—The term 'very low-income person' means having an income, adjusted for family size, of not more than 150 percent of the poverty line (as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), including any revision required by that section).

''(b) ESTABLISHMENT OF PROGRAM.—The Administrator shall establish a microenterprise technical assistance and capacity building grant program to provide assistance from the Administration in the form of grants to qualified organizations in accordance with this section.

''(c) USES OF ASSISTANCE.—A qualified organization shall use grants made under this section—

''(1) to provide training and technical assistance to disadvantaged entrepreneurs;

''(2) to provide training and capacity building services to microenterprise development organizations and programs and groups of such organizations to assist such organizations and programs in developing microenterprise training and services;

''(3) to aid in researching and developing the best practices in the field of microenterprise and technical assistance programs for disadvantaged entrepreneurs; and

''(4) for such other activities as the Administrator determines are consistent with the purposes of this section.

''(d) QUALIFIED ORGANIZATIONS.—For purposes of eligibility for assistance under this section, a qualified organization shall be—

''(1) a nonprofit microenterprise development organization or program (or a group or collaborative thereof) that has a demonstrated record of delivering microenterprise services to disadvantaged entrepreneurs;

''(2) an intermediary;

''(3) a microenterprise development organization or program that is accountable to a local community, working in conjunction with a State or local government or Indian tribe; or

''(4) an Indian tribe acting on its own, if the Indian tribe can certify that no private organization or program referred to in this subsection exists within its jurisdiction.

''(e) ALLOCATION OF ASSISTANCE; SUBGRANTS.—

''(1) ALLOCATION OF ASSISTANCE.—

''(A) IN GENERAL.—The Administrator shall allocate assistance from the Administration under this section to ensure that—

''(i) activities described in subsection (c)(1) are funded using not less than 75 percent of amounts made available for such assistance; and

''(ii) activities described in subsection (c)(2) are funded using not less than 15 percent of amounts made available for such assistance.

''(B) LIMIT ON INDIVIDUAL ASSISTANCE.—No single person may receive more than 10 percent of the total funds appropriated under this section in a single fiscal year.

''(2) TARGETED ASSISTANCE.—The Administrator shall ensure that not less than 50 percent of the grants made under this section are used to benefit very low-income persons, including those residing on Indian reservations.

''(3) SUBGRANTS AUTHORIZED.—

''(A) IN GENERAL.—A qualified organization receiving assistance under this section may provide grants using that assistance to qualified small and emerging microenterprise organizations and programs, subject to such rules and regulations as the Administrator determines to be appropriate.

''(B) LIMIT ON ADMINISTRATIVE EXPENSES.—Not more than 7.5 percent of assistance received by a qualified organization under this section may be used for administrative expenses in connection with the making of subgrants under subparagraph (A).

''(4) DIVERSITY.—In making grants under this section, the Administrator shall ensure that grant recipients include both large and small microenterprise organizations, serving urban, rural, and Indian tribal communities serving diverse populations.

''(5) PROHIBITION ON PREFERENTIAL CONSIDERATION OF CERTAIN SBA PROGRAM PARTICIPANTS.—In making grants under this section, the Administrator shall ensure that any application made by a qualified organization that is a participant in the program established under section 7(m) of the Small Business Act does not receive preferential consideration over applications from other qualified organizations that are not participants in such program.

''(f) MATCHING REQUIREMENTS.—

''(1) IN GENERAL.—Financial assistance under this section shall be matched with funds from sources other than the Federal Government on the basis of not less than 50 percent of each dollar provided by the Administration.

''(2) SOURCES OF MATCHING FUNDS.—Fees, grants, gifts, funds from loan sources, and in-kind resources of a grant recipient from public or private sources may be used to comply with the matching requirement in paragraph (1).

''(3) EXCEPTION.—

''(A) IN GENERAL.—In the case of an applicant for assistance under this section with severe constraints on available sources of matching funds, the Administrator may reduce or eliminate the matching requirements of paragraph (1).

''(B) LIMITATION.—Not more than 10 percent of the total funds made available from the Administration in any fiscal year to carry out this section may be excepted from the matching requirements of paragraph (1), as authorized by subparagraph (A) of this paragraph.

''(g) APPLICATIONS FOR ASSISTANCE.—An application for assistance under this section shall be submitted in such form and in accordance with such procedures as the Administrator shall establish.

''(h) RECORDKEEPING AND REPORTING.—

''(1) IN GENERAL.—Each organization that receives assistance from the Administration in accordance with this section shall—

''(A) submit to the Administration not less than once in every 18-month period, financial statements audited by an independent certified public accountant;

''(B) submit an annual report to the Administration on its activities; and

''(C) keep such records as may be necessary to disclose the manner in which any assistance under this section is used.

''(2) ACCESS.—The Administration shall have access upon request, for the purposes of determining compliance with this section, to any records of any organization that receives assistance from the Administration in accordance with this section.

''(3) DATA COLLECTION.—Each organization that receives assistance from the Administration in accordance with this section shall collect information relating to, as applicable—

''(A) the number of individuals counseled or trained;

''(B) the number of hours of counseling provided;

''(C) the number of startup small business concerns formed;

''(D) the number of small business concerns expanded;

''(E) the number of low-income individuals counseled or trained; and

''(F) the number of very low-income individuals counseled or trained.

''(i) AUTHORIZATION.—There are authorized to be appropriated to the Administrator, to carry out the provisions of this section, to remain available until expended—

''(1) $15,000,000 for fiscal year 2004;

''(2) $15,000,000 for fiscal year 2005; and

''(3) $15,000,000 for fiscal year 2006.''.

(b) TRANSFER PROVISIONS.—

(1) SMALL BUSINESS ACT AMENDMENTS.—The Small Business Act (15 U.S.C. 631 et seq.) is amended by redesignating section 37, as added by this Act, as section 38.

(2) TRANSFER.—Section 37 of the Riegle Community Development and Regulatory Improvement Act of 1994 (15 U.S.C. 6901 note), as so designated by subsection (a) of this section, is transferred to, and inserted after, section 36 of the Small Business Act, as added by this Act.

(c) REFERENCES.—All references in Federal law to the ''Program for Investment in Microentrepreneurs Act of 1999'' or the ''PRIME Act'' shall be deemed to be references to section 37 of the Small Business Act, as added by this section.

(d) RULE OF CONSTRUCTION.—Nothing in this section or the amendments made by this section shall affect any grant or assistance provided under the Program for Investment in Microentrepreneurs Act of 1999, before the date of enactment of this Act, and any such grant or assistance shall be subject to the Program for Investment in Microentrepreneurs Act of 1999, as in effect on the day before the date of enactment of this Act.

Subtitle B—Women's Small Business Ownership Programs

SEC. 311. OFFICE OF WOMEN'S BUSINESS OWNERSHIP.

Section 29(g) of the Small Business Act (15 U.S.C. 656(g)) is amended—

(1) in paragraph (2)—

(A) in subparagraph (B)(i), by striking ''in the areas'' and all that follows through the end of subclause (I), and inserting the following: ''to address issues concerning operations, manufacturing, technology, finance, retail and product sales, international trade, and other disciplines required for—

''(I) starting, operating, and growing a small business concern;''; and

(B) in subparagraph (C), by inserting '', the National Women's Business Council, and any association of women's business centers, as defined in subsection (a)'' before the period at the end; and

(2) by adding at the end the following:

''(3) PROGRAMS AND SERVICES FOR WOMEN-OWNED SMALL BUSINESSES.—The Assistant Administrator, in consultation with the National Women's Business Council, the Interagency Committee on Women's Business Enterprise, and 1 or more associations of women's business centers, shall develop programs and services for women-owned businesses (as defined in section 408 of the Women's Business Ownership Act of 1988 (15 U.S.C. 631 note)) in business areas, which may include—

''(A) manufacturing;

''(B) technology;

''(C) professional services;

''(D) retail and product sales;

''(E) travel and tourism;

''(F) international trade; and

''(G) Federal Government contract business development.

''(4) TRAINING.—The Administration shall provide annual programmatic and financial oversight training for women's business ownership representatives and district office technical representatives of the Administration to enable these representatives to carry out their responsibilities under this section.

''(5) GRANT PROGRAM IMPROVEMENT.—The Administration shall improve the women's business center grant proposal process and the programmatic and financial oversight process by—

''(A) providing notice to the public of each women's business center grant announcement for an initial and renewal grant, not later than 6 months before awarding such grant;

''(B) providing notice to grant applicants and recipients of program evaluation criteria, not later than 12 months before any such evaluation;

''(C) reducing paperwork and reporting requirements for grant applicants and recipients;

''(D) standardizing the oversight and review process of the Administration; and

''(E) providing to each women's business center, not later than 30 days after the completion of a site visit at that center, a copy of site visit reports and evaluation reports prepared by district office technical representatives or Administration officials.''.

SEC. 312. WOMEN'S BUSINESS CENTER PROGRAM.

(a) WOMEN'S BUSINESS CENTER GRANTS PROGRAM.—Section 29 of the Small Business Act (15 U.S.C. 656) is amended—

(1) in subsection (a)—

(A) by redesignating paragraphs (2), (3), and (4), as paragraphs (3), (4), and (5), respectively; and

(B) by inserting after paragraph (1) the following:

''(2) the term 'association of women's business centers' means an organization that represents not less than 30 percent of the women's business centers that are participating in a program under this section and whose primary purpose is to represent women's business centers;''; and

(2) by striking subsections (b) through (f) and inserting the following:

''(b) GRANTS AUTHORIZED.—

''(1) IN GENERAL.—The Administration may award initial and renewal grants of not more than $150,000 per year, which shall be known as 'women's business center grants', to private nonprofit organizations to conduct projects for the benefit of small business concerns owned and controlled by women. At the end of the initial 4-year grant period, and every 3 years thereafter, the grant recipient may apply to renew the grant in accordance with this subsection and subsection (e)(2). In the event that the Administration has insufficient funds to provide grants of $150,000, for each eligible women's business center, available funds shall be allocated evenly to eligible centers, unless any center requests a lower amount than the allocable amount.

''(2) COOPERATIVE AGREEMENT AUTHORITY.—

''(A) IN GENERAL.—The Administration may enter into Federal cooperative agreements with grant recipients under this subsection to perform the services described under paragraph (3) only to the extent and in the amount provided by appropriated funds.

''(B) TERMINATION.—

''(i) IN GENERAL.—If any grant recipient under this subsection does not fulfill its grant obligations, after advanced notification, during the period of the grant, the Administration may terminate the grant.

''(ii) EXCEPTION.—Notwithstanding a grant recipient's violation of a grant obligation under this section, the Administration may continue to fund the grant if the grant recipient is making a good faith effort to comply with such obligation.

''(3) USE OF FUNDS.—Grants awarded under paragraph (1) may be used to provide training and counseling in the areas of—

''(A) pre-business, business startup, and business operations;

''(B) financial planning assistance;

''(C) procurement assistance;

''(D) management assistance; and

''(E) marketing assistance.

''(4) MATCHING REQUIREMENT.—

''(A) WOMEN'S BUSINESS CENTER GRANTS.—As a condition of receiving financial assistance under this section, the grant recipient shall agree to obtain, after its application has been approved and notice of award has been issued, cash contributions from non-Federal sources as follows:

''(i) In the first and second years, 1 non-Federal dollar for each 2 Federal dollars provided under the 4-year grant.

''(ii) In the third and fourth years, 1 non-Federal dollar for each Federal dollar provided under the 4-year grant.

''(iii) In each renewal period, 1 non-Federal dollar for each Federal dollar provided under the 3-year grant.

''(B) FORM OF NON-FEDERAL CONTRIBUTIONS.—Not more than ½ of the non-Federal sector matching assistance may be in the form of in-kind contributions that are budget line items only, including office equipment and office space.

''(C) FAILURE TO OBTAIN NON-FEDERAL FUNDING.—

''(i) ADVANCE DISBURSEMENTS.—If any grant recipient fails to obtain the required non-Federal contribution during any project year, it shall not be eligible for advance disbursements pursuant to subparagraph (D) during the remainder of that project year.

''(ii) ABILITY TO OBTAIN NON-FEDERAL FUNDING.—Before approving assistance to a grant recipient that has failed to obtain the required non-Federal contribution for any other projects under this Act, the Administration shall require the grant recipient to certify that it will be able to obtain the requisite non-Federal funding and enter a written finding setting forth the reasons for making such determination.

''(D) FORM OF FEDERAL CONTRIBUTIONS.—The financial assistance authorized pursuant to this section may be made by grant or cooperative agreement and may contain such provision, as necessary, to provide for payments in lump sum or installments, and in advance or by way of reimbursement. The Administration may disburse up to 25 percent of each year's Federal share awarded to a grant recipient after notice of the award has been issued and before the non-Federal sector matching funds are obtained.

''(5) APPLICATION FOR AN INITIAL GRANT.—Each organization desiring an initial grant under this subsection, shall submit to the Administration an application that contains—

''(A) a certification that the applicant—

''(i) is a private nonprofit organization;

''(ii) has designated an executive director or program manager, who may be compensated from grant funds or other sources, to manage the center; and

''(iii) as a condition of receiving a grant under this subsection, agrees—

''(I) to receive a site visit as part of the final selection process;

''(II) to undergo an annual programmatic and financial examination; and

''(III) to the maximum extent practicable, to remedy any problems identified pursuant to the site visit or examination under subclauses (I) and (II);

''(B) information demonstrating that the applicant has the ability and resources to meet the needs of the market to be served by the women's business center site for which an initial grant is sought, including the ability to comply with the matching requirement under paragraph (4);

''(C) information relating to assistance to be provided by the women's business center site for which an initial grant is sought in the area in which the site is located;

''(D) information demonstrating the effective experience of the applicant in—

''(i) conducting financial, management, and marketing assistance programs, as described under paragraph (3), which are designed to teach or upgrade the business skills of women who are business owners or potential business owners;

''(ii) providing training and services to a representative number of women who are both socially and economically disadvantaged; and

''(iii) using resource partners of the Administration and other entities, such as universities;

''(E) a 4-year plan that projects the ability of the women's business center site for which an initial grant is sought—

''(i) to serve women business owners or potential owners in the future by improving training and counseling activities; and

''(ii) to provide training and services to a representative number of women who are both socially and economically disadvantaged; and

''(F) any additional information that the Administration may reasonably require.

''(6) REVIEW AND APPROVAL OF APPLICATIONS FOR AN INITIAL GRANT.—

''(A) IN GENERAL.—The Administration shall—

''(i) review each application submitted under paragraph (5) based on the information provided in such paragraph and the criteria set forth under subparagraph (B); and

''(ii) as part of the final selection process, conduct a site visit at each women's business center for which an initial grant is sought.

''(B) SELECTION CRITERIA.—

''(i) IN GENERAL.—The Administration shall evaluate applicants in accordance with predetermined selection criteria that shall be stated in terms of relative importance. Such criteria and their relative importance shall be made publicly available and stated in each solicitation for applications made by the Administration.

''(ii) REQUIRED CRITERIA.—The selection criteria for an initial grant under clause (i) shall include—

''(I) the experience of the applicant in conducting programs or ongoing efforts designed to teach or upgrade the business skills of women business owners or potential owners;

''(II) the ability of the applicant to commence a project within a minimum amount of time;

''(III) the ability of the applicant to provide training and services to a representative number of women who are both socially and economically disadvantaged; and

''(IV) the location for the women's business center site proposed by the applicant.

''(C) RECORD RETENTION.—The Administration shall maintain a copy of each application submitted under this paragraph for not less than 7 years.

''(7) APPLICATION FOR A RENEWAL GRANT.—Each organization desiring a renewal grant under this subsection, shall submit to the Administration, not later than 3 months before the expiration of an existing grant under this subsection, an application that contains—

''(A) a certification that the applicant—

''(i) is a private nonprofit organization;

''(ii) has designated an executive director or program manager to manage the center; and

''(iii) as a condition of receiving a grant under this subsection, agrees—

''(I) to receive a site visit as part of the final selection process;

''(II) to submit, for the preceding 2 years, annual programmatic and financial examination reports or certified copies of the applicant's compliance supplemental audits under OMB Circular A–133; and

''(III) to the maximum extent practicable, to remedy any problems identified pursuant to the site visit or examination under subclauses (I) and (II);

''(B) information demonstrating that the applicant has the ability and resources to meet the needs of the market to be served by the women's business center site for which a renewal grant is sought, including the ability to comply with the matching requirement under paragraph (4);

''(C) information relating to assistance to be provided by the women's business center site for which a renewal grant is sought in the area in which the site is located;

''(D) information demonstrating the utilization of resource partners of the Administration and other entities;

''(E) a 3-year plan that projects the ability of the women's business center site for which a renewal grant is sought—

''(i) to serve women business owners or potential owners in the future by improving training and counseling activities; and

''(ii) to provide training and services to a representative number of women who are both socially and economically disadvantaged; and

''(F) any additional information that the Administration may reasonably require.

''(8) REVIEW AND APPROVAL OF APPLICATIONS FOR A RENEWAL GRANT.—

''(A) IN GENERAL.—The Administration shall—

''(i) review each application submitted under paragraph (7) based on the information provided in such paragraph and the criteria set forth under subparagraph (B); and

''(ii) as part of the final selection process, conduct a site visit at each women's business center for which a renewal grant is sought.

''(B) SELECTION CRITERIA.—The Administration shall evaluate applicants in accordance with predetermined selection criteria that shall be stated in terms of relative importance. Such criteria and their relative importance shall be made publicly available and stated in each solicitation for applications made by the Administration.

''(C) CONDITIONS FOR CONTINUED FUNDING.—In determining whether to renew a grant or cooperative agreement with a women's business center, the Administration—

''(i) shall consider the results of the most recent evaluation of the center, and, to a lesser extent, previous evaluations; and

''(ii) may withhold such renewal, if the Administration determines that the center has failed to provide the information required to be provided under this subsection, or the information provided by the center is inadequate.

''(D) CONTINUING GRANT AND COOPERATIVE AGREEMENT AUTHORITY.—

''(i) IN GENERAL.—The authority of the Administrator to enter into grants or cooperative agreements under this subsection shall be in effect for each fiscal year only to the extent and in the amounts as are provided in advance in appropriations Acts.

''(ii) RENEWAL.—After the Administrator has entered into a grant or cooperative agreement with any women's business center under this subsection, it shall not suspend, terminate, or fail to renew or extend any such grant or cooperative agreement unless the Administrator provides the center with written notification setting forth the reasons therefore and affords the center an opportunity for a hearing, appeal, or other administrative proceeding under chapter 5 of title 5, United States Code.

''(E) RECORD RETENTION.—The Administration shall maintain a copy of each application submitted under this paragraph for not less than 7 years.

''(9) DATA COLLECTION.—Consistent with the annual report to Congress under subsection (g), each women's business center site that is awarded an initial or renewal grant shall collect information relating to—

''(A) the number of individuals counseled or trained;

''(B) the number of hours of counseling provided;

''(C) the number of workshops conducted;

''(D) the number of startup small business concerns formed; and

''(E) the number of jobs created or maintained at assisted small business concerns.

''(10) PRIVACY REQUIREMENTS.—

''(A) IN GENERAL.—A women's business center may not disclose the name, address, or telephone number of any individual or small business concern receiving assistance under this section without the consent of such individual or small business concern unless—

''(i) the Administrator is ordered to make such a disclosure by a court in any civil or criminal enforcement action initiated by a Federal or State agency; or

''(ii) the Administrator considers such a disclosure to be necessary for the purpose of conducting a financial audit of a small business development center, but a disclosure under this clause shall be limited to the information necessary for such audit.

''(B) ADMINISTRATION USE OF INFORMATION.—This section shall not—

''(i) restrict Administration access to program activity data; or

''(ii) prevent the Administration from using client information (other than the information described in subparagraph (A)) to conduct client surveys.

''(C) REGULATIONS.—The Administrator shall issue regulations to establish standards for requiring disclosures during a financial audit under subparagraph (A)(ii).

''(11) TRANSITION RULES.—

''(A) IN GENERAL.—Notwithstanding any other provision of law, a grant or cooperative agreement that was awarded as an eligible sustainability grant, from amounts appropriated for fiscal year 2003, to operate a women's business center, shall remain in full force and effect under the terms, and for the duration, of such agreement, subject to the grant limitation in paragraph (1).

''(B) EXTENSION.—If the sustainability grant under subparagraph (A) is scheduled to expire not later than June 30, 2005, a 1-year extension shall be granted without any interruption of funding, subject to the grant limitation in paragraph (1).

''(C) EFFECT ON CERTAIN EXISTING PROJECTS AND RENEWAL AUTHORITY.—A project being conducted by a women's business center under this subsection on the day before the date of enactment of the Small Business Administration 50th Anniversary Reauthorization Act of 2003—

''(i) as a 5-year project, shall remain in full force and effect under the terms and for the duration of that agreement; and

''(ii) shall be eligible to apply for a 3-year renewal grant funded at a level equal to not more than $150,000 per year.

''(c) ASSOCIATIONS OF WOMEN'S BUSINESS CENTERS.—

''(1) RECOGNITION.—The Administration shall recognize the existence and activities of any association of women's business centers established to address matters of common concern.

''(2) CONSULTATION.—The Administration shall consult with each association of women's business centers (as defined in subsection (a)) to develop—

''(A) a training program for the staff of the women's business centers and the Administration; and

''(B) recommendations to improve the policies and procedures for governing the general operations and administration of the Women's Business Center Program, including

grant program improvements under subsection (g)(5).''.

(b) CONFORMING AMENDMENTS.—Section 29 of the Small Business Act (15 U.S.C. 656) is amended—

(1) by redesignating subsections (g), (h), (i), (j), and (k) as subsections (d), (e), (f), (g), and (h), respectively;

(2) in subsection (e)(2), as redesignated by paragraph (1) of this subsection, by striking ''to award a contract (as a sustainability grant) under subsection (l) or'';

(3) in subsection (g)(1), as redesignated by paragraph (1) of this subsection, by striking ''The Administration'' and inserting ''Not later than November 1st of each year, the Administration'';

(4) in subsection (h), as redesignated by paragraph (1) of this subsection—

(A) by amending paragraph (1) to read as follows:

''(1) IN GENERAL.—There are authorized to be appropriated to carry out the provisions of this section, to remain available until expended—

''(A) $15,000,000 for fiscal year 2004, of which $500,000 may be used to provide supplemental sustainability grants to women's business centers, except that no such center may receive more than a total of $125,000 in grant funding for the grant period beginning on July 1, 2003 and ending on June 30, 2004;

''(B) $16,000,000 for fiscal year 2005; and

''(C) $17,500,000 for fiscal year 2006.'';

(B) by amending paragraph (2) to read as follows:

''(2) USE OF AMOUNTS.—Amounts made available under this subsection may only be used for grant awards and may not be used for costs incurred by the Administration in connection with the management and administration of the program under this section.''; and

(C) by striking paragraph (4); and

(5) by striking subsection (l).

SEC. 313. NATIONAL WOMEN'S BUSINESS COUNCIL.

(a) COSPONSORSHIP AUTHORITY.—Section 406 of the Women's Business Ownership Act of 1988 (15 U.S.C. [631 note]*7106*) is amended by adding at the end the following:

''(f) COSPONSORSHIP AUTHORITY.—The Council is authorized to enter into agreements as cosponsors with public and private entities, in the same manner as is provided in section 8(b)(1)(A) of the Small Business Act (15 U.S.C. 637(b)(1)(A)), to carry out its duties under this section.''.

(b) MEMBERSHIP.—Section 407(f) of the Women's Business Ownership Act of 1988 (15 U.S.C. [631 note]*7107(f)*) is amended by adding at the end the following:

''(3) REPRESENTATION OF MEMBER ORGANIZATIONS.—Notwithstanding subsection (b), a national women's business organization or small business that is represented on the Council may, in consultation with the chairperson of the Council, replace its representative member on the Council at any time during the service term to which that member was appointed.''.

(c) ESTABLISHMENT OF COMMITTEES.—[The]*Title IV of the* Women's Business Ownership Act of 1988 (15 U.S.C. [631 note]*7101 et seq.*) is amended by inserting after section [407]*410*, the following new section:

''SEC. [408]411. COMMITTEES.

''(a) ESTABLISHMENT.—There are established within the Council—

''(1) the Committee on Manufacturing, Technology, and Professional Services;

''(2) the Committee on Travel, Tourism, Product and Retail Sales, and International Trade; and

''(3) the Committee on Federal Procurement and Contracting.

''(b) DUTIES.—The Committees established under subsection (a) shall perform such duties as the chairperson shall direct.''.

(d) CLEARINGHOUSE FOR HISTORICAL DOCUMENTS.—Section 409 of the Women's Business Ownership Act of 1988 (15 U.S.C. 631 note*7109*) is amended by adding at the end the following:

''(c) CLEARINGHOUSE FOR HISTORICAL DOCUMENTS.—The Council shall serve as a clearinghouse for information on small businesses owned and controlled by women, including research conducted by other organizations and individuals relating to ownership by women of small businesses in the United States.''.

(e) AUTHORIZATION OF APPROPRIATIONS.—Section 410(a) of the Women's Business Ownership Act of 1988 (15 U.S.C. [631 note]*7110(a)*) is amended by striking ''2001 through 2003, of which $550,000'' and inserting ''2004 through 2006, of which at least 30 percent''.

SEC. 314. INTERAGENCY COMMITTEE ON WOMEN'S BUSINESS ENTERPRISE.

(a) CHAIRPERSON.—Section 403(b) of the Women's Business Ownership Act of 1988 (15 U.S.C. [631 note]*7103(b)*) is amended—

(1) by striking ''Not later'' and inserting the following:

''(1) IN GENERAL.—Not later''; and

(2) by adding at the end the following:

''(2) VACANCY.—In the event that a chairperson is not appointed under paragraph (1), the Deputy Administrator of the Small Business Administration shall serve as acting chairperson of the Interagency Committee until a chairperson is appointed under paragraph (1).''.

(b) POLICY ADVISORY GROUP.—Section 401 of the Women's Business Ownership Act of 1988 (15 U.S.C. [631 note]*7101*) is amended—

(1) by striking ''There'' and inserting the following:

''(a) IN GENERAL.—There''; and

(2) by adding at the end the following:

''(b) POLICY ADVISORY GROUP.—

''(1) ESTABLISHMENT.—There is established a Policy Advisory Group to assist the chairperson in developing policies and programs under this Act.

''(2) MEMBERSHIP.—The Policy Advisory Group shall be composed of 7 policy making officials, of whom—

''(A) 1 shall be a representative of the Small Business Administration;

''(B) 1 shall be a representative of the Department of Commerce;

''(C) 1 shall be a representative of the Department of Labor;

''(D) 1 shall be a representative of the Department of Defense;

''(E) 1 shall be a representative of the Department of the Treasury; and

''(F) 2 shall be representatives of the National Women's Business Council.''.

(c) ESTABLISHMENT OF SUBCOMMITTEES.—Section 401 of the Women's Business Ownership Act of 1988 (15 U.S.C. [631 note]*7101*), as amended by subsection (b), is further amended by adding at the end the following:

''(c) SUBCOMMITTEES.—

''(1) ESTABLISHMENT.—There are established—

''(A) the Subcommittee on Manufacturing, Technology, and Professional Services;

''(B) the Subcommittee on Travel, Tourism, Product and Retail Sales, and International Trade; and

''(C) the Subcommittee on Federal Procurement and Contracting.

''(2) DUTIES.—The Subcommittees established under paragraph (1) shall perform such duties as the chairperson shall direct.

''(3) MEETINGS.—The Interagency Committee shall meet not less frequently than 3 times each year to—

''(A) plan activities for the new fiscal year;

''(B) track year-to-date agency contracting goals; and

''(C) evaluate the progress during the fiscal year and prepare an annual report.''.

SEC. 315. PRESERVING THE INDEPENDENCE OF THE NATIONAL WOMEN'S BUSINESS COUNCIL.

(a) SHORT TITLE.—This section may be cited as the ''National Women's Business Council Independence Preservation Act of 2003''.

(b) FINDINGS.—Congress finds the following:

(1) The National Women's Business Council provides an independent source of advice and policy recommendations regarding women's business development and the needs of women entrepreneurs in the United States to—

(A) the President;

(B) Congress;

(C) the Interagency Committee on Women's Business Enterprise; and

(D) the Administrator of the Small Business Administration.

(2) The members of the National Women's Business Council are small business owners, representatives of business organizations, and representatives of women's business centers.

(3) The chair and ranking member of the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives make recommendations to the Administrator to fill 8 of the positions on the National Women's Business Council. Four of the positions are reserved for small business owners who are affiliated with the political party of the President and 4 of the positions are reserved for small business owners who are not affiliated with the political party of the President. This method of appointment ensures that the National Women's Business Council will provide Congress with nonpartisan, balanced, and independent advice.

(4) In order to maintain the independence of the National Women's Business Council and to ensure that the Council continues to provide Congress with advice on a nonpartisan basis, it is essential that the Council maintain the bipartisan balance established under section 407 of the Women's Business Ownership Act of 1988 (15 U.S.C. 7107).

(c) MAINTENANCE OF PARTISAN BALANCE.—Section 407(f) of the Women's Business Ownership Act of 1988 (15 U.S.C. 7107(f)) is amended—

(1) by striking ''A vacancy'' and inserting the following:

''(1) IN GENERAL.—A vacancy''; and

(2) by adding at the end the following:

''(2) PARTISAN BALANCE.—When filling vacancies under paragraph (1), the Administrator shall, to the extent practicable, ensure that there are an equal number of members on the Council from each of the 2 major political parties.

''(3) ACCOUNTABILITY.—If a vacancy is not filled within the 30-day period required under paragraph (1) or if there exists an imbalance of party-affiliated members on the Council for a period exceeding 30 days, the Administrator shall submit a report, not later than 10 days after the respective 30-day deadline, to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives, that explains why the respective deadline was not met and provides an estimated date on which any vacancies will be filled.''.

Subtitle C—Office of Native American Affairs

SEC. 321. SHORT TITLE.

This subtitle may be cited as the ''Native American Small Business Development Act''.

SEC. 322. NATIVE AMERICAN SMALL BUSINESS DEVELOPMENT PROGRAM.

The Small Business Act (15 U.S.C. 631 et seq.) is amended—

(1) by redesignating section 36 as section 37; and

(2) by inserting after section 35 the following:

''SEC. 36. NATIVE AMERICAN SMALL BUSINESS DEVELOPMENT PROGRAM.

''(a) DEFINITIONS.—In this section—

''(1) the term 'Alaska Native' has the same meaning as the term 'Native' in section 3(b) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(b));

''(2) the term 'Alaska Native corporation' has the same meaning as the term 'Native Corporation' in section 3(m) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(m));

''(3) the term 'Assistant Administrator' means the Assistant Administrator of the Office of Native American Affairs established under subsection (b);

''(4) the terms 'center' and 'Native American business center' mean a center established under subsection (c);

''(5) the term 'Native American business development center' means an entity providing business development assistance to federally recognized tribes and Native Americans under a grant from the Minority Business Development Agency of the Department of Commerce;

''(6) the term 'Native American small business concern' means a small business concern that is owned and controlled by—

''(A) a member of an Indian tribe or tribal government;

''(B) an Alaska Native or Alaska Native corporation; or

''(C) a Native Hawaiian or Native Hawaiian organization;

''(7) the term 'Native Hawaiian' has the same meaning as in section 625 of the Older Americans Act of 1965 (42 U.S.C. 3057k);

''(8) the term 'Native Hawaiian organization' has the same meaning as in section 8(a)(15) of this Act;

''(9) the term 'tribal college' has the same meaning as the term 'tribally controlled college or university' has in section 2(a)(4) of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801(a)(4));

''(10) the term 'tribal government' has the same meaning as the term 'Indian tribe' has in section 7501(a)(9) of title 31, United States Code; and

''(11) the term 'tribal lands' means all lands within the exterior boundaries of any Indian reservation.

''(b) OFFICE OF NATIVE AMERICAN AFFAIRS.—

''(1) ESTABLISHMENT.—There is established within the Administration the Office of Native American Affairs, which, under the direction of the Assistant Administrator, shall implement the Administration's programs for the development of business enterprises by Native Americans.

''(2) PURPOSE.—The purpose of the Office of Native American Affairs is to assist Native American entrepreneurs to—

''(A) start, operate, and grow small business concerns;

''(B) develop management and technical skills;

''(C) seek Federal procurement opportunities;

''(D) increase employment opportunities for Native Americans through the start and expansion of small business concerns; and

''(E) increase the access of Native Americans to capital markets.

''(3) ASSISTANT ADMINISTRATOR.—

''(A) APPOINTMENT.—The Administrator shall appoint a qualified individual to serve as Assistant Administrator of the Office of Native American Affairs in accordance with this paragraph.

''(B) QUALIFICATIONS.—The Assistant Administrator appointed under subparagraph (A) shall have—

''(i) knowledge of the Native American culture; and

''(ii) experience providing culturally tailored small business development assistance to Native Americans.

''(C) EMPLOYMENT STATUS.—The Assistant Administrator shall be a Senior Executive Service position under section 3132(a)(2) of title 5, United States Code, and shall serve as a noncareer appointee, as defined in section 3132(a)(7) of title 5, United States Code.

''(D) RESPONSIBILITIES AND DUTIES.—The Assistant Administrator shall—

''(i) administer and manage the Native American Small Business Development program established under this section;

''(ii) recommend the annual administrative and program budgets for the Office of Native American Affairs;

''(iii) consult with Native American business centers in carrying out the program established under this section;

''(iv) recommend appropriate funding levels;

''(v) review the annual budgets submitted by each applicant for the Native American Small Business Development program;

''(vi) select applicants to participate in the program under this section;

''(vii) implement this section; and

''(viii) maintain a clearinghouse to provide for the dissemination and exchange of information between Native American business centers.

''(E) CONSULTATION REQUIREMENTS.—In carrying out the responsibilities and duties described in this paragraph, the Assistant Administrator shall confer with and seek the advice of—

''(i) Administration officials working in areas served by Native American business centers and Native American business development centers;

''(ii) the Bureau of Indian Affairs of the Department of the Interior;

''(iii) tribal governments;

''(iv) tribal colleges;

''(v) Alaska Native corporations; and

''(vi) Native Hawaiian organizations.

''(c) NATIVE AMERICAN SMALL BUSINESS DEVELOPMENT PROGRAM.—

''(1) AUTHORIZATION.—

''(A) IN GENERAL.—The Administration, through the Office of Native American Affairs, shall provide financial assistance to tribal governments, tribal colleges, Native Hawaiian organizations, and Alaska Native corporations to create Native American business centers in accordance with this section.

''(B) USE OF FUNDS.—The financial and resource assistance provided under this subsection shall be used to overcome obstacles impeding the creation, development, and expansion of small business concerns, in accordance with this section, by—

''(i) reservation-based American Indians;

''(ii) Alaska Natives; and

''(iii) Native Hawaiians.

''(2) 5-YEAR PROJECTS.—

''(A) IN GENERAL.—Each Native American business center that receives assistance under paragraph (1)(A) shall conduct 5-year projects that offer culturally tailored business development assistance in the form of—

''(i) financial education, including training and counseling in—

''(I) applying for and securing business credit and investment capital;

''(II) preparing and presenting financial statements; and

''(III) managing cash flow and other financial operations of a business concern;

''(ii) management education, including training and counseling in planning, organizing, staffing, directing, and controlling each major activity and function of a small business concern; and

''(iii) marketing education, including training and counseling in—

''(I) identifying and segmenting domestic and international market opportunities;

''(II) preparing and executing marketing plans;

''(III) developing pricing strategies;

''(IV) locating contract opportunities;

''(V) negotiating contracts; and

''(VI) utilizing varying public relations and advertising techniques.

''(B) BUSINESS DEVELOPMENT ASSISTANCE RECIPIENTS.—The business development assistance under subparagraph (A) shall be offered to prospective and current owners of small business concerns that are owned by—

''(i) American Indians or tribal governments, and located on or near tribal lands;

''(ii) Alaska Natives or Alaska Native corporations; or

''(iii) Native Hawaiians or Native Hawaiian organizations.

''(3) FORM OF FEDERAL FINANCIAL ASSISTANCE.—

''(A) DOCUMENTATION.—

''(i) IN GENERAL.—The financial assistance to Native American business centers authorized under this subsection may be made by grant, contract, or cooperative agreement.

''(ii) EXCEPTION.—Financial assistance under this subsection to Alaska Native corporations or Native Hawaiian organizations may only be made by grant.

''(B) PAYMENTS.—

''(i) TIMING.—Payments made under this subsection may be disbursed in an annual lump sum or in periodic installments, at the request of the recipient.

''(ii) ADVANCE.—The Administration may disburse not more than 25 percent of the annual amount of Federal financial assistance awarded to a Native American small business center after notice of the award has been issued.

''(iii) NO MATCHING REQUIREMENT.—The Administration shall not require a grant recipient to match grant funding received under this subsection with non-Federal resources as a condition of receiving the grant.

''(4) CONTRACT AND COOPERATIVE AGREEMENT AUTHORITY.—A Native American business center may enter into a contract or cooperative agreement with a Federal department or agency to provide specific assistance to Native American and other under-served small business concerns located on or near tribal lands, to the extent that such contract or cooperative agreement is consistent with the terms of any assistance received by the Native American business center from the Administration.

''(5) APPLICATION PROCESS.—

''(A) SUBMISSION OF A 5-YEAR PLAN.—Each applicant for assistance under paragraph (1) shall submit a 5-year plan to the Administration on proposed assistance and training activities.

''(B) CRITERIA.—

''(i) IN GENERAL.—The Administration shall evaluate and rank applicants in accordance with predetermined selection criteria that shall be stated in terms of relative importance.

''(ii) PUBLIC NOTICE.—The criteria required by this paragraph and their relative importance shall be made publicly available, within a reasonable time, and stated in each solicitation for applications made by the Administration.

''(iii) CONSIDERATIONS.—The criteria required by this paragraph shall include—

''(I) the experience of the applicant in conducting programs or ongoing efforts designed to impart or upgrade the business skills of current or potential owners of Native American small business concerns;

''(II) the ability of the applicant to commence a project within a minimum amount of time;

''(III) the ability of the applicant to provide quality training and services to a significant number of Native Americans;

''(IV) previous assistance from the Small Business Administration to provide services in Native American communities; and

''(V) the proposed location for the Native American business center site, with priority given based on the proximity of the center to the population being served and to achieve a broad geographic dispersion of the centers.

''(6) PROGRAM EXAMINATION.—

''(A) IN GENERAL.—Each Native American business center established pursuant to this subsection shall annually provide the Administration with an itemized cost breakdown of actual expenditures incurred during the preceding year.

''(B) ADMINISTRATION ACTION.—Based on information received under subparagraph (A), the Administration shall—

''(i) develop and implement an annual programmatic and financial examination of each Native American business center assisted pursuant to this subsection; and

''(ii) analyze the results of each examination conducted under clause (i) to determine the programmatic and financial viability of each Native American business center.

''(C) CONDITIONS FOR CONTINUED FUNDING.—In determining whether to renew a grant, contract, or cooperative agreement with a Native American business center, the Administration—

''(i) shall consider the results of the most recent examination of the center under subparagraph (B), and, to a lesser extent, previous examinations; and

''(ii) may withhold such renewal, if the Administration determines that—

''(I) the center has failed to provide adequate information required to be provided under subparagraph (A), or the information provided by the center is inadequate; or

''(II) the center has failed to provide adequate information required to be provided by the center for purposes of the report of the Administration under subparagraph (E).

''(D) CONTINUING CONTRACT AND COOPERATIVE AGREEMENT AUTHORITY.—

''(i) IN GENERAL.—The authority of the Administrator to enter into contracts or cooperative agreements in accordance with this subsection shall be in effect for each fiscal year only to the extent and in the amounts as are provided in advance in appropriations Acts.

''(ii) RENEWAL.—After the Administrator has entered into a contract or cooperative agreement with any Native American business center under this subsection, it shall not suspend, terminate, or fail to renew or extend any such contract or cooperative agreement unless the Administrator provides the center with written notification setting forth the reasons therefore and affords the center an opportunity for a hearing, appeal, or other administrative proceeding under chapter 5 of title 5, United States Code.

''(E) MANAGEMENT REPORT.—

''(i) IN GENERAL.—The Administration shall prepare and submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives an annual report on the effectiveness of all projects conducted by Native American business centers under this subsection and any pilot programs administered by the Office of Native American Affairs.

''(ii) CONTENTS.—Each report submitted under clause (i) shall include, with respect to each Native American business center receiving financial assistance under this subsection—

''(I) the number of individuals receiving assistance from the Native American business center;

''(II) the number of startup business concerns created;

''(III) the number of existing businesses seeking to expand employment;

''(IV) jobs created or maintained, on an annual basis, by Native American small business concerns assisted by the center since receiving funding under this Act;

''(V) to the maximum extent practicable, the capital investment and loan financing utilized by emerging and expanding businesses that were assisted by a Native American business center; and

''(VI) the most recent examination, as required under subparagraph (B), and the subsequent determination made by the Administration under that subparagraph.

''(7) ANNUAL REPORT.—Each entity receiving financial assistance under this subsection shall annually report to the Administration on the services provided with such financial assistance, including—

''(A) the number of individuals assisted, categorized by ethnicity;

''(B) the number of hours spent providing counseling and training for those individuals;

''(C) the number of startup small business concerns created or maintained;

''(D) the gross receipts of assisted small business concerns;

''(E) the number of jobs created or maintained at assisted small business concerns; and

''(F) the number of Native American jobs created or maintained at assisted small business concerns.

''(8) RECORD RETENTION.—

''(A) APPLICATIONS.—The Administration shall maintain a copy of each application submitted under this subsection for not less than 7 years.

''(B) ANNUAL REPORTS.—The Administration shall maintain copies of the information collected under paragraph (6)(A) indefinitely.

''(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $5,000,000 for each of the fiscal years 2004 through 2008, to carry out the Native American Small Business Development Program, authorized under subsection (c).''.

SEC. 323. PILOT PROGRAMS.

(a) DEFINITIONS.—In this section, the following definitions shall apply:

(1) INCORPORATION BY REFERENCE.—The terms defined in section 36(a) of the Small Business Act (as added by this Act) have the same meanings as in that section 36(a) when used in this section.

(2) JOINT PROJECT.—The term ''joint project'' means the combined resources and expertise of 2 or more distinct entities at a physical location dedicated to assisting the Native American community.

(b) NATIVE AMERICAN DEVELOPMENT GRANT PILOT PROGRAM.—

(1) AUTHORIZATION.—

(A) IN GENERAL.—There is established a 4-year pilot program under which the Administration is authorized to award Native American development grants to provide culturally tailored business development training and related services to Native Americans and Native American small business concerns.

(B) ELIGIBLE ORGANIZATIONS.—The grants authorized under subparagraph (A) may be awarded to—

(i) any small business development center; or

(ii) any private, nonprofit organization that—

(I) has members of an Indian tribe comprising a majority of its board of directors;

(II) is a Native Hawaiian organization; or

(III) is an Alaska Native corporation.

(C) AMOUNTS.—The Administration shall not award a grant under this subsection in an amount which exceeds $100,000 for each year of the project.

(D) GRANT DURATION.—Each grant under this subsection shall be awarded for not less than a 2-year period and not more than a 4-year period.

(2) CONDITIONS FOR PARTICIPATION.—Each entity desiring a grant under this subsection shall submit an application to the Administration that contains—

(A) a certification that the applicant—

(i) is a small business development center or a private, nonprofit organization under paragraph (1)(B)(i);

(ii) employs an executive director or program manager to manage the facility; and

(iii) agrees—

(I) to a site visit as part of the final selection process;

(II) to an annual programmatic and financial examination; and

(III) to the maximum extent practicable, to remedy any problems identified pursuant to that site visit or examination;

(B) information demonstrating that the applicant has the ability and resources to meet the needs, including cultural needs, of the Native Americans to be served by the grant;

(C) information relating to proposed assistance that the grant will provide, including—

(i) the number of individuals to be assisted; and

(ii) the number of hours of counseling, training, and workshops to be provided;

(D) information demonstrating the effective experience of the applicant in—

(i) conducting financial, management, and marketing assistance programs designed to impart or upgrade the business skills of current or prospective Native American business owners;

(ii) providing training and services to a representative number of Native Americans;

(iii) using resource partners of the Administration and other entities, including universities, tribal governments, or tribal colleges; and

(iv) the prudent management of finances and staffing;

(E) the location where the applicant will provide training and services to Native Americans; and

(F) a multiyear plan, corresponding to the length of the grant, that describes—

(i) the number of Native Americans and Native American small business concerns to be served by the grant;

(ii) in the continental United States, the number of Native Americans to be served by the grant; and

(iii) the training and services to be provided to a representative number of Native Americans.

(3) REVIEW OF APPLICATIONS.—The Administration shall—

(A) evaluate and rank applicants under paragraph (2) in accordance with predetermined selection criteria that is stated in terms of relative importance;

(B) include such criteria in each solicitation under this subsection and make such information available to the public; and

(C) approve or disapprove each completed application submitted under this subsection not more than 60 days after submission.

(4) ANNUAL REPORT.—Each recipient of a Native American development grant under this subsection shall annually report to the Administration on the impact of the grant funding, including—

(A) the number of individuals assisted, categorized by ethnicity;

(B) the number of hours spent providing counseling and training for those individuals;

(C) the number of startup small business concerns created or maintained with assistance from a Native American business center;

(D) the gross receipts of assisted small business concerns;

(E) the number of jobs created or maintained at assisted small business concerns; and

(F) the number of Native American jobs created or maintained at assisted small business concerns.

(5) RECORD RETENTION.—

(A) APPLICATIONS.—The Administration shall maintain a copy of each application submitted under this subsection for not less than 7 years.

(B) ANNUAL REPORTS.—The Administration shall maintain copies of the information collected under paragraph (4) indefinitely.

(c) AMERICAN INDIAN TRIBAL ASSISTANCE CENTER GRANT PILOT PROGRAM.—

(1) AUTHORIZATION.—

(A) IN GENERAL.—There is established a 4-year pilot program, under which the Administration shall award not less than 3 American Indian Tribal Assistance Center grants to establish joint projects to provide culturally tailored business development assistance to prospective and current owners of small business concerns located on or near tribal lands.

(B) ELIGIBLE ORGANIZATIONS.—

(i) CLASS 1.—Not fewer than 1 grant shall be awarded to a joint project performed by a Native American business center, a Native American business development center, and a small business development center.

(ii) CLASS 2.—Not fewer than 2 grants shall be awarded to joint projects performed by a Native American business center and a Native American business development center.

(C) AMOUNTS.—The Administration shall not award a grant under this subsection in an amount which exceeds $200,000 for each year of the project.

(D) GRANT DURATION.—Each grant under this subsection shall be awarded for a 3-year period.

(2) CONDITIONS FOR PARTICIPATION.—Each entity desiring a grant under this subsection shall submit to the Administration a joint application that contains—

(A) a certification that each participant of the joint application—

(i) is either a Native American business center, a Native American business development center, or a small business development center;

(ii) employs an executive director or program manager to manage the center; and

(iii) as a condition of receiving the American Indian Tribal Assistance Center grant, agrees—

(I) to an annual programmatic and financial examination; and

(II) to the maximum extent practicable, to remedy any problems identified pursuant to that examination;

(B) information demonstrating an historic commitment to providing assistance to Native Americans—

(i) residing on or near tribal lands; or

(ii) operating a small business concern on or near tribal lands;

(C) information demonstrating that each participant of the joint application has the ability and resources to meet the needs, including the cultural needs of the Native Americans to be served by the grant;

(D) information relating to proposed assistance that the grant will provide, including—

(i) the number of individuals to be assisted; and

(ii) the number of hours of counseling, training, and workshops to be provided;

(E) information demonstrating the effective experience of each participant of the joint application in—

(i) conducting financial, management, and marketing assistance programs, as described above, designed to impart or upgrade the business skills of current or prospective Native American business owners; and

(ii) the prudent management of finances and staffing; and

(F) a plan for the length of the grant, that describes—

(i) the number of Native Americans and Native American small business concerns to be served by the grant; and

(ii) the training and services to be provided.

(3) REVIEW OF APPLICATIONS.—The Administration shall—

(A) evaluate and rank applicants under paragraph (2) in accordance with predetermined selection criteria that is stated in terms of relative importance;

(B) include such criteria in each solicitation under this subsection and make such information available to the public; and

(C) approve or disapprove each application submitted under this subsection not more than 60 days after submission.

(4) ANNUAL REPORT.—Each recipient of an American Indian tribal assistance center grant under this subsection shall annually report to the Administration on the impact of the grant funding received during the reporting year, and the cumulative impact of the grant funding received since the initiation of the grant, including—

(A) the number of individuals assisted, categorized by ethnicity;

(B) the number of hours of counseling and training provided and workshops conducted;

(C) the number of startup business concerns created or maintained with assistance from a Native American business center;

(D) the gross receipts of assisted small business concerns;

(E) the number of jobs created or maintained at assisted small business concerns; and

(F) the number of Native American jobs created or maintained at assisted small business concerns.

(5) RECORD RETENTION.—

(A) APPLICATIONS.—The Administration shall maintain a copy of each application submitted under this subsection for not less than 7 years.

(B) ANNUAL REPORTS.—The Administration shall maintain copies of the information collected under paragraph (4) indefinitely.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated—

(1) $1,000,000 for each of the fiscal years 2004 through 2007, to carry out the Native American Development Grant Pilot Program, authorized under subsection (b); and

(2) $1,000,000 for each of the fiscal years 2004 through 2007, to carry out the American Indian Tribal Assistance Center Grant Pilot Program, authorized under subsection (c).

Subtitle D—Office of Veterans Business Development

SEC. 331. ADVISORY COMMITTEE ON VETERANS BUSINESS AFFAIRS.

(a) RETENTION OF DUTIES.—Section 33(h) of the Small Business Act (15 U.S.C. 657c(h)) is amended by striking ''October 1, 2004'' and inserting ''October 1, 2006''.

(b) EXTENSION OF AUTHORITY.—Section 203(h) of the Veterans Entrepreneurship and Small Business Development Act of 1999 (15 U.S.C. 657b note) is amended by striking ''September 30, 2004'' and inserting ''September 30, 2006''.

SEC. 332. OUTREACH GRANTS FOR VETERANS.

Section 8(b)(17) of the Small Business Act (15 U.S.C. 637(b)(17)) is amended by inserting before the period at the end the following: '', veterans, and members of a reserve component of the Armed Forces''.

SEC. 333. AUTHORIZATION OF APPROPRIATIONS.

Section 32 of the Small Business Act (15 U.S.C. 657b) is amended by adding at the end the following:

''(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for carrying out the provisions of this section—

''(1) $1,000,000 for fiscal year 2004;

''(2) $1,500,000 for fiscal year 2005; and

''(3) $2,000,000 for fiscal year 2006.''.

TITLE IV—SMALL BUSINESS PROCUREMENT OPPORTUNITIES

SEC. 401. CONTRACT CONSOLIDATION.

(a) DEFINITIONS.—Section 3(o) of the Small Business Act (15 U.S.C. 632(o)) is amended to read as follows:

''(o) DEFINITIONS RELATING TO CONSOLIDATION OF CONTRACT REQUIREMENTS.—In this Act—

''(1) the terms 'consolidation of contract requirements' and 'consolidation', with respect to contract requirements of a military department, Defense Agency, Department of Defense Field Activity, or any other Federal department or agency having contracting authority mean a use of a solicitation to obtain offers for a single contract or a multiple award contract to satisfy 2 or more requirements of that department, agency, or activity for goods or services that—

''(A) have previously been provided to or performed for that department, agency, or activity under 2 or more separate contracts that are smaller in cost than the total cost of the contract for which the offers are solicited; or

''(B) are of a type capable of being provided or performed by a small business concern for that department, agency, or activity under 2 or more separate contracts that are smaller in cost than the total cost of the contract for which the offers are solicited;

''(2) the term 'multiple award contract' means—

''(A) a contract that is entered into by the Administrator of General Services under the multiple award schedule program referred to in section 2302(2)(C) of title 10, United States Code;

''(B) a multiple award task order contract or delivery order contract that is entered into under the authority of sections 2304a through 2304d of title 10, United States Code, or sections 303H through 303K of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253h through 253k); and

''(C) any other indeterminate delivery, indeterminate quantity contract that is entered into by the head of a Federal agency with 2 or more sources pursuant to the same solicitation; and

''(3) the term 'senior procurement executive' means—

''(A) with respect to a military department, the official designated under section 16(3) of the Office of Federal Procurement Policy Act (41 U.S.C. 414(3)) as the senior procurement executive for the military department;

''(B) with respect to a Defense Agency or a Department of Defense Field Activity, the official so designated for the Department of Defense; and

''(C) with respect to a Federal department or agency other than those referred to in subparagraphs (A) and (B), the official so designated by that department or agency.''.

(b) PROCUREMENT STRATEGIES.—Section 15(e) of the Small Business Act (15 U.S.C. 644(e)) is amended—

(1) in paragraph (2)—

(A) by striking ''.—

''(A) IN GENERAL''; and

(B) by striking subparagraphs (B) and (C); and

(2) by striking paragraph (3) and inserting the following:

''(3) LIMITATION ON USE OF ACQUISITION STRATEGIES INVOLVING CONSOLIDATION.—

''(A) CERTAIN DEFENSE CONTRACT REQUIREMENTS.—An official of a military department, defense agency, or Department of Defense Field Activity shall not execute an acquisition strategy that includes a consolidation of contract requirements of the military department, agency, or activity with a total value in excess of $5,000,000, unless the senior procurement executive first—

''(i) conducts market research;

''(ii) identifies any alternative contracting approaches that would involve a lesser degree of consolidation of contract requirements; and

''(iii) determines that the consolidation is necessary and justified.

''(B) CERTAIN CIVILIAN AGENCY CONTRACT REQUIREMENTS.—The head of a Federal agency not described in subparagraph (A) that has contracting authority shall not execute an acquisition strategy that includes a consolidation of contract requirements of the agency with a total value in excess of $2,000,000, unless the senior procurement executive of the agency first—

''(i) conducts market research;

''(ii) identifies any alternative contracting approaches that would involve a lesser degree of consolidation of contract requirements; and

''(iii) determines that the consolidation is necessary and justified.

''(C) ADDITIONAL REQUIREMENTS FOR HIGHER VALUE CONSOLIDATED CONTRACTS.—In addition to meeting the requirements under subparagraph (A) or (B), a procurement strategy by a civilian agency that includes a consolidated contract valued at more than $5,000,000, or by a defense agency that includes a consolidated contract valued at more than $7,000,000 shall include—

''(i) an assessment of the specific impediments to participation by small business concerns as prime contractors that will result from the consolidation;

''(ii) actions designed to maximize small business participation as prime contractors, including provisions that encourage small business teaming for the consolidated requirement;

''(iii) actions designed to maximize small business participation as subcontractors (including suppliers) at any tier under the contract or contracts that may be awarded to meet the requirements; and

''(iv) the identification of the alternative strategies that would reduce or minimize the scope of the consolidation and the rationale for not choosing those alternatives.

''(D) NECESSARY AND JUSTIFIED.—A senior procurement executive may determine that an acquisition strategy involving a consolidation of contract requirements is necessary and justified for purposes of subparagraph (A), (B), or (C), if the benefits of the acquisition strategy substantially exceed the benefits of each of the possible alternative contracting approaches identified under clause (ii) of any of those subparagraphs, as applicable. However, savings in administrative or personnel costs alone do not constitute, for such purpose, a sufficient justification for a consolidation of contract requirements in a procurement, unless the total amount of the cost savings is expected to be substantial in relation to the total cost of the procurement.

''(E) BENEFITS.—Benefits considered for purposes of this paragraph may include cost and, regardless of whether quantifiable in dollar amounts—

''(i) quality;

''(ii) acquisition cycle;

''(iii) terms and conditions; and

''(iv) any other benefit directly related to national security or homeland defense.''.

(c) REPORT REQUIREMENTS.—Section 15(p)(4)(B) of the Small Business Act (15 U.S.C. 644(p)(4)(B)) is amended—

(1) in clause (i), by striking ''and'' at the end;

(2) in clause (ii), by striking the period at the end and inserting the following: ''; and''; and

(3) by adding at the end the following:

''(iii) a description of best practices for maximizing small business prime and subcontracting opportunities.''.

(d) PROCUREMENT CENTER REPRESENTATIVES.—Section 15(*l*) of the Small Business Act (15 U.S.C. 644(*l*)) is amended—

(1) by striking ''(l)(1)'' and inserting ''(2)'';

(2) by redesignating paragraphs (2) through (7) as paragraphs (3) through (8), respectively;

(3) by inserting before paragraph (2), as so redesignated, the following:

''(*l*)(1) The Administration shall assign not fewer than 1 procurement center representative at each major procurement center, in addition to no less than 1 for each State.'';

(4) in paragraph (2), as redesignated, by striking ''to the representative referred to in subsection (k)(6)'' and inserting ''to the traditional procurement center representative and the commercial market representative, with each such position filled by a different individual, and each such representative having separate and distinct duties and responsibilities.''; and

(5) by striking ''paragraph (2)'' each place that term appears and inserting ''paragraph (3)''.

(e) ADDITIONAL TO TECHNICAL ADVISERS.—Section 15(k)[(8)] of the Small Business Act (15 U.S.C. 644(k)[(8)]) is amended—

(1) in paragraph (5), by striking ''bundled contract'' and inserting ''consolidated contract''; and

(2) in paragraph (8), by striking ''representative—'' and inserting ''representative at each major procurement center under subsection (*l*)(1)—''.

(f) CONFORMING AMENDMENTS.—Section 15(p) of the Small Business Act (15 U.S.C. 644(p)) is amended—

(1) in the subsection heading, by striking ''BUNDLED CONTRACTS'' and inserting ''CONSOLIDATED CONTRACTS'';

(2) in paragraph (1), in the paragraph heading, by striking ''BUNDLED CONTRACT'' and inserting ''CONSOLIDATED CONTRACT'';

(3) in paragraph (4), in the paragraph heading, by striking ''CONTRACT BUNDLING'' and inserting ''CONTRACT CONSOLIDATION'';

(4) by striking ''bundled contracts'' each place that term appears and inserting ''consolidated contracts'';

(5) by striking ''bundled contract'' each place that term appears and inserting ''consolidated contract'';

(6) by striking ''bundling of contract requirements'' each place that term appears and inserting ''consolidation of contract requirements'';

(7) in paragraph (4)(B)(ii), by striking ''previously bundled'' and inserting ''previously consolidated'';

(8) in paragraph (4)(B)(ii)(I), by striking ''were bundled'' and inserting ''were consolidated'';

(9) in paragraph (4)(B)(ii)(II)(bb), by striking ''bundling the contract requirements'' and inserting ''the consolidation of contract requirements''; and

(10) in paragraph (4)(B)(ii)(II)(cc), by striking ''bundled status'' and inserting ''consolidated status''.

(g) GAO STUDY AND REPORT.—

(1) FEASIBILITY STUDY REQUIRED.—The Comptroller General of the United States shall conduct a study of the feasibility of setting thresholds, based on industry category, for permitting the consolidation of contract requirements to proceed without being subject to the additional benefit analyses required by the amendments made by this section.

(2) CONSIDERATIONS.—The study conducted under paragraph (1) shall include consideration of thresholds based on—

(A) the dollar value of the overall prime contract at issue (including the average dollar value of a prime contract in each industry category);

(B) the portion of such prime contract amounts that could potentially include small business participation as subcontractors;

(C) the availability of small business concerns in each industry that have the capabilities and resources to fulfill prime contract requirements; and

(D) such other criteria that the Comptroller determines relevant.

(3) REPORT.—Not later than June 30, 2004, the Comptroller General shall submit a report to Congress and the Administration on the results of the study conducted under this subsection, together with any recommendations with legislative or regulatory action.

SEC. 402. AGENCY ACCOUNTABILITY.

(a) AGENCY RESPONSIBILITIES.—Section 15(g)(2) of the Small Business Act (15 U.S.C. 644(g)(2)) is amended—

(1) by inserting ''(A)'' after ''(2)'';

(2) by striking ''shall, after consultation'' and inserting the following: ''shall—

''(i) after consultation'';

(3) by striking ''agency. Goals established'' and inserting the following: ''agency;

''(ii) identify a percentage of the procurement budget of the agency to be awarded to small business concerns, in consultation with the Office of Small and Disadvantaged Business Utilization of the agency, which information shall be included in the strategic plan required under section 306 of title 5, United States Code, and the annual budget submission to Congress by that agency, and, upon request, in any testimony provided by that agency before the Congress in connection with the budget process; and

''(iii) report, as part of its annual performance plan, required under section 1115 of title 31, United States Code, the extent to which the agency achieved the goals referred to in clause (ii), and appropriate justification for any failure to do so.

''(B) Goals established'';

(4) by striking ''Whenever'' and inserting the following:

''(C) Whenever'';

(5) by striking ''For the purpose of'' and inserting the following:

''(D) For the purpose of'';

(6) in the last sentence—

(A) by striking ''(A) contracts'' and inserting ''(i) contracts''; and

(B) by striking ''(B) contracts'' and inserting ''(ii) contracts''; and

(7) by adding at the end the following:

''(E)(i) Each procurement employee described in clause (iii)—

[''(I) shall have as an annual performance evaluation factor, where appropriate, the success of that procurement employee in small business utilization, in accordance with the goals established under this subsection; and]

[''(II)]*(I)* shall communicate to their subordinates the importance of achieving small business goals.*; and*

''(II) shall have as an annual performance evaluation factor, where appropriate, the success of that procurement employee in small business utilization, in accordance with the goals established under this subsection.

''(ii) An appropriate percentage of any performance-related bonus awarded to a procurement employee described in clause (iii) shall be withheld, where appropriate, for failure to achieve the goals established under this subsection.

''(iii) A procurement employee described in this clause is a senior procurement executive, senior program manager, or small and disadvantaged business utilization manager of a Federal agency having contracting authority.''.

(b) SMALL AND DISADVANTAGED BUSINESS UTILIZATION.—Section 15(k)(3) of the Small Business Act (15 U.S.C. 644(k)(3)) is amended to read as follows:

''(3) be responsible only to, and report directly to, the head of such agency, except that the Director of Small and Disadvantaged Business Utilization for the Department of Defense shall be responsible only to, and report directly to, the Undersecretary of Defense for Acquisition, Technology, and Logistics,''.

(c) REPORTS ON SMALL BUSINESS UTILIZATION.—Section 10(d) of the Small Business Act (15 U.S.C. 639(d)) is amended—

(1) by inserting ''and each agency that is a member of the President's Management Council (or any successor thereto)'' after ''Department of Defense'' the first place that term appears; and

(2) by inserting ''or that agency'' after ''Department of Defense'' the second place that term appears.

(d) TECHNICAL CORRECTION.—

(1) IN GENERAL.—Section 502(b) of the Veterans Entrepreneurship and Small Business Development Act of 1999 (Public Law 106–50, 113 Stat. 248) is amended by striking ''Section 15'' and inserting ''Section 15(g)(2)''.

(2) EFFECT.—The amendment made by paragraph (1) shall be deemed to have the same effective date as section 502(b) of the Veterans Entrepreneurship and Small Business Development Act of 1999.

SEC. 403. SMALL BUSINESS PARTICIPATION IN PRIME CONTRACTING.

(a) PARTICIPATION IN MULTIPLE AWARD CONTRACTS.—Section 15(g) of the Small Business Act (15 U.S.C. 644(g)) is amended by adding at the end the following:

''(3) The governmentwide goal for participation by small business concerns in any multiple award contract shall be established at not less than 23 percent of the total dollar value of all awards under that contract.''.

(b) RESERVED CONTRACTS.—Section 15(j) of the Small Business Act (15 U.S.C. 644(j)) is amended—

(1) in paragraph (1), by inserting '', including any order of 1 or more Federal Supply Schedule items,'' after ''goods and services''; and

(2) by adding at the end the following:

''(4) Any adjustment to the simplified acquisition threshold (as defined in section 4(11) of the Office of Federal Procurement Policy Act (41 U.S.C. 403(11))), shall be immediately matched by an identical adjustment to the small business reserve for purposes of this subsection.''.

SEC. 404. SMALL BUSINESS PARTICIPATION IN SUBCONTRACTING.

(a) CERTIFICATIONS REQUIRED.—Section 8(d)(6) of the Small Business Act (15 U.S.C. 637(d)(6)) is amended—

(1) in subparagraph (E), by striking ''and'' at the end;

(2) in subparagraph (F), by striking the period at the end and inserting a semicolon; and

(3) by adding at the end the following:

''(G) the name and signature of the individual that is the president, chief executive officer, or head of the entity, certifying that subcontracting data provided are accurate and complete; and

''(H) certification that the offeror or bidder will acquire articles, equipment, supplies, services, or materials, or obtain the performance of construction work from small business concerns in the amount and quality used in preparing the bid or proposal, unless such small business concerns *are* no longer in business or can no longer meet the quality, quantity, or delivery date.''.

(b) PENALTIES FOR FALSE CERTIFICATIONS.—Section 16(f) of the Small Business Act (14 U.S.C. 645(f)) is amended by inserting ''or 8(d)(6)(G))'' before ''of this Act''.

SEC. 405. EVALUATING SUBCONTRACT PARTICIPATION IN AWARDING CONTRACTS.

(a) SIGNIFICANT FACTORS.—Section 8(d)(4)(G) of the Small Business Act (15 U.S.C. 637(d)(4)(G)) is amended by striking ''a bundled'' and inserting ''any''.

(b) EVALUATION REPORTS.—Section 8(d)(10) of the Small Business Act (15 U.S.C. 637(d)(10)) is amended—

(1) by striking ''is authorized to'' and inserting ''shall'';

(2) in subparagraph (B), by striking ''and'' at the end;

(3) in subparagraph (C), by striking the period at the end and inserting ''; and''; and

(4) by adding at the end the following:

''(D) report the results of each evaluation under subparagraph (C) to the appropriate contracting officers.''.

(c) CENTRALIZED DATABASE; PAYMENTS PENDING REPORTS.—Section 8(d) of the Small Business Act (15 U.S.C. 637(d)) is amended—

(1) by redesignating paragraph (11) as paragraph (13); and

(2) by inserting after paragraph (10) the following:

''(11) CENTRALIZED DATABASE.—The results of an evaluation under paragraph (10)(C) shall be included in a national centralized governmentwide database.

''(12) PAYMENTS PENDING REPORTS.—Each Federal agency having contracting authority shall ensure that the terms of each contract for goods and services includes a provision allowing the contracting officer of an agency to withhold an appropriate amount of payment with respect to a contract (depending on the size of the contract) until the date of receipt of complete, accurate, and timely subcontracting reports in accordance with paragraph (6)(G).''.

(d) REFERRAL OF MATERIAL BREACH TO INSPECTORS GENERAL.—Section 8(d)(8) of the Small Business Act (15 U.S.C. 637(d)(8)) is amended by adding at the end the following: ''A material breach described in this paragraph shall be referred for investigation to the Inspector General (or the equivalent) of the affected agency.''.

SEC. 406. DIRECT PAYMENTS TO SUBCONTRACTORS.

(a) IN GENERAL.—Section 8(d) of the Small Business Act (15 U.S.C. 637(d)), as amended by section 405, is further amended by adding at the end the following:

''(14) TIMELY PAYMENT TO SMALL BUSINESS SUBCONTRACTORS.—

''(A) IN GENERAL.—Subject to subparagraph (B), the failure of a civilian agency prime contractor, as defined in subparagraph (D), to make a timely payment, as determined by the contract with the subcontractor, to a subcontractor that is a small business concern shall be a material breach of the contract with the Federal agency.

''(B) CONSIDERATION OF PERFORMANCE.—Before making a determination under subparagraph (A), the contracting officer shall consider all reasonable issues regarding the performance, or lack of performance, of the subcontractor.

''(C) WITHHOLDING OF PAYMENTS.—Not later than 30 days after the date on which a material breach under subparagraph (A) is determined by the contracting officer, the Federal agency may withhold any amounts due and owing the subcontractor from payments due to the prime contractor and pay such amounts directly to the subcontractor.

''(D) DEFINED TERM.—As used in this paragraph, the term 'civilian agency prime contractor' means a prime contractor that offers any combination of services or manufactured goods to Federal agencies other than the Department of Defense or agencies with responsibility for homeland security or national security.''.

(b) SUNSET.—The amendment made by this section shall remain in effect during the period beginning on the date of enactment of this Act and ending on September 30, 2006.

SEC. 407. WOMEN-OWNED SMALL BUSINESS INDUSTRY STUDY.

Section 8(m)(4) of the Small Business Act (15 U.S.C. 637(m)(4)) is amended to read as follows:

''(4) GAO IDENTIFICATION OF INDUSTRIES.—

''(A) STUDY.—The Comptroller General of the United States shall conduct a study to identify industries in which small business concerns owned and controlled by women are underrepresented with respect to Federal procurement contracting.

''(B) REPORT TO CONGRESS.—Not later than December 31, 2003, the Comptroller General shall submit a report to Congress on the results of the study conducted under subparagraph (A), together with any recommendations for legislative action.

''(C) ASSISTANCE FROM OTHER AGENCIES.—The Comptroller General may request of any Federal agency, and such agency shall provide, such information as the Comptroller General determines necessary in carrying out this paragraph, to the extent otherwise permitted by law.''.

SEC. 408. *HUBZONE* AUTHORIZATIONS.

Section 31(d) of the Small Business Act (15 U.S.C. 657a(d)) is amended—

(1) by striking ''2001'' and inserting ''2004''; and

(2) by striking ''2003'' and inserting ''2006''.

SEC. 409. DEFINITION OF HUBZONE; TREATMENT OF CERTAIN FORMER MILITARY INSTALLATION LANDS AS HUBZONES.

(a) BASE CLOSURE AREAS.—Section 3(p)(1) of the Small Business Act (15 U.S.C. 632(p)(1)) is amended—

(1) in subparagraph (C), by striking ''or'' at the end;

(2) in subparagraph (D), by striking the period at the end and inserting ''; or''; and

(3) by adding at the end the following:

''(E) base closure areas.''.

(b) DEFINITION.—Section 3(p)(4) of the Small Business Act (15 U.S.C. 632(p)(4)) is amended by adding at the end the following:

''(D) BASE CLOSURE AREA.—The term 'base closure area' means lands within the external boundaries of a military installation that were closed through a privatization process under the authority of—

''(i) the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Division B of Public Law 101–510; 10 U.S.C. 2687 note);

''(ii) title II of the Defense Authorization Amendments and Base Closure and Realignment Act (Public Law 100–526; 10 U.S.C. 2687 note);

''(iii) section 2687 of title 10, United States Code; or

''(iv) any other provision of law authorizing or directing the Secretary of Defense or the Secretary of a military department to dispose of real property at the military installation for purposes relating to base closures of redevelopment, while retaining the authority to enter into a leaseback of all or a portion of the property for military use.''.

SEC. 410. DEFINITION OF HUBZONE SMALL BUSINESS CONCERN.

Section 3(p) of the Small Business Act (15 U.S.C. 632(p)) is amended—

(1) by redesignating paragraphs (4) through (7) as paragraphs (5) through (8), respectively; and

(2) by inserting after paragraph (3) the following:

''(4) RULE OF CONSTRUCTION RELATING TO OWNERSHIP.—For purposes of paragraph (3)(A), the term 'person' includes any small business investment company, specialized small business investment company, New Markets Venture Capital company (as those terms are defined in sections 103 and 351, respectively, of the Small Business Investment Act of 1958 (15 U.S.C. 662, 689), or other similar investment company, as determined by the Administrator, if any such company comprises not more than 15 percent of the ownership of the subject small business concern.''.

SEC. 411. ACQUISITION REGULATIONS.

Not later than 180 days after the date of enactment of this Act, the [G]*g*overnmentwide procurement regulations issued under sections 6(a) and 25(c) of the Office of Federal Procurement Policy Act (41 U.S.C. 405(a) and 421(c)) and the procurement regulations described in section 25(c)(2) of the Office of Federal Procurement Policy Act (41 U.S.C. 421(c)(2)) that are issued by the Department of Defense shall be amended as necessary to carry out this title and the amendments made by this title.

TITLE V—MISCELLANEOUS

SEC. 501. MINORITY SMALL BUSINESS AND CAPITAL OWNERSHIP DEVELOPMENT PROGRAM.

(a) NAME CHANGE.—Sections 4(b), 7(j), and 8(a) of the Small Business Act (15 U.S.C. 633(b), 636(j), and 637(a)) are amended by striking ''Minority Small Business and Capital Ownership Development'' each place it appears and inserting ''Business Development''.

(b) CONFORMING AMENDMENTS.—The Small Business Act (15 U.S.C. 631 et seq.) is amended—

(1) in section 2(d)(2)(B)(ii), by striking ''small business and capital ownership development program'' and inserting ''small business development program'';

(2) in section 7(j)(10), by striking ''small business and capital ownership development program'' and inserting ''small business development program'';

(3) in section 7(j)(12)(A), by striking ''Capital Ownership Development Program'' and inserting ''Business Development Program''; and

(4) in section 8(a)(21)(B)(v)(I), by striking ''Capital Ownership Development Program'' and inserting ''Business Development Program.

(c) ANNUAL REPORT.—Section 8(a)(20)(A) of the Small Business Act (15 U.S.C. 637(a)(20)(A)) is amended by striking ''semiannually report to their assigned Business Opportunity Specialist'' and inserting ''annually submit, to their assigned Business Opportunity Specialist, a report, which shall include''.

SEC. 502. EXTENSION OF [PROGRAM] AUTHORITY *FOR TECHNOLOGY ASSISTANCE PROGRAM*.

(a) RURAL OUTREACH.—Section 9(s)(2) of the Small Business Act (15 U.S.C. 638(s)(2)) is amended by striking ''2005'' and inserting ''2006''.

(b) FAST PROGRAM.—Section 34 of the Small Business Act (15 U.S.C. 657d) is amended—

(1) in subsection (h), by striking ''2005'' each place it appears and inserting ''2006''; and

(2) by striking ''September 30, 2005'' and inserting ''September 30, 2006''.

SEC. 503. *BUSINESSLINC* REPORT TO CONGRESS.

Section 8(n) of the Small Business Act (15 U.S.C. 637(n)) is amended by adding at the end the following:

''(4) ANNUAL REPORT.—

''(A) IN GENERAL.—The Associate Administrator of Business Development shall collect data on the BusinessLINC program and submit an annual report by April 30 of each year on the effectiveness of the program to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House.

''(B) CONTENTS.—The report submitted under subparagraph (A) shall include—

''(i) the number of programs administered in each State;

''(ii) the corresponding grant awards and the date of each award;

''(iii) the dollar amount of the contracts in effect in each State as a result of the BusinessLINC program; and

''(iv) the number of teaming arrangements or partnerships created as a result of the BusinessLINC program.''.

Ms. SNOWE. Mr. President, I rise today to seek unanimous consent for the passage of the Small Business Administration 50th Anniversary Reauthorization Act of 2003, S. 1375, a bill to reauthorize the U.S. Small Business Administration, SBA and its programs for the next 3 years, together with a managers' amendment.

As the chair of the Committee on Small Business and Entrepreneurship, I am pleased to report that this legislation passed the Committee on July 10, 2003, by a unanimous vote. It is the product of significant contributions by the members of my committee, and I am grateful for the efforts of the committee's ranking member, Senator KERRY, to make this a truly bipartisan bill.

The challenge for today's SBA is enormous. Each year, there are 3 to 4 million new business start-ups—1 in 25 adult Americans is taking steps to start a business. And, small businesses account for approximately two-thirds of the net new jobs in our country.

We began the reauthorization process this year with a series of hearings, roundtables, and discussions to develop a bill that would improve the SBA programs that provide counseling and training for entrepreneurs—and to improve the SBA's financial assistance and Government procurement programs that enable small businesses to prosper and expand. While the particulars of this bill are extensive, let me highlight a few of its key areas.

In terms of financing programs for small businesses, I have focused extensively on improving the credit and venture capital resources that the SBA provides for small businesses. These programs are the centerpiece of the SBA's efforts to help entrepreneurs get started and assist small businesses to prosper. In fact, in just the past 3 years alone, the SBA's lending programs made it possible for small businesses to create or retain more than 1.3 million jobs.

Nevertheless, access to capital continues to rank as a primary concern for small business owners. So, we are proposing to continue the growth of the financing programs through reasonable increases in the authorization levels of the 7(a), 504 and Microloan programs. The bill also increases the amount that small businesses can borrow subject to the SBA's guarantee, so that the SBA's loan sizes realistically reflect what it costs to start and operate a small business in today's economy. Moreover, the bill addresses access to capital by helping SBA's lending partners—for instance, through the new National Preferred Lenders Pilot Program.

In the area of entrepreneurial development, we set out to ensure that the SBA's programs continue to provide the products and services essential to small businesses. Recognizing the tremendous accomplishments by women entrepreneurs, I have included the Women's Small Business Improvement Act of 2003, which I introduced earlier this year, to integrate and better leverage the spectrum of women's business programs that the SBA provides for women entrepreneurs.

A cornerstone of these improvements involves making the Women's Business Center Program a permanent program that will offer opportunities for the creation of new centers and renewal grants for existing centers on a competitive basis. By replacing the pilot Sustainability Program, which expires at the end of the current fiscal year, with a fair and balanced grant program, the bill will correct the funding constraints that have plagued the program in 2003.

In addition, the SBA's entrepreneurial development partners—the Small Business Development Centers and the Service Corps of Retired Executives—continue to provide quality training and free counseling through almost 2,000 locations. As a result, in addition to minor technical changes in these programs, the bill reauthorizes these critical programs for the next three years.

Finally, one of the most serious problems facing small businesses is their inability to participate fully in Federal contracts, on either a prime or subcontract basis. In the last 10 years, contract bundling has forced more than 50 percent of small businesses out of the Federal marketplace. The bill addresses the practice of Federal contract bundling by changing the definition of ''contract bundling'' to limit its use so that small businesses have better access to Federal contracts and a fair opportunity to compete for them.

Furthermore, the bill implements the Procurement Program for Women-owned Small Business Concerns, which will give contracting officers the tools necessary to help women-owned small businesses compete in the Federal marketplace more effectively. The bill also contains improvements to the HUBZone program, including the designation of a closed military base as a HUBZone for 5 years to reduce the serious consequences that military base closings pose for our local communities.

With this bill, I am offering a managers' amendment, which is co-sponsored by Senator KERRY, to address several issues that have risen since the

committee's markup of the bill. In working with several of my colleagues, on and off of the Small Business Committee, I believe the changes encompassed in this amendment address certain concerns and strengthen particular aspects of the bill so that it provides the greatest benefit to small businesses and entrepreneurs in this country. Let me highlight several of these changes.

First, the amendment removes section 265, which would have authorized the SBA to develop and implement an innovative 3-year pilot program in which the SBA would provide a partial guarantee on pools of securitized small business loans that are not otherwise guaranteed by the SBA.

When the President's Fiscal Year 2004 budget request was transmitted to the Congress this past February, it stated that the SBA was exploring a possible new approach to expand the opportunities of small businesses to access capital markets by facilitating the securitization of conventional small business loans that were not already guaranteed by the SBA. Increasing access to capital is a high priority of small businesses, and has been one of the Committee's priorities throughout its history. We are always seeking innovative ways to increase access to capital for small businesses, while at the same time measuring the cost and risk of loss that the Federal Government must incur to facilitate such financing. Accordingly, I recognized the potential benefits of this proposal for small businesses across the Nation.

At our roundtable on April 30, 2003, the committee examined the loan-pooling proposal in greater detail. The SBA reported that it had been exploring this type of program for some time, and thought the idea had considerable merit. The agency, however, was uncertain if it had the authority to develop and implement such a program, absent legislative authorization. After the roundtable, we consulted with the SBA and with participants in the small business financing industry to determine the program's appropriate elements.

In addition to the support the SBA expressed for the proposal in its budget request, at the committee's roundtable, and in subsequent discussions with committee staff, the SBA took other steps to help make the proposal a success. For example, the agency entered into a contract with Dun & Bradstreet and with Fair, Isaacs, Co., to create a credit-scoring model for small businesses, similar to individual consumer credit scores, to help small businesses gauge their credit quality. The scoring model will assist the pooling proposal by providing uniformity of pricing, thus reducing a primary obstacle to the securitization of non-SBA small business loans. The SBA also helped build support for the proposal by publicizing the need to take the foundational steps to build a secondary market for small business loans, rather than later trying to create such a market in one step when economic pressures called for an immediate response.

The SBA is not alone in its support for a program to securitize small business loans. The Board of Governors of the Federal Reserve System, in its September 2002 Report to the Congress on the Availability of Credit to Small Businesses, stated that the securitization of small business loans could ''substantially influence the availability of credit'' to small businesses. The Federal Reserve noted that one primary benefit of a secondary market would be that small business borrowers could enjoy lower financing costs. In addition to the Federal Reserve report, other studies have shown that small businesses could benefit from an efficient secondary market for small business loans.

The Federal Reserve report noted that a primary obstacle to a widespread secondary market for small business loans was the lack of standardized information to evaluate small business loans for re-sale. As noted, the SBA has exercised foresight by securing the contract with Dun & Bradstreet and Fair, Isaacs to attack this problem. With the information provided by this new credit-scoring model, the securitization of non-SBA small business loans will be far more feasible.

The committee has received support for the pilot program from representatives of thousands of small businesses that believe the program could improve access to capital, and could improve the terms of loans received, for many small businesses, particularly those without significant real estate property to use as collateral. Significant support for the program has been expressed particularly by small businesses that are owned by minorities or by women. For these small businesses, which often have less real estate collateral, on average, than other small businesses, the pilot program holds great potential for creating capital resources to meet their financing needs.

Financial firms currently involved in the pooling and securitization of SBA 7(a) and 504 loans have also expressed their support for the program, and have stated their belief that it will increase small businesses' access to effective capital.

With this input from the SBA, small businesses, and financial firms in hand, and having considered many studies regarding small business credit and the effectiveness of secondary markets, we included Section 265 in S. 1375, which was approved unanimously by the committee. Section 265 authorized, but did not require, the SBA to develop the pilot program if the SBA determined that it could be practically implemented.

The rationale for this proposal is to increase effective liquidity for small businesses by improving the quality and amount of loans available to them. The pooling structure is based on similar arrangements for home mortgages, credit card loans, and car loans, which have active secondary markets. This program would allow lenders, including community banks, to benefit from the increased liquidity of small business loans and to utilize capital that is otherwise locked into existing loans, and therefore provide better terms on loans to small businesses, as well as to make more small business loans.

This proposal, as embodied in Section 265, is not a departure from the SBA's current practice of guaranteeing loans and regulating the securitization of those loans. The SBA already regulates the securitization of both guaranteed portions of loans provided to small businesses and non-guaranteed portions of the same loans. These loans are made both by Federally-regulated lenders and by lenders that are not Federally regulated. In Fiscal Year 2002, the SBA regulated the securitization of $3.4 billion in Government-guaranteed small business loans made under Section 7(a) of the Small Business Act. When the guaranteed portions of the 7(a) loans are securitized separately from the non-guaranteed portions, the SBA is guaranteeing 100 percent of the loan pools.

The new proposal presents a much more measured SBA involvement than is involved with the SBA's current financing programs. Under the pilot program, financial firms approved by the SBA would pool loans not individually guaranteed by the SBA. These pooling entities would then issue securities offering returns based upon the returns from the loans in the pool. The securities would be rated by a rating agency and sold to investors.

The pooling entity would also offer a partial ''first-loss'' guarantee to investors on the securities' returns. If the loans had insufficient returns to pay the expected returns on the securities, the pooling entity's guarantee would be the first guarantee called into performance to pay investors. The SBA would issue partial, not complete, ''second loss'' guarantees on the return from the securities, but not on individual loans within the pool. The agency's guarantees would thus be available only after the first-loss guarantees offered by the pool issuers are exhausted. In addition, the SBA will only need to provide guarantees at a much lower percentage level than is currently the case for the SBA's guarantees on individual loans. Finally, and perhaps most importantly, the cost of the SBA guarantees will be fully funded by fees paid by the loan poolers, so no Federal appropriations will be necessary.

The proposed program also requires three separate types of reports. The SBA must provide to the committee and to the Committee on Small Business of the House of Representatives a report detailing the pooling program before it is implemented, and wait 50 days after submitting the report before implementing the program. In addition, the SBA must file with the Congress, in the SBA's Budget Request and

Performance Plan, an annual report about the program's performance. Finally, the GAO is required to study the program, if implemented, and report on the program's performance, including any effects the program may have on the 504 or 7(a) programs, before calendar year 2006.

Working with Senator PRYOR and with other colleagues, both on and off the committee, we endeavored to provide greater specificity in the instructions the provision gives the SBA regarding the pilot program, so as to ensure that the pooling proposal provides the greatest benefit to small businesses in need of capital while limiting risk to the Federal Government. I believe those modifications would have greatly improved the pilot program and increased its potential to provide increased access to capital on terms that are beneficial to small businesses.

Access to credit for small businesses is often a challenge, and the committee has consistently believed that encouraging more lending to small businesses that have a likelihood to succeed, grow, and create new jobs is a sound national policy. The pilot program takes advantage of the successful example of the prior securizations of SBA small business loans, and of changes in the investment community, to facilitate lending in the small business community for years to come.

However, while I continue to recognize the merits of this measure and believe that it should be included in this bill, the administration has now taken a contrary position. In the interest of expediting the passage of S. 1375 before the SBA's current authorizing legislation expires, I am reluctantly removing this provision to focus on those elements of the bill that must be enacted.

While I am disappointed to have to remove this section, it is clear that this bill must move forward as quickly as possible. I want to be clear, however, that I continue to appreciate the benefits of this pilot program, and will introduce this provision as a separate bill in the near future. With the support this proposal already has, I am confident we can implement this innovative program, and I look forward to the benefits it can provide for small businesses as we try to assist small businesses to prosper, create more jobs, and pull the economy out of its current doldrums.

The amendment also modifies the provisions of the bill relating to the New Markets Venture Capital Program and the definition of ''low-income geographic area,'' in which New Markets Venture Capital companies are to invest most of their funds. In order to coordinate the definition of ''low-income geographic area'' used in the SBA's New Markets Venture Capital Program and that used for the New Markets Tax Credit under the tax code, the managers' amendment specifies that the Small Business Act's definition will be based on median family income, rather than median household income as under current law.

This change will eliminate confusion that has resulted from the use of different definitions for two related programs. More importantly, by significantly broadening the definition of those areas in which investment is permitted under the New Markets Venture Capital program, this change will increase the flexibility that New Markets Venture Capital companies have in choosing small businesses in which to invest. As a result, we should see stronger New Markets Venture Capital companies and more small businesses being served through this venture capital program.

The third part of the managers' amendment modifies several provisions in the bill relating to government contracting opportunities for small businesses. In 1994, Congress enacted the Federal Acquisition Streamlining Act, FASA, to streamline Federal procurement processes. FASA included an amendment to the Small Business Act that created an exclusive reservation for small businesses consisting of contracts valued at more than $2,500 but not more than $100,000. And, while it had the chance to classify purchases under multiple-award schedule contracts, including Federal Supply Schedule, within this reserve at that time, the Congress expressly excluded these sales from small business set-aside rules. Accordingly, rules on small business set-asides do not apply to Federal Supply Schedule purchases, and, instead, contracting officers are required to give a ''preference'' to small businesses.

Although reports now indicate that the level of small business participation on schedule contracts is growing and is relatively higher than the share small businesses receive on non-schedule contracts, small businesses continue to report to the committee that they invest time and money to negotiate a schedule contract successfully with the General Services Administration or an executive agent managing a Government-wide Acquisition Contract, and then they never receive the benefit of an order placed against that contract. Small businesses further report that the Government relies on a limited and preferred list of larger firms to meet its requirements for goods and services.

Small businesses deserve to have a fair opportunity to compete for those orders. The Small Business Administration 50th Anniversary Reauthorization Act would protect small businesses and ensure that they continue to have access to, and the opportunity to compete for, multiple-award and schedule purchases. Specifically, the bill restricts competition of schedule orders valued between $2,500 and $100,000 for small businesses.

I know that some of my colleagues believe that by setting aside schedule orders under $100,000, thousands of small firms that supply and sell through contracts held by large firms may significantly be harmed. They also question the need for action if small businesses are successfully competing for and winning schedule orders each day. Finally, they assert that scheduled contracts are a faster, easier, more flexible way for agencies to meet their needs and any change that reduces that ease should be challenged.

In my view, if small businesses enjoy a majority share of schedule contracts—which they do—should not their participation in these contracts reflect their representation on the supply schedule? Currently, small businesses represent more than 70 percent of the companies listed on the Federal Supply Schedule, yet these small businesses are receiving just under 30 percent of the awards under the schedule.

The intent of multiple-award contacting was not to have a majority of orders awarded on a sole-source basis. Rather, it was designed to be a streamlined acquisition process to achieve competition without increasing the government's risk. Including small business helps to ensure the Federal Government is getting the best products and services at the best prices.

Nevertheless, in order to ensure the timely passage of this important reauthorization legislation, I have agreed to modify the bill's provision that would have allowed small business set-asides of awards on multiple-award contracts, to require, instead, that contracting officers review the offers of at least two small businesses when completing orders on multiple-award contacts. While I had hoped to provide stronger provisions for small businesses seeking to contract with the Federal Government, I believe this compromise will still lead to greater procurement opportunities for small enterprises.

This modification anticipates that a contracting officer will give serious consideration to small businesses seeking to provide goods and services to the Federal Government. As an example, when placing orders for supplies with contractors on the General Services Administration's Federal Supply Schedule, contracting officers should consider the information available on the GSA Advantage on-line shopping service or other catalogs and price lists of at least two small business multiple-award-schedule contractors that provide the supplies that are being purchased.

Placing orders for services, however, may be more complex at times. In these instances, contracting officers purchasing from Government-wide acquisition contacts, multi-agency contracts, or the Federal Supply Schedule should include at least two small businesses when they solicit offers. These actions will ensure that small business multiple-award contractors have a fair opportunity to be considered for orders.

To ensure the necessary steps are taken to establish clear guidance and that agencies follow these established procedures to implement this compromise, my committee will closely

monitor competition and small business participation on multiple-award contracts. Specifically, the amendment mandates the U.S. General Accounting Office, GAO, to report bi-annually to the Committees on Small Business on the number of actions and dollars awarded to small business under multiple-award contracts and help to achieve the level of competition in Federal contracting that Congress envisioned. In addition, the existing provisions in the bill require the GAO to conduct periodic reviews of small business participation in multiple-award contracts, which will help Congress to ensure these provisions are implemented appropriately.

Responding to additional concerns raised by my colleagues, the managers' amendment withdraws language that references the authority of agencies to withhold a portion of a performance-related bonus awarded to procurement officials for failure to achieve small business goals.

The committee believes measures that hold agency officials accountable for their performance will drive results. Therefore, language in the bill, as reported, would have held agency procurement officials accountable for small business goals. It directed agencies to include in the annual performance evaluation for agency procurement officials a factor that measures the success of that official in small business utilization.

It further required agencies to factor the performance of procurement officials in achieving these small business goals into any monetary rewards under consideration. In order to avoid delaying the entire bill for this provision, I have reluctantly agreed to withdraw this latter provision. Nevertheless, my committee will continue to monitor the extent to which agencies are meeting their small business goals and look for every opportunity to hold failing agencies accountable to our small business constituency.

With respect to subcontracting opportunities, once a contract that contains a small business subcontracting plan has been awarded by a Federal agency, the prime contractor is required to submit reports periodically to the Government that include information on the prime contractor's achievement of its subcontracting goals and the dollars awarded to small business subcontractors. While the U.S. General Accounting Office indicates that most contractors that the GAO reviewed make good faith efforts to comply with their subcontracting plans, small businesses report to my committee that not only do prime contractors fail to comply with subcontracting plans, but they also fail to submit complete and accurate subcontracting reports. Therefore, this managers' amendment contains a technical correction to clarify that the company president or the head of the entity must certify that data contained in subcontracting compliance evaluation reports provided to the government is accurate and complete.

In addition, under current language in the bill, a contracting officer must first consider ''all reasonable issues regarding the subcontractor's performance, or lack of performance, before making a determination that the prime contractor failed in its responsibility to timely pay a small business subcontractor.'' Some of my colleagues, however, have raised concerns that this language limits the contracting officer's discretion to issues regarding only the performance of the subcontractor, and that other issues that might legitimately cause non-payment, such as disputes over off-sets, could not be considered. That was never the intent of the bill reported by the committee.

In light of these concerns, the managers' amendment modifies the language to ensure that a contracting officer can consider ''all reasonable issues regarding the circumstances surrounding the failure to make timely payment to a small business subcontractor'' before making a determination to make a direct payment to the subcontractor under a pilot program to test direct payments to small business contractors.

The committee also recognizes the economic ramifications that military base closures can have on our local communities and economies. We believe the SBA's Historically Underutilized Business Zone, HUBZone, program can harness the strength and the creativity of the small business sector by providing these firms with incentives to relocate to areas suffering from the effects of a military base closure. Therefore, we included language in the bill to designate base closure areas as HUBZones, and the managers' amendment clarifies that such designation will apply to military bases closed after the date of enactment for a period of 5 years in order to attract small businesses to areas affected by base closure where there are customers and a skilled workforce. The committee believes that new business and new jobs created through HUBZone small businesses means new life for areas affected by base closure.

Lastly, our colleague from New Mexico, Senator BINGAMAN, has requested an adjustment to the Program for Investment in Microentrepreneurs, PRIME, which the bill reauthorizes for 3 years. To accommodate this request, the managers' amendment authorizes $2 million under the PRIME program to be spent to provide grants to intermediaries to assist disadvantaged Native American entrepreneurs. This modification enhances the bill's provisions that encourage Native American-owned businesses and new Native American entrepreneurs.

Mr. President, I will close by noting that this is one of the most expansive SBA reauthorization bills in the 50-year history of the agency. The SBA estimates that reauthorizing the agency will result in 3.3 million jobs over the next 5 years, with the SBA and its programs predicted to support over 1 million jobs over that same period through prime contracts and subcontracts.

This bill is based on the deliberative, methodical, and systematic approach that this committee has taken to review the spectrum of SBA programs, building on those that are working and fixing those that are not. How can we do anything less for the economic engine of our economy—small business—which holds the greatest hope for this country's recovery from the current economic doldrums?

I urge my colleagues to support this important legislation.

(At the request of Mr. DASCHLE, the following statement was ordered to be printed in the RECORD.)

● Mr. KERRY. Mr. President, today, as ranking democrat on the Committee on Small Business and Entrepreneurship, I join the committee's chair, Senator OLYMPIA SNOWE, in bringing to the floor for final Senate consideration, a 3-year reauthorization bill for the Small Business Administration's programs.

These programs help small businesses with access to capital, business advice and training and Federal procurement opportunities. But before I speak more specifically about the provisions of the bill, I would like to thank Chair SNOWE for working hand-in-hand with me on this, my third reauthorization of the Small Business Administration since becoming ranking member in 1997. Having worked close on two previous reauthorizations, and as a member of the Small Business and Entrepreneurship Committee for over 18 years, I can tell you that the SBA reauthorization process takes diligence and a strong attention to detail. I want to commend Senator SNOWE for taking the initiative to draft legislation that makes such important and necessary changes to the SBA during this reauthorization process and for showing great leadership in her first 9 months as chair of the Committee on Small Business and Entrepreneurship.

Our bill will strengthen the SBA and dramatically improve the agency's ability to deliver services to small businesses in every State. It is based on a sound committee record. In addition to holding two hearings and three roundtables to specifically address the SBA's programs and related reauthorization issues, our committee met and spoke with numerous constituents, program directors and small business advocates. It is through this correspondence, research and input that our committee has been able to prepare a comprehensive piece of legislation that should serve the Small Business Administration and the entire small-business community well past even the next reauthorization period.

Over the past 3 years, as chairman and ranking member of this committee, I have seen this administration

reduce Government funding and transfer that money to the wealthy with tax cut after tax cut, resulting in a significant loss of revenue for essential initiatives aimed at fostering small businesses and the job creation and economic activity they bring about. While many of like to note that small businesses are the engine of economic growth and should be bolstered by our Government, this administration has given small businesses more words than action.

The need for small business programs—for access to capital, for training and counseling, for assistance in gaining access to the Federal marketplace—runs counter cyclically to the economy. When the economy is slumping, as it now is, small businesses and entrepreneurs need the SBA even more. Our committee has heard from the small-business community that demand for training and assistance and access to capital is up, yet this administration has proposed freezing funding for virtually all SBA programs for 6 years. Their proposal includes no adjustment for inflation or demand, despite the SBA's own numbers that show demand is up for its programs. The SBA's largest lending programs would have run out of money this year had the SBA not taken the drastic step of capping the size of loans. Both the problem of imminent shutdown and the SBA's solution of a cap would have been bad for struggling small businesses. But for additional funding of more than $3 billion made available by Congress, the SBA's solution would have disrupted many small businesses' access to otherwise unattainable capital. Again, the problem and its solution could have been avoided had the administration properly funded this important program.

It is in carrying out our legislative and oversight responsibilities that Chair SNOWE and I raised a number of concerns regarding the SBA's reauthorization proposal and the overall management and direction of many of the agency's programs through hearings and roundtables and in letters and phone calls to the administration. And after hearing from the community and working with small business experts in the field, Senator SNOWE and I came to the conclusion that many of the proposals put forth by the Small Business Administration would not help the agency's programs, but rather would ultimately hinder them.

This administration and small businesses across this Nation will find, however, that our prescription for small businesses in a flailing economy is quite different. Our reauthorization legislation embraces the initiatives that have worked for years, redirects those that have struggled, and sets the SBA and our small business sector up for continued success.

Although banks have plenty of cash to lend, many small businesses still have a problem getting access to credit. Either the terms are unreasonable, or they can not get a loan at all. For the past few years as the economy has fizzled, the Federal Reserve has reported that banks have cut back on lending to small businesses, making it harder and more expensive to get loans. And who has been there to pick up the slack? The Small Business Administration and its lending partners.

Lending is up 37 percent in the SBA's largest lending program for working capital. Lending is up 22 percent in the SBA's loan program for small businesses that are growing and need money to buy equipment and buildings. Lending is up in the SBA's microloan program, which serves those with the least access to capital through the private sector. And the SBA's venture capital programs play a significant role in this country's investment in our fastest-growing small businesses, accounting for more than 50 percent of all U.S. venture investments. Last year these loans and investments pumped about $20 billion into the economy, leveraged millions more from the private sector, fed the local tax base as the Federal Government cut back, and created or retained more than 400,000 jobs.

As the committee reviewed the SBA's programs for reauthorization, these facts figured largely into establishing the program levels. I thank our chair, Senator SNOWE, for working with me to set the levels for the SBA's lending and venture capital programs at increasing levels for the next 3 years. I am particularly pleased with the increased funding levels for the microloan program.

I disagree with the administration's proposals over the past few years to cut back its investment in microloans and training assistance to micro-entrepreneurs. And I disagree with the administration's contention that these borrowers are being served through the 7(a) loan program. The small borrower in the microloan program is different than the small borrower being served through the 7(a) loan program. Both lending vehicles are important, but they are different, and one is not a substitute for the other.

And who are these borrowers being served through the microloan program? Thirty percent are African American. Eleven percent are Hispanic. Thirty-seven percent are women. And anywhere from 30 to 40 percent go to small businesses in rural areas. Banks turn these borrowers away, and yet the administration proposed cutting the microloan program by 36 percent in its most recent budget—fiscal year 2004. The SBA needs to fully fund these programs and put more resources into the office that manages the program. Four people are not enough to manage 1,400 loans and 180 grants.

Not only is the program level for microloans troublesome, but also the level for the agency's largest small business lending program, the 7(a) program. In the report that accompanies S. 1375, the committee notes that our duty as members of this committee, as well as that of the SBA itself, is not simply to maintain these programs but to monitor the demand and adjust the programs accordingly to meet the needs of small businesses. According to SBA's testimony before the committee on April 30, 2003, the agency estimates demand only by looking backwards—what has happened in the past year. However, there are other important factors to consider: changes in loan volume, trends in the economy, and initiatives and program changes that will affect loan volume. For example, the agency often enters into memoranda of understanding with trade and ethnic associations in order to help their members who own small businesses, and recently the SBA opened its lending programs to all credit unions, which number 10,000. Both of these changes are intended to raise awareness of the SBA's services, which ultimately will affect demand. In a press release from the SBA regarding credit unions, the agency stated that delivery of SBA loans through credit unions, ''Represents a possible increase of nearly 30 percent in the overall number of institutions where entrepreneurs can seek capital for their businesses.'' That possibility, if it becomes a reality, will almost certainly increase demand for 7(a) loans. Therefore, it should be factored into the SBA's estimate of programs demand for fiscal year 2004 and beyond, and aligned in its annual appropriations requests and legislative proposals.

Aside from setting the level for each small business financial assistance program, our SBA reauthorization makes important program changes and starts some important, new initiatives. In the SBA's microloan program, we have adopted many of the provisions we passed last year as part of S. 174, which Senator SNOWE and I introduced and the committee and the full Senate voted to pass by unanimous consent. I thank the Association for Enterprise Opportunity, AEO, as well as the participants of the reauthorization roundtable on April 30, 2003—Mary Mathews of Minnesota's Northeast Entrepreneur Fund, Zach Gast of AEO in Washington, D.C., Alan Corbet of Missouri's Go Connection, and Blake Brown of Maine's Coastal Enterprises—for representing the microloan industry so convincingly and educating the committee on the inextricable correlation between technical assistance, lending and successful businesses that can repay their loans. I thank them for illustrating so vividly how they serve borrowers that would not otherwise have access to capital—because their loans are not profitable enough to appeal to traditional lenders, and because the efficiencies of credit scoring work against these small borrowers, even those with repayment ability. The SBA's microloans represent their only credit option to help them achieve economic independence and become bankable in the future.

Picking up where we left off last year, and even the year before when we

made important changes to the microloan program, S. 1375 will make it possible for lenders to offer small business ''short-term'' loans. This will benefit small businesses, the lenders and the SBA because it will eliminate repeated paperwork and administrative oversight from those small businesses, such as carpenters, who need revolving loans to finance the jobs as they come in, rather than taking multiple little fixed-term loans. Rather than tying eligibility to the expertise of the entity, we have made it possible for new entities to qualify as the SBA microlending intermediaries if they have staff with this unique lending and technical assistance expertise. We have made a conforming change regarding the average smaller size of microloans, increasing it from $7,500 to $10,000, to make it consistent with similar changes enacted in December 2000.

Unlike the provisions we considered in 2000 and again last year with S. 174, this bill does not go as far to eliminate the restrictions on lenders contracting out the technical assistance or assistance before a loan is made. Instead, we raise from 25 percent to 30 percent the amount of TA funds an intermediary can contract with an outside expert and the amount of grants a lender can use to counsel prospective borrowers. The latter change does not go as far as I would like, but represents a compromise. Although there is a perception that pre-loan assistance means that TA money is used on microentrepreneurs who never get loans, in actuality the small-business owner in many cases needs help getting the loan more than assistance running the business after he or she gets the loan. Also, unlike the last two microloan bills, instead of including a provision authorizing the SBA to fund peer-to-peer mentoring among microloan lenders and TA providers, the microlenders asked the committee to increase the oversight of an existing statutory provision that requires the SBA to contract out 7 percent of its loan dollars for training of intermediaries.

Now the SBA will have to report annually on this specific provision to highlight what they have done to comply with the law. Last, S. 1375 requires the SBA to develop an improved subsidy rate model to determine the cost of microloans because the one they have used since the program's inception does not reflect the performance of the program. For example, last year, in Fiscal Year 2003, the administration's budget doubled the subsidy rate, which is the Government's cost of the program, from 6.78 percent to 13.05 percent, even though the program had not experienced any loss of Federal funds since the first loan was made in 1992. This broken method of calculating the cost of these loans is a waste of taxpayer money because Congress has to appropriate unnecessary funds to run the program.

In the 7(a) loan program, the SBA's largest loan program, which provides loans to small businesses for working capital with long terms of up to 25 years, we made permanent the reduction in the fees borrowers and lenders pay. We are testing a proposal that allows the most proficient 7(a) lenders in good standing to lend in every State. Lenders have complained that applying for lending autonomy in each of the 70 district offices and branches is administratively burdensome, both for them and for the agency staff, and that some district offices have taken advantage of the power to approve or disapprove lenders when they apply for this special lending status.

Let me be clear—while I want to avoid unnecessary paperwork and eliminate reported abuses, I do not want the lenders to take this as a signal to quit working with the district directors and district staff. It is important to have a local connection and for the SBA and the lenders to work together to maximize service to the small businesses. We need to maximize resources to reach not only as many small businesses as possible, but also those populations that most need access to affordable capital. It would be unreasonable to continue holding district directors accountable for lending goals in their areas without building in a mechanism to encourage interaction. There are concerns that allowing lenders to make loans on a nationwide basis and bypass the local SBA staff to work only with SBA staff in Washington, DC, could undermine the local infrastructure and the SBA's ability to meet the individual needs of local small businesses. For this purpose I have included a provision that directs the SBA to consider the recommendations and comments of any district directors and regional administrators when reviewing a lender for national lending authority.

To increase the value of 7(a) loans sold in the secondary market, the committee has included a provision to allow the SBA to pool and sell the guaranteed portion of loans with varied rates. Currently, the SBA has the authority to only sell those loans with identical rates. Proponents argue that this will create efficiencies in the market and strengthen the program by bringing it into line with what the private sector has been doing for years.

At Senator SNOWE's request, in order to reach more under-served small businesses, we have enhanced the Low-Doc program, allowing lenders to use the simplified application from for loans up to $250,000 from $100,000, making it the same as the SBA Express program. We have also expanded the incentives for lenders to provide financing to export small businesses, and proposed letting 7(a) borrowers use a simplified size standard when determining if an applicant is a small business.

To improve the 504 loan program, which makes long-term loans of up to 20 years to small, growing businesses to buy equipment and buildings, we have raised the debenture size to keep peace with the rising cost of commercial real estate and equipment. We have raised the job requirement standard up from $35,000 to $50,000. This is reasonable given the increase in the Consumer Price Index since the last time the job requirement was changed in 1990. We have directed the SBA to simplify the application and documentation process of applying for and closing 504 loans, long a goal of this Committee and made a priority based on the compelling testimony of some of our witnesses during the reauthorization process. We have also created two alternatives for 504 lenders to use when establishing a loan loss reserve to cover potential losses.

I am particularly pleased that we have included S. 822, the Child Care Lending Pilot Act in the reauthorization bill. It allows small, non-profit childcare businesses access to 504 loans. I thank Senator SNOWE and my colleagues for agreeing to try this for 3 years, similar to what we have done with the microloan program. And I thank the trade association of 504 lenders, the National Association of Certified Development Companies, and other 504 lenders for their endorsement of, and input on, the pilot.

The more research I have done, the more I have come to realize how vitally important it is that we give non-profit day care providers the same opportunities as for-profits to expand their businesses. Non-profit day care centers are often the only childcare suppliers available in needy areas, from the most urban to be most rural. I have taken note of states like Oregon, where 79 percent of day care providers are non-profit, Michigan, where that number jumps to 86 percent, Iowa with 77 percent, my own State of Massachusetts with 90 percent, Ohio with 62 percent, and the list goes on and on. I've learned that in State after State families are waiting for affordable day care; from more than 1,000 families on the waiting list in both Nevada and Maine to more than 30,000 on the list in Texas. These parents are waiting for quality day care they can afford, and making available affordable loans to all licensed child care providers may increase access to care and cut down those waiting lists.

I understand there is concern about the precedent of the SBA lending to non-profits. Right now it is done in only limited circumstances—microloans, physical disaster loans and economic injury disaster loans in the areas affected by the terrorist attacks of 9/11. And I agree it should not be expanded to all industries. However, this is a very unique industry whose critically important services in many States are delivered mostly through non-profits, and the only way to increase facilities to provide the child care is to reach both for-profit and non-profit child care providers. Further, non-profits are usually the providers that care for the neediest kids. I have added provisions to the pilot program to ensure that the underwriting

standards are just as tough, if not more so, as those applied to for-profit centers. The loans must be personally guaranteed, the collateral must be owned outright by the child care provider, and it must be able to make its loan payments and cover normal operating expenses from the revenue generated from its clients. With these protections, the loans to non-profits should perform just as well as those made to for-profits, and if there is a problem, the loans should be collateralized sufficiently to cover the losses.

The bill defines a small, non-profit child care businesses as an entity organized as a 501(c)(3), but not just any organization. It must be a licensed child care provider; it must meet the size standard for a small business; and it must provide care to infants, toddlers and pre-kindergarten and care to older children after school. This makes assistance available to eligible entities that offer Head Start services. At Senator SNOWE's request, the pilot is limited to seven percent of the number of loans guaranteed by the 504 program overall, which is less than the 10 percent allowed for pilots under SBA's 7(a) guaranteed business loan program. I feel that the agreed upon cap should allow for sufficient lending under the pilot to adequately test whether lending to non-profit childcare providers is effective in increasing access to affordable childcare, and whether it protects the general 504 program, which is vital to the financing of small businesses in this country.

Before I move on to discuss another important provision in the bill, I want to thank all the members of the Advisory Committee on Child Care and Small Business in Massachusetts who not only identified the need for this policy change but also developed many innovative ideas to coordinate Federal and State business services and child welfare services to expand the availability of quality, affordable child care and strengthen the businesses of child care of child care providers.

The bill also includes a comprehensive study by the GAO to track and monitor the impact of this program both on child care industry and the 504 program. Last, I want to remind my colleagues that the 504 program is funded entirely through fees and does not require appropriations. Further, when the Congressional Budget Office reviewed the reauthorization act and estimated its cost and the impact the provisions would have on the programs, CBO assessed no cost increase to the 504 program, its subsidy rate, or the agency by enacting the child care lending pilot provision.

Also included in this bill is S. 318, the Small Business Drought Relief Act. This simply reinforces in legislation something that the SBA should already be doing. You see, the SBA doesn't treat all drought victims the same. The agency only helps those small businesses whose income is tied to farming and agriculture. However, farmers and ranchers are not the only small business owners whose livelihoods are at risk when drought hits their communities. The impact can be just as devastating to the owners of rafting businesses, marinas, and bait and tackle shops. Sadly, at present these small businesses cannot get help through the SBA's disaster loan program because of something taxpayers hate about government—bureaucracy.

The SBA denies these businesses access to disaster loans because its lawyers say drought is not a sudden event and therefore it is not a disaster by definition. Despite numerous requests, written and verbal, for a copy of this legal opinion, the SBA delayed compliance for 6 months. The delay jeopardized enactment of emergency legislation during the 107th Congress, leaving small business drought victims without assistance. Contrary to the agency's position that drought is not a disaster, as of July 16, 2002, the day this legislation was introduced last year, the SBA had drought disaster declarations in effect in 36 States. That number had grown to 48 by the beginning of this year, demonstrating that the problem had gotten worse and even more small businesses were in need.

As I have said time and again, the SBA already has the authority to help all small businesses hurt by drought in declared disaster areas, but the agency will not do it. For years the agency has been applying the law unfairly, helping some and not others, and it is out of compliance with the law. The Small Business Drought Relief Act of 2003 would force the SBA to comply with existing law, restoring fairness to an unfair system, and would get help to small business drought victims that need it. I thank former Governor Jim Hodges of South Carolina, and his staffer Lane Hudson, for bringing this to the committee's attention. They served the needy small businesses of their State extremely well, and I am sorry that politics kept this common sense and much needed provision from being enacted. I thank the other 15 Governors who fought for their constituents, too. And I thank Senator BOND for working with me on this when he was the ranking member of the Committee on Small Business & Entrepreneurship, and Senator SNOWE and her staff for all their help and support. While we might have had a lot of rain recently in the northeast, there are areas like Lake Mead in Arizona and Nevada where it is so dry that the water level is down and small businesses are losing business and having to make expensive changes, such as extending docks to reach the water in order to stay in business.

In this bill are also provisions to strengthen the SBA's venture capital programs—the Small Business Investment Company Debenture and Participating Securities programs, and the New Markets Venture Capital Program. We have balanced investment incentives with financial soundness issues and allowed small businesses to receive more SBIC financing than currently permissible if they also have a 504 or 7(a) loan. We have improved the arrangement for distributing payments from successful SBICs so that the SBA and the investors are treated more fairly and the taxpayer has more protection for realizing repayment on the investments. We have put in place conforming amendments to make the New Markets Venture Capital program work with the New Markets Tax Credit, as Congress intended. And we have clarified that New Markets Venture Capital companies have 2 years to raise their matching capital, as Congress intended. The committee has been troubled by the agency's interpretation of the NMVC statute, which SBA viewed as permitting the agency to choose how much time it could give conditionally approved NMVCs to raise the private-sector matching money. The SBA's chosen time frames were unreasonable and not what Congress intended.

I very much regret that the managers' amendment that we are considering today does not include a change to the New Markets Venture Capital Program which would better align allowable investments with repayment obligations. Right now the repayment and profit participation schedules are out of sync. Experts argue that this situation could force NMVCs to liquidate promising small businesses in order to raise repayment money. It would be unfortunate if this were to occur, particularly for the employees of small businesses in these high-unemployment areas who will be hard-pressed in this economy to find another job with sustainable wages and benefits. I do not have an SBA NMVC in my State, but there are about 20 States with NMVCs which would have benefited from this proposed change—Maine, New Hampshire, Vermont, Kentucky, Maryland, West Virginia, Ohio, Delaware, New Jersey, Pennsylvania, Arizona, and Washington, DC. I am sorry that we could not reach a compromise and I hope for the sake of existing NMVCs and the small businesses they assist that the experts are not right.

I thank the many experts who have advised this committee over the years on developing and implementing the new markets venture capital program. My colleagues on the committee and I are grateful for their help. It is a great service to the taxpayers and businesses and the communities that will benefit from this innovative investment. In no particular order, I thank Dr. Julia Rubin who helped us when she was at Harvard, at Brown and now at Rutgers University. I thank Saunders Miller, now himself a small business owner of Peaq Funds in Manhattan, who was a principal developer of this program and may other venture capital initiatives for the many years he worked at the SBA. I thank Don Christensen, the former head of the SBA's investment

division, where he served this nation and president Clinton extremely well. And to the many developmental venture capitalists who routinely impart their expertise and wisdom to this committee, such as Elyse Cherry of the Boston Community Venture Fund and Ray Moncrief of Kentucky Highlands.

Responding to findings by the General Accounting Office and the SBA's Office of Inspector General, this legislation includes many measures to strengthen the SBA's oversight of lenders. And we have reauthorized and clarified the law for surety bond guarantees to help small businesses get Government contracts.

While no one would deny the importance that access to capital plays in the success of small businesses, as SBA Administrator Hector Barreto and past SBA administrators have acknowledged time and again, debt is not always the answer. In the SBA's FY 2004 budget request, there is reference to information from the Ewing Marion Kauffman Foundation and Dun & Bradstreet that indicates ''80 percent of new businesses discontinue operation within 5 years because of lack of 'knowledge' of key business skills.'' Despite the recognized importance of such assistance, the SBA's funding request for fiscal year 2004 and its legislative proposal to implement that request would freeze funding levels for virtually all agency programs, without even accounting for inflation, for a 6-year period. If enacted, that would severely hamstring this nation's small businesses and their ability to effectively compete and prosper in the national economy. For this reason, Senator SNOWE and I took a comprehensive approach to supporting and improving the SBA's entrepreneurial development programs, while rejecting proposals put forth that would undermine their success.

Cuts to or inadequate funding of the SBA's entrepreneurial development programs are often attributed to vague and unfounded claims of duplication. Such claims mistake a common mission of training and counseling for duplication, ignoring the reality that small businesses vary greatly, are often at very different stages of development, and have many different needs. Just as it would be ineffective to only have one type of loan or venture capital financing structure for the 25 million small businesses in this country, it would be futile to water down specialized management and training programs to impose a one-size-fits-all approach.

I want to commend Chair SNOWE for giving women entrepreneurs such a prominent place in the reauthorization process. Rarely do women entrepreneurs get the recognition and attention they deserve for their contributions to our economy: Eighteen million Americans would be without jobs today if it were not for these entrepreneurs who had the courage and the vision to strike out on their own. During my tenure as a member, chair, and lead Democrat of the Senate Committee on Small Business and Entrepreneurship, I have worked to increase and improve the opportunities for enterprising entrepreneurial women in a variety of ways, leading to greater earning power, financial independence and asset accumulation—and I am glad that Senator SNOWE is joining me in this endeavor.

As Chair SNOWE expressed when she introduced the Women's Small Business Programs Improvement Act—and when Senator SNOWE and I passed the Women's Business Center's Preservation Act—protecting the extremely effective and well-established Women's Business Center network was a high priority in this reauthorization. For that reason, we make permanent the Women's Business Center Sustainability Pilot Program by creating 3-year ''renewal'' grants for those centers with sustainability grants and 4-year ''initial'' grants for new centers; increase the program's authorization levels; and direct the Office of Women's Business Ownership, OWBO, to make all Women's Business Center grants at $150K and to consult with the associations of Women's Business Centers when making improvements to the program. Other changes to the Women's Business Center Program include streamlining the data collection and the grant application and selection criteria, protecting the privacy of Women's Business Center, WBC, clients, and providing for a smooth transition from sustainability to the newly established WBC program.

Our legislation will not only secure the future of the Women's Business Center Program, but it will connect all SBA-related women's initiatives with a unified mission, similar guidance and training. These changes were coupled with minor, yet significant, changes to the National Women's Business Council, NWBC, and the Interagency Committee on Women's Business Enterprise. Senator SNOWE and I included provisions to give the NWBC cosponsorship authority, to allow more flexibility in the way the council uses funds, and to direct the council to serve as a clearinghouse for historical data. Each of these things will enable the council to become a better resource for the administration, Congress and the entire small-business community. Since its inception, the NWBC has provided Congress, the Small Business Administration, and the Interagency Committee on Women's Business Enterprise with independent advice and policy recommendations on issues facing women in business.

In recognition of the council's importance to policy making and women in business, Senator LANDRIEU offered and the committee adopted an amendment identical to her National Women's Business Council Independence Preservation Act of 2003, which seeks to maintain the bipartisan balance on the NWBC. The structure of the NWBC helps to maintain its independence. It has 15 members. The chair is appointed by the President and must be a prominent business woman. Six members are representatives of women's business organizations, including representatives of women's business center sites, and the remaining eight are members appointed by the SBA administrator based upon recommendations of the chair and ranking members of the Senate Small Business and Entrepreneurship Committee and the House Small Business Committee. Of these eight ''party-affiliated'' members, four come from the same political party as the President and four members who are not from the President's party; all of them must be small business owners. The bipartisan balance in the NWBC's membership helps to ensure that any policy recommendations will reflect the needs of women in business and not the political agenda of one political party over another.

Vacancies on the NWBC are supposed to be filled no later than 30 days after the position becomes open; however, in the past 2 years, the SBA has failed to meet this 30-day statutory deadline. The NWBC Chair was vacant from May 29, 2001, to May 21, 2002, a period of 11 months and 22 days. Of the party-affiliated slots reserved for the President's party, one was vacant for 3 months, two were vacant for a period of 7 months; and one was vacant for 21 months. Two of the seats reserved for members who are not from the President's party were vacant for nearly 2 years, one seat was vacant for 7 months, and the fourth seat remains vacant. At one point during the past 2 years the NWBC had a severe partisan imbalance. There were three Republican members on the NWBC and no Democratic members. The committee is concerned that these vacancies undermine the effectiveness of the NWBC, and that the lack of bipartisan balance will subject any policy positions taken by the NWBC to criticism as being motivated by partisan interests.

Senator LANDRIEU's amendment, which was approved unanimously by the committee, requires that vacancies in the party-affiliated slots will be filled to maintain a bipartisan balance on the NWBC. The provision also ensures accountability by requiring the administration to report to Congress on vacancies that remain unfilled for more than 30 days. The committee expects the report to cite the reasons for the vacancies, what is causing any delays in filling the positions, whether nominees were available for consideration, at what stage in the vetting process nominees are, whether there are any objections to the nominees and what those objections are, an estimate for when the vacancies will be filled, and any other relevant information relating to the vacancies.

To bolster the representation of women business owners in the Federal Government, our bill re-establishes the Interagency Committee on Women's Business Enterprise, directs the Deputy Administrator of the SBA to serve

as acting chairperson of the Interagency Committee until a chairperson is appointed, establishes a Policy Advisory Group to assist the Committee's chairperson in developing policies and programs under this act and creates three subcommittees similar to those created under the National Women's Business Council.

This bill also supports and protects the Small Business Development Center network, which has served millions of small-business owners since its inception more than 20 years ago. It should also be noted that in 2001, SBDCs helped small businesses create or retain over 80,000 jobs, generate $3.9 billion in sales and obtain $2.7 billion in financing. For every dollar spent on an SBDC, $2.09 in tax revenue was returned to the Federal Government. Numbers aside, the nationwide network of SBDCs provides important counseling services to small-business owners that are unable to afford private consulting, many of whom are women and minority clients. The SBDC program has grown to serve 1.25 million small-business owners and entrepreneurs each year, and there are nearly 1,000 centers serving every State in the Nation.

While this bill rejects the potentially detrimental changes proposed by the SBA to the SBDC network, it does address concerns expressed by the centers and small businesses. Our bill increases authorization levels to keep up with increased demand and a provision to protect the privacy of the program's clients and a provision to help the SBDCs that have been adversely affected by poor economic conditions or government downsizing. Also included is a portability provision proposed by Senator SNOWE to provide supplemental assistance to State SBDC networks that have been adversely affected by a military base or industrial site closure which has lead to a loss of jobs and severe economic harm. If implemented correctly, portability has the potential to help States, reeling in the aftermath of a sudden economic change, to provide the necessary small business assistance to quell the economic injury to a particular area.

Also, included in the entrepreneurial development section of our bill is a provision to increase to $7 million annually the authorization level for the Service Corps of Retired Executives, SCORE, which has 10,500 volunteers, and technical change to allow SCORE to keep its modest staff of 14 employees. For more than 38 years, SCORE has been one of the SBA's greatest and most efficient successes. In 2002, SCORE volunteers held over 300,000 counseling sessions and put in nearly 1.4 million volunteer hours. To keep up with an our nonstop national economy, SCORE has dramatically advanced the outreach of its online services to reach clients 24 hours a day, seven days a week. Last year, for $5 million, SCORE volunteers provided small business owners an estimated $170.8 million worth of professional business advice. It is safe to say that in this down economy, SCORE is one investment that will be paying dividends for years to come.

I thank Senator SNOWE for working with me to include, as introduced, the Native American Small Business Development Act, which I reintroduced earlier this year together with Senator JOHNSON and Senator SMITH to address the SBA's growing lack of commitment to the Native American community. According to a report released by the U.S. Census Bureau, the ''three year average poverty rate for American Indians and Alaska Natives from 1998–2000 was 25.9 percent; higher than for any other race groups.'' With an unemployment rate well above the national average and household income at just three-quarters of the national average, Native American communities need a commitment from the Federal Government that we will help them, particularly during these difficult economic times. To reaffirm this commitment, the Johnson-Kerry-Smith bill provides Native Americans the resources they need to take advantage of the opportunities of entrepreneurship.

The Native American Small Business Development Act, as included in our reauthorization bill, will ensure that the SBA's programs to assist Native American communities cannot be dissolved by making the SBA's Office of Native American Affairs, ONAA, and its assistant administrator permanent. Our legislation would also create a statutory grant program, known as the Native American Development grant program, to assist Native Americans. It would also establish two pilot programs to try new means of assisting Native American communities and require Native American communities to be consulted regarding the future of the SBA programs designed to assist them. In short, this legislation will ensure that our Native American communities receive the adequate assistance they need to help start and grow small businesses.

Senator BINGAMAN and I have worked closely to develop a provision for inclusion in a joint managers' amendment to the reported bill, which will expand the Program for Investment in Microentrepreneurs, PRIME, with a separate $2 million authorization to provide direct, in-depth technical assistance and counseling to disadvantaged Native American small business owners. The provision will complement the Native American Business Centers created in the Native American Small Business Development Act by following the PRIME model, which provides technical assistance through microenterprise entities that have extensive experience helping the least experienced entrepreneurs in low-income communities. The rationale for amending the PRIME Act, rather than creating a separate program, is that PRIME is currently operational and simply needs additional funding so it can better address the needs of the Native American entrepreneurial community. The provision follows the existing Small Business Administration's approach and terminology for implementing the PRIME Act to enhance the possibility of economic development through entrepreneurship in Native American communities. The Bingaman provision will strengthen the three-pronged approach the Senator JOHNSON and I designed in the Native American Small Business Development Act to find a solution to the longterm economic handicap existing in Native American communities nationwide. There are a number of microenterprise organizations in states across the country that are willing and prepared to take on the additional challenge of assisting disadvantaged Native American entrepreneurs, and there are a number of Native American communities that are eager to take a different path to economic development. However, there are currently a limited amount of funds to allow that to happen. I commend Senator BINGAMAN for his attention to this matter, for his continued support of my small business legislation, and for his foresight and vision for Native Americans in New Mexico and across the country. The Native American communities across our nation will be better off with the assistance that this provision makes possible. Were it not for the persistence of Senator BINGAMAN, this provision would not be part of SBA's tools to help Native American entrepreneurs. I also want to thank Senator SNOWE for working with Senator BINGAMAN and me to include this provision in the managers' amendment.

To address the growing business development needs of veterans, Senator SNOWE and I reauthorized the Advisory Committee on Veterans Affairs, expanded veterans outreach grants from solely serving disabled veterans, to serving all veterans, reservists and service-disabled veterans. Further, we increase the funding for the Office of Veterans Business Development to enable that office to better deal with the demand by veterans for outreach and development services.

Included in a joint Snowe-Kerry amendment, which was unanimously approved at the Committee markup, is a reauthorization of PRIME at $15 million. SBA Administrator Hector Barreto has stated, ''The PRIME program was created to help the smallest of small businesses. These are entrepreneurs at the most basic stage of starting a business and who typically require the greatest amount of committed service and guidance. In order to succeed, they require training and technical assistance that must be accessible.''

PRIME is a powerful investment that provides critical assistance to struggling, distressed communities. It's engineered to help low-income and very low-income families, defined as those at 150 percent of the poverty line or below. A very low-income family of

four earns about $23,000 a year. The International Labor Organizations estimates that the return on investment in microenterprise development through resources like PRIME ranges from $2.06 to $2.72 for every dollar invested. Microenterprise contributes to our national economy through public tax revenues, private income increases, and reduced dependence on public assistance, such as welfare. Small Business Development Centers define a ''client'' as someone who has received two hours of training. On average, however, PRIME organizations spend 10 hours with low-income and very low-income entrepreneurs.

Many often confuse PRIME assistance with the microloan technical assistance. Unlike the microloan program's technical assistance, which is directly tied to helping microentrepreneurs obtain access to capital through microlenders, the PRIME program is designed to help microentrepreneurs who may not be credit-worthy or don't need or want loans, but do need intensive technical assistance.

Currently, there are fewer than 80 organizations with PRIME grants, yet the need for PRIME assistance is now greater than ever. While access to credit is vital for many microentrepreneurs, for low-income individuals, there is a severe gap between being credit-worthy and receiving the technical assistance needed to be successful in business. The PRIME program addresses this gap. for these reason, Senator SNOWE and I reauthorized the program for three years. Our bill also moves PRIME's statutory language to the Small Business Act and includes a data collection provision.

We continue to receive reports of the detrimental effects of the Administration's policy of reduced staffing and resources for essential programs aimed at allowing small businesses to thrive. Week after week, the Federal Times reports on the decline in contracts being allocated to small businesses, small businesses losing ground in the Federal marketplace, and most recently, on the awarding of more big contracts with less oversight from Federal agencies. With agencies awarding larger, more complex and more costly contracts with fewer staff performing oversight, this nation's small businesses and its tax payers are the ones shouldering the burden when small business goals continue to be unmet. In addition to helping small businesses obtain access to procurement opportunities, these goals are meant to help the government benefit from the cost-savings and innovations small business contractors can often provide.

Significant improvements to the ongoing problem of contact bundling, also called contract consolidation, are included in this bill. One provision included in this legislation that will make a significant impact on small businesses' ability to compete is the method we have adopted to address the ongoing problem of contract bundling. This language is a prime example of the effectiveness of bipartisanship, diligence and compromise. This approach incorporates language from an amendment to the Department of Defense reauthorization offered by Senator COLLINS and Senator TALENT, language from my contract bundling bill, S. 633 and the President's initiative on contract bundling.

The first provision creates a two-tiered threshold in order to prevent unnecessary contract consolidation. Civilian agencies will be required to meet specific standards if they attempt to consolidate contracts above $2 million and $5 million. The Department of Defense is required to meet similar requirements for contracts above $5 million and $7 million. The bill also further expands the definition of contract bundling to include contract consolidation, closing a loophole in the definition that has been widely used and detrimentally affecting small businesses.

The second provision increases in the number of procurement center representatives, PCRs. These representatives advocate on behalf of small businesses in cases directly affecting contracting, such as the bundling or consolidation of contracts. Unfortunately, the number of PCRs has been reduced from over 200 at its peak in the late 1980s to the current level of just 47. In addition to reducing the number of traditional PCRs, the administration has also eliminated the Breakout PCRs, specially trained advocates that analyze highly technical large contracts and ''unbundle'' contracts and break out portions that are appropriate for small businesses. Their responsibilities have been rolled into that of traditional PCRs, even though the number of PCRs continued to decline. Often, the role of commercial marketing representatives, CMRs, was also incorporated into the responsibilities of traditional PCRs. CMRs are responsible for identifying opportunities and developing marketing strategies for small businesses to appeal to large prime contractors. The SBA's attempt to streamline their offices and replace trained individuals with electronic systems has resulted in the disenfranchisement of small businesses and hindered the SBA's ability to maintain a proper level of oversight over Federal contracting.

In the bill, we have increased the number of procurement center representatives to ensure that every State and every major procurement center is allocated a PCR. Meanwhile, we have also ensured that these PCRs are not burdened with responsibilities that were previously the duties of breakout PCRs and commercial marketing representatives. These two improvements will dramatically increase the efficacy and efficiency of all three positions and allow proper review of the approximately 40 percent of Federal contracts, nearly, $90 billion, that are currently not being reviewed by PCRs. This should increase small business's access to Federal contract opportunities.

The bill would also create a reporting requirement for the BusinessLINC program, which has been showing promise in creating real teaming opportunities for small businesses in the private sector. Although the administration recommended elimination of the program, the reports this committee received regarding the overwhelming success of the existing nine programs made it clear that the SBA did not have sufficient information about BusinessLINC to make an informed decision on its effectiveness. The committee's bill would ensure that the SBA offers the proper level of oversight and would foster the continued success of the program. I would like to thank Senator SNOWE for working with me to find a compromise to preserve this successful program.

At the Committee's roundtable on non-credit programs and the hearing on contract bundling, the small business community reiterated the need for accountability for small business contracting at the agency level. I applaud Senator SNOWE on her efforts to ensure that Federal agencies be held accountable for fully utilizing small businesses and to allow a greater amount of Congressional oversight of the implementation of agency procurement strategies. Provisions within this bill will ensure that the heads of Federal agencies identify a specific portion of their budget request that will be awarded to small businesses in their strategic plan and their annual budget submission to Congress. The bill also gives senior procurement executives and senior program managers additional authority to educate their staff regarding the importance of meeting the government-wide goals for small business utilization and allows for greater accountability in annual performance evaluations. I would like to thank the members of the Senate committee on Government Affairs for working with Senator SNOWE and me on these provisions to ensure that agency officials have the authority, as well as the flexibility, to efficiently and effectively meet the goals we have placed before them.

In addition to increasing opportunities for prime contracts, this bill addresses another serious problem: Small businesses have been severely hampered by dishonest practices by some businesses that have prime contracts with the Federal Government and have received preference over other prime contractors due to their superior small business subcontracting plans. Senator SNOWE and I have worked closely to address the concerns of small businesses regarding delays in payment, false reporting and the use of ''bait and switch'' tactics by prime contractors.

The bill holds prime contractors responsible for the validity of subcontracting data, requiring the CEO to certify to the accuracy of the subcontracting report under penalty of law. It also expands the penalties for falsifying data included in subcontracting reports to match the $500,000 or 10

years in prison for businesses that falsify their status as a small and disadvantaged business. If one intentionally falsifies data as a part of a subcontracting report to a Federal agency, he is defrauding the United States government and will be punished to the full extent of the law.

During the committee's reauthorization roundtables, we heard numerous accounts of subcontractors receiving late payments or partial payments from their prime contractors. Small firms do not have the luxury of waiting for their payments when they have invested time and money to provide their products and services to the prime contractor. To address this concern, the bill directs the SBA to create a three-year pilot program, which tests the feasibility of direct payment to subcontractors from the Federal agencies that are receiving the contracts and or services.

In 2000, Congress passed legislation to implement a limited competition, set-aside program for women-owned businesses, intended to assist agencies to increase contracting to these firms and help to meet the five percent government-wide goal. The original bill amended the Small Business Act in section 8(m)(4) to require the SBA Administrator to complete a study to identify industries in which women-owned businesses are under-represented and report to Congress. The original study has been completed, but has been delayed by a subsequent study of the original study's ''methodology,'' causing the program to be delayed indefinitely rather than be implemented in 2002, as it should have been. This bill expedites the implementation of the already overdue program by reassigning the responsibility of the study from the SBA to the GAO and giving the Comptroller a deadline of December 31, 2003, to report his findings to Congress.

During this time of economic downturn, we must ensure that long-term strategies of reorganization and restructuring do not have immediate negative impacts on our communities. One example of this is the economic impact on surrounding areas when a military base is closed. The loss of contracts to small businesses, jobs and resources can cripple a community's economy. To reduce the impact on these regions, this bill utilizes a contracting program, called the HUBZone program, intended to target underserved areas and maintain the profitability of the firms located within these areas. This bill will allow military installations that are closed after passage of this legislation to receive HUBZone status. Senator SNOWE and I have included a further provision within the managers' amendment of S. 1375, which would limit this special classification for 5 years after the closure of the base. The intent of the immediate qualification of these areas is to allow for a smoother transition of the base to commercial use by encouraging small businesses to relocate to those facilities, through Federal contracting opportunities, and employing the workers in that area. Additional options for assistance for these areas are available through the SBA if these areas do not receive continued economic stability following the expiration of the 5-year HUBZone status.

I want to thank Chair SNOWE and her able staff for all of their cooperation over the past several months. I would like to thank the members of the Senate Committees on Armed Services and Government Reform for working closely with me and my staff to ensure that this bill meets the needs of the Federal Government's diverse procurement offices as they work to ensure that the government receives the essential goods and services it requires. I also want to express my gratitude to all the members of the committee for their diligent efforts to improve this legislation and urge them and my other Senate colleagues to support the Small Business Administration 50th Anniversary Reauthorization Act of 2003.●

Mr. BOND. Mr. President, I rise today in recognition of S. 1375, the Small Business Administration 50th Anniversary Reauthorization Act of 2003. This bill revitalizes existing SBA programs and brings to life new pilot programs, all of which promote the demands and growth of the small business community. I commend the chair, Senator SNOWE, for passing this bill through the Small Business Committee with unanimous support.

Upon final passage of this bill, we will take a giant step toward improving and refining the SBA and its programs. With the new provisions that enhance agency record-keeping and realign program operations under a more appropriate department, it is clear that agency accountability and oversight will be strengthened. In addition, small businesses will benefit from improvements in the leading programs, greater access to capital, new innovations in the entrepreneurial programs, expansion of procurement programs, and improved training and assistance provisions.

According to the SBA's Office of Advocacy, small businesses represent more than 99.7 percent of all employers, employ more than half of all private sector employees, and generate 60 to 80 percent of net new jobs annually. Given these statistics and the difficult financial times we face in today's economy, I urge Congress to continue to nurture the needs of the small business community. We must show enthusiastic support for this bill, which I am confident will provide the SBA with greater tools to keep pace with the ever-changing global economy and to serve the small business community in a more effective and efficient manner. To act otherwise could jeopardize this Nation's much needed job growth and innovation.

Before I yield the floor, I refer to an important small business program titled the Historically Underutilized Business Zone Contracting Program, or as it is commonly referred to, the HUBZone program. This small-business program was one of my personal priorities as former chairman of the Senate Small Business Committee. It was established in 1997 with the intent to create jobs in severely economically distressed communities, both rural and urban. In addition, the HUBZone program provides a Federal contracting preference as an incentive for small businesses to locate in these low-income areas. The jobs created by the HUBZone program bring money to those blighted areas and create a demand for more goods and services, which leads to the creation of more small businesses and increased commerce in the area. Little by little, the community's economic base is reborn.

Today, there are over 8,378 small businesses that are HUBZone certified, and the Government has procured approximately $1.7 billion in HUBZone contracting this year. The SBA reports that in FY 2001, each dollar spent on the program yielded a return of $288 in contract awards and as a result, the program helped to create 12,782 jobs in the United States, approximately 8,974 of which were located in distressed areas.

Based on FY 2001 procurement statistics, HUBZone firms increased employment 33 percent to 50 percent as a result of contract awards. Nearly 50 percent of HUBZone firms increased capital expenditures as a result of receiving contracts in FY 2001. As our economy struggles during these difficult times, this vital program will continue to bring jobs to our Nation's inner cities, poor rural counties, and Indian reservations.

I urge Congress to support the HUBZone program in its current form along with the new amendments provided in the Senate's version of the SBA Reauthorization Act of 2003. Any additional changes not supported by the full Senate Committee on Small Business could seriously undermine the original intent of the program.

Thank you for the opportunity to speak today on behalf of the small business community. I encourage my colleagues to support Senator SNOWE and S. 1375, the Small Business Administration 50th Anniversary Reauthorization Act of 2003.

Mr. LEVIN. Mr. President, the Small Business Administration 50th Anniversary Reauthorization Act of 2003 reflects a bipartisan effort that passed the Senate Small Business and Entrepreneurship Committee unanimously. This bill reauthorizes many Small Business Administration, SBA, programs for 3 years as well as authorizes a number of pilot programs.

The reauthorization bill is a great improvement over the President's proposal which would have frozen SBA programs at fiscal year 2003 funding levels for 6 years. By reauthorizing the SBA over a shorter 3-year period, as Congress has done traditionally, our

bill allows Congress to exercise closer oversight than would have been the case under a 6-year bill. Our bill is responsive to our Nation's small businesses and entrepreneurs, many of whom have no alternative credit source and allowing the SBA to make more loans to small entrepreneurs. These entrepreneurs provide the job creation and business expansion that can result from the small business loans.

I am pleased the Senate SBA reauthorization bill contains an amendment I authored to establish the Small Business Intermediary Lending Pilot Program to address the needs of expanding small business. The pilot lending program is aimed at businesses that need loans that are larger than those available under the SBA microloan program but a variety of reasons—including lack of sufficient or conventional collateral—are unable to secure the credit they need at the terms they need through conventional lenders, even with the assistance of the 7(a) program.

The pilot lending program is designed to work through local non-profit lending intermediaries. This proposal authorizes the SBA to make 1 percent, 20-year loans on a competitive basis to up to 20 non-profit lending intermediaries around the country. These loans would be used to capitalize a revolving loan fund through which the intermediary would make loans of between $35,000 and $200,000 to small businesses. Unlike the SBA microloan program there would be no technical assistance grant provided to the intermediary. All administrative costs or technical support provided to business borrowers would be covered by the interest rate spread between the lending intermediary's 1 percent loan from the SBA and the loans made to the business borrowers.

While the SBA is committed to ensuring that 7(a) lenders make smaller loans, this pilot is designed to reach a sector of small businesses that 7(a) lenders cannot and will not reach due to the perceived higher risk of these businesses. Many of our States, including Michigan, Maine and Idaho, are fortunate to have a health network of community based, non-profit intermediary lenders that are experienced and successful in meeting the needs of these businesses. This pilot program will give them additional tools to help them create badly needed jobs among small businesses.

Finally, I am pleased that the reauthorization bill contains the bill providing disaster relief for small businesses damaged by drought. This includes a provision I authored which would make eligible small businesses hurt by low water levels on the Great Lakes. I am also glad to see it includes the childcare lending pilot program to allow affordable and low interest SBA 504 loans for non-profit child care center. It is my hope that this program will spur the establishment and expansion of child care providers.

Mr. ENZI. Mr. President, I rise today to speak in support of the Small Business Administration 50th Anniversary Reauthorization Act of 2003. There are millions of good reasons why we need to pass this important bill today and they are reflected in the millions of small businesses around the country that benefit from the support the Small Business Administration provides small businesses in Wyoming and around the country. Although we do not have time for me to list those millions of reasons I can sum them up in just three words—jobs, jobs, jobs.

It's an expression we have heard many, many times but it is the truth—small businesses really are the backbone of our economy. They provide careers for the established generation of workers who need jobs to raise their families and they provide jobs to the younger generation of workers—teens and young adults of my State and many others who are looking for employment to help them pay the expenses of school and help them learn the lessons of responsibility, commitment and teamwork.

As a former small business owner myself, I have seen firsthand how a paycheck impacts lives and teaches invaluable life lessons and career skills. A job is more than a responsibility—it's a precious gift that can change your life and help you understand what it means to be a contributing member of society.

In my home state of Wyoming, 96.5 percent of our businesses are small businesses and that translates into a lot of jobs and a lot of families with food on the table and a roof over their heads thanks to the SBA and the programs it provides the people of our country.

That is why I was so pleased to be a part of the important work on the Small Business Administration 50th Anniversary Reauthorization Act of 2003. This is truly a historic occasion as we celebrate the SBA's successes of the past 50 years and set its course for the years to come.

We've all heard the expression—give a man a fish and you will have fed him for today. Teach a man to fish and you will have provided him with the tools he will need to feed himself for the rest of his life.

The SBA operates on a similar principle. It does not give a business funding for a day's operation. Instead, it provides the tools, training and support necessary to ensure that a business begins to operate on firm, solid footing and has a reasonable chance for success.

Then, when the doors open up and the customers come in, the SBA continues to serve as a reference and a source of support to ensure that a small business has a place to turn to for advice, encouragement and help if things take an unexpected turn for the worse.

Expect the unexpected—that's not just good advice—it's the focus of the SBA's updated disaster authority in this bill. This section is one of the changes we were able to make to help ensure that SBA remains responsive in the bad times—as well as the good. We were able to expand the definition of a disaster to include drought and below average water levels in bodies of water that support small businesses. That change was clearly needed because the impact of a drought or low water level on agriculture is clear to all of us.

What might not be so clear is how these water problems also affect tourism and recreational businesses. It wasn't clear before, so these businesses often fell through the cracks of Federal assistance. With the passage of this bill, however, that crack will be filled in and small businesses will no longer suffer from these problems with no help or relief in sight.

Native Americans will also benefit from this bill and find help for the terrible challenges poverty and unemployment impose on the Native American communities in my State and across the Nation. Promoting the creation and development of small businesses in these areas will bring much needed assistance to those Native Americans who need a chance to help themselves. I believe this approach will work because each tribe will actively support it to ensure the program is a success.

These and many other changes to the SBA will ensure that it remains a beacon of support and hope for small businesses that are carefully navigating the rough and rocky shores of competition and the thousands of details that can slow or destroy a small business at any stage of its development.

As I have already mentioned, our small businesses are the backbone of our economy. The Small Business Administration is the lifeblood of our small businesses. The support and encouragement of each helps make the other more efficient, more productive and more successful.

Our small businesses and the Small Business Administration have a unique and important relationship. They need each other to grow and prosper and best of all—as they do—they help the Nation to do the same.

Mr. PRYOR. Mr. President, today the Senate will consider a bill that is very important to small business owners and their employees. I am referring to S. 1375, the Small Business Administration 50th Anniversary Reauthorization Act. The purpose of this bill is to reauthorize the many needed initiatives at the SBA—from long-term loans and venture capital to help with accessing Government contracts—that have helped create successful businesses that are now household names to many Americans. To name just a few, Callaway Golf, Ben & Jerry's, Winnebago, Apple Computer and FedEx. In Arkansas, last year, more than 305 businesses got loans through the SBA, and with them created jobs and contributed to the local tax base.

We on the committee have worked hard to review the services available to small businesses through the SBA and its lending and counseling partners. As

a result, this bill builds upon what works right at the SBA and improves upon areas that need to be updated. The changes are sensible and fiscally responsible. We also included an innovative provision to address workforce issues.

I offer my thanks and appreciation to Senator SNOWE and Senator KERRY for giving me the opportunity to address my concerns regarding some of the provisions in the SBA reauthorization bill. One of my initial concerns was that we continued to actively support the SBA's 7(a) guaranteed business loan and 504 certified business development company loans programs.

Access to capital is one of the most critical issues facing new and small businesses alike, particularly for minorities and entrepreneurs in inner-city and rural areas who lack sufficient collateral or credit to get loans from banks, even when they have a good idea and repayment ability. I believe, and am hopeful, that the SBA Reauthorization Act will go far in satisfying this demand for capital to those who have traditionally been shut out. Additionally, I have endeavored to ensure that the SBA 7(a) and 504 programs continue unharmed. I encourage the SBA to work with the small business community—the trade associations for 7(a) and 504 lenders and borrowers, the National Association of Government Guaranteed Lenders and the National Association of Development Companies, to ensure they are not harmed.

Small businesses employ millions of people and provide the fuel for our Nation's economic growth. Although most economists aver that the recession has ended, employment figures continue to lag behind other economic data at a rate that continues to cause me great concern—21 months of straight job losses means we should be using every tool we have to create jobs. With the assistance of Senator SNOWE, the SBA Reauthorization Act should help to spur job creation and increase access to much needed capital for our Nation's small businesses.

I ask my colleagues to support this bill because we need to enact this legislation before many of SBA's programs expire on September 30.

Ms. LANDRIEU. Mr. President, before the Senate prepares to consider and pass S. 1375, the Small Business Administration 50th Anniversary Reauthorization Act of 2003, I would like to bring an important issue to the Senate's attention that I hope will be addressed in conference with the House. It relates to the HUBZone program, specifically the price preferences for food aid contracts. I would like to discuss this matter with my colleague, the Chair of the Small Business and Entrepreneurship Committee, so that we have a clear record of our position on the issue prior to final passage of the SBA Reauthorization legislation.

Let me begin by first congratulating her for bringing this bill through Committee and to the Senate floor where it will pass unanimously. The Committee held informative and useful hearings and roundtable discussions to learn from small business owners and leaders about the value of the Small Business Administration's programs. We also heard from SBA Administrator Hector Barreto, about the Bush administration's reauthorization proposal for improving the agency's ability to respond to the many challenges facing small businesses and the increasing number of start-ups. In the end she put together an excellent bill that I supported when it passed the committee unanimously. I expect the Senate to do the same.

Ms. SNOWE. I thank the Senator for her generous comments, and I appreciate her work on the Committee. She added an excellent amendment to the bill to ensure that the National Women's Business Council maintains a bipartisan balance. I thank her for supporting this bill.

Ms. LANDRIEU. The issue I wanted to bring to your attention relates to HUBZone provisions in the House version of the SBA reauthorization. HUBZones are distressed urban and rural areas characterized by chronic high unemployment and/or low household income. Mr. President, there are 152 HUBZone companies creating jobs and empowering communities throughout my State. Under the program, small businesses that locate in a HUBZone, and hire workers who live in the HUBZone, are eligible to receive price preferences in bidding on government contracts. These price preferences encourage small businesses to locate in our distressed communities and help offset the additional costs they face as a result of being out of the regular stream of commerce. Price preferences also help to even the playing field between HUBZone eligible and non-HUBZone firms in competing for contracts. I support the HUBZone program. It is providing an economic boost through job creation and capital investment to areas of poverty and unemployment that really need it.

Ms. SNOWE. I am also a strong supporter of the HUBZone program. Today there are more than 8,300 HUBZone small businesses that helped to create more than 30,000 jobs in the last 2 years. In our reauthorization bill, the committee has made some minor changes to strengthen the program. One of these changes would ensure that communities affected by military base closures would receive temporary HUBZone eligibility, preventing a significant economic downturn. The bill also allows HUBZone companies to receive up to 15 percent investment from outside organizations, allowing them to raise capital, expand their business and create even more jobs.

Ms. LANDRIEU. I am pleased that the Senate has decided to leave the HUBZone program intact with these limited, but sound modifications. An issue has been brought to my attention involving how the Department of Agriculture has interpreted legislation regarding the treatment of HUBZone price preferences for food aid purchases. The current system provides HUBZone firms with a price preference on the first 40 percent of a given tender of food aid. A tender is essentially a contract for aid that spells out how much of a particular commodity—corn, wheat, vegetable oil—would be provided under the contract. The remaining 60 percent of the contract volume is not subject to the preference, so HUBZones companies compete with all other firms, large and small, in full and open competition for this portion of the contract.

The Department of Agriculture has misinterpreted the statute and unfairly limited the participation of HUBZone firms to only 40 percent of any food aid contract. This effectively locked them out of 60 percent of every tender contract offered. The Department has since corrected its interpretation and is allowing the program to perform as it was intended by Congress when these provisions were added to the HUBZone program in 2000.

I am glad that the Department of Agriculture has changed its interpretation. Louisiana has 10 HUBZone firms that are exporters and may be able to participate in the food aid program and compete now that the proper interpretation is in effect. Officials with the Port of Lake Charles in Lake Charles, LA came to me and expressed their concern with the Department's initial interpretation because they operate in a HUBZone and want to attract more businesses to the port. This interpretation limited the amount of contracts HUBZone firms were eligible to bid on. The correct interpretation allows them to bring new businesses to the Lake Charles area and help them to reinvigorate an area that is working to regain its footing in the current economic climate and provide critical jobs for the families who live there.

I know there are some who feel that under the current interpretation HUBZone firms may have an unfair advantage. I welcome the opportunity to work with the chair and the other members of the committee to investigate this further. Perhaps the committee could hold a hearing to learn more about this issue.

Ms. SNOWE. I thank the Senator for bringing this to my attention. I am happy to work with the Senator on this issue. I thank the Senator from Louisiana for her support of this legislation.

Mr. BAYH. Mr. President, today, the Senate will unanimously pass the Small Business Reauthorization Act. This is a critically important piece of legislation for the future of small business in America, and in turn, for our Nation's economy. Small businesses are the engines of economic growth, and they play a vital role in expanding our economy. This is something I believe in so strongly that for 2 weeks in August, I traveled across the State of

Indiana to meet with small business owners and to host a series of small business summits. The purpose of these summits was to link people looking to start or expand their small businesses with every available Federal resource that could help them fulfill their dream.

During my visits in Indiana, I saw first hand the differences small businesses can make in their communities. John Roembke, of Ossian, IN, used a Small Business Administration loan to start his manufacturing and design company nearly 30 years ago. He began as the sole employee for his company, but today he employs more than 60 Hoosiers. Each Hoosier employed at Roembke Manufacturing represents a family that has greater job security and new economic opportunities thanks to John's success and help from the SBA.

Our Nation's unemployment rate now stands at 6.1 percent, and in my State, there are pockets of even higher unemployment. What these areas need, and what our economy needs, is more job creation, and it is a well-known fact that three out of every four new jobs are created by our growing and innovative small businesses. Usually, the only hurdle standing between a company and its desire to expand and hire new workers is capital. Without it, our businesses starve because they cannot obtain space, equipment, tooling, and employees. With it, creative businesses can secure all of these assets, expand productivity, increase sales, add new jobs, and improve the quality of life in their communities.

The legislation we pass today will build on this kind of success, by creating jobs, improving access to capital, and strengthening crucial disaster assistance programs. Through the efforts of Chairman SNOWE, Ranking Member KERRY, and my other fellow members of the Small Business Committee, the Senate has taken an important step toward reauthorizing the Small Business Administration and its important small business assistance programs for the next three years.

Today, I look forward to supporting this bill that reauthorizes the most effective capital access programs that exist today in our Federal government: the 504 and 7(a) loan guaranty programs. These two programs will provide more than $20 billion in both long and short term funding to America's small businesses each and every year of this reauthorization. In just the last three years, these SBA loan programs have created more than 500,000 new jobs nationwide. Over the past three years in Indiana, the 504 program alone has provided $125 million in capital to small businesses and created 5,000 new jobs. The employees who fill the new positions and the entrepreneurs who have expanded their businesses return millions of dollars in payroll, sales, income, and real estate taxes to the Federal, State, and local governments in every county and State each year. These programs also provide specific, critical support to businesses that are owned and operated by women, minorities, and veterans, groups that sometimes face greater difficulty in obtaining capital.

Best of all, the 504 loan program provides all of these opportunities for economic growth at no cost to the taxpayer. The 504 program is subsidy-free, financed purely by user fees that borrowers pay to finance the risk inherent in the program. The cost to the taxpayers is zero.

Even with these advantages, there are still greater needs for capital in Indiana, particularly in the manufacturing sector, which employs 580,000 Hoosiers, a higher percentage of industrial workers than any other State. The manufacturing sector is in crisis. Since July 2000, manufacturing has lost 2.6 million jobs—the largest decline during the post-World War II era. Recent job losses in manufacturing jobs represents nearly 90 percent of total U.S. job losses. Manufacturing output has shown virtually no growth since December 2001.

Manufacturing is, and will continue to be, critical to our country's overall economic growth, and for that reason, I want to help our small manufacturers that are struggling to compete with the low wages and high technology equipment used by our international competitors. In order to addresses this need, I offered an amendment during the mark-up of this bill that was graciously accepted by the Committee Chair. The provision directly address the needs of America's small manufacturers, providing them with the additional capital they need to stay competitive in both the United States and world markets.

The provision would increase the 504 maximum loan guaranty for small manufacturers to $4 million and alter the job creation capital requirements for small manufacturers, allowing small manufacturers to create one new job for each $100,000 in 504 loan guarantees. As a result of this legislation, companies will be able to obtain new equipment, become more competitive and, most importantly, hire new workers. Indiana's Certified Development Companies estimate that the bill could create between 200 and 400 additional jobs each year.

The change to the 504 loan program will allow our manufacturers to acquire more state-of-the-art equipment and technology to become more productive, and lower their operating costs. If small manufacturers are allowed to invest in state-of-the-art technology, and remain competitive with foreign competitors, this will put more hardworking Hoosiers back to work. Further, these jobs will provide higher wages and benefits than we see available in many communities today, thereby improving our quality of life.

This legislation will provide the fuel that our manufacturers need to remain competitive in world market and to create jobs for workers at home. I commend the Senate for passing this bill and hope that the Senate and the House will reconcile their differences quickly so that this critical legislation can go to the President's desk for his signature.

ON-DEMAND AIR SERVICE

Mr. WYDEN. Mr. President, I want to take a moment to highlight a particular issue that my staff has been talking to the Small Business Administration, SBA about. This relates to an Oregon company named SkyTaxi, which has an innovative and ambitious business plan for providing on-demand air service to small communities. As my colleague from Maine knows better than most, small and rural communities are often gravely underserved by commercial airlines. These are places where transportation links are a make-or-break issue for local economic opportunity. But, as a recent General Accounting Office report concluded last January, the trend is not positive. The current turmoil in the airline industry hits small communities hard, because those are the first places airlines trim or eliminate service when they are looking to cut costs. And most efforts to promote air service to small communities have met with limited long-term success.

Ms. SNOWE. I agree with the Senator that attracting new air service and retaining current service to small communities is a critical economic issue. I am also familiar with the GAO report to which he refers, since Senator WYDEN and I were two of the three Senate requesters of that report, together with our colleague on the Aviation Subcommittee, Senator ROCKEFELLER.

Mr. WYDEN. The Senator may recall, then, that the GAO report briefly discusses SkyTaxi as a potential alternative way to provide air service to small communities. The report observes that SkyTaxi offers a business model that is still relatively new, but that could help meet some of the needs of small communities.

Ms. SNOWE. I share the Senator's view that it is critical to explore, support and promote alternative approaches for meeting the transportation needs of small and rural communities. This includes ensuring that Federal agencies take the appropriate action to provide financial assistance to small business franchisees interested in helping communities improve transportation services.

Mr. WYDEN. SkyTaxi intends to operate through a franchise system, in which individual small businesses would purchase small aircraft and operate local SkyTaxi franchises. But purchasing an aircraft takes a substantial amount of capital, and many potential franchise owners—such as laid-off commercial pilots who now wish to start their own businesses—find that financing for aviation-related businesses is currently very difficult to obtain. SkyTaxi therefore expects and hopes that potential franchise owners

would be able to turn to the SBA and its lending partners for small business loans, in order to get up and running.

The problem now arises because, in order to satisfy FAA safety requirements and obtain FAA certification, SkyTaxi needs to retain certain authority over safety matters, including ensuring the competence of flight crew and the quality of aircraft maintenance.

It has set up its franchise agreement accordingly. Unfortunately, the SBA has so far taken the position that, due to the authority vested in SkyTaxi in the franchise agreement, the SBA would view each of the individual franchise owners as ''affiliated'' with SkyTax and each other—and thus ineligible to apply for individual SBA guarantee loans.

My staff has been in contact with the SBA about this, and I am hopeful that this eligibility problem can be solved. For example, it may be possible to work with FAA to clarify the limits of SkyTaxi's safety-related authority over franchisees, and to rework the franchise agreement to preserve SBA loan eligibility. But for that to happen, it's going to take a commitment from the SBA to work on a cooperative basis to try to find a solution. If the SBA will roll up its sleeves and work creatively with my office and with SkyTaxi, then I think the problem can be solved to everyone's satisfaction. And in the end, the real beneficiaries could be rural communities.

Ms. SNOWE. As chair of the Small Business Committee, I am concerned by any interpretation of the Small Business Act that unnecessarily inhibits its access to SBA programs and services by eligible small businesses. This interpretation not only affects the ability of small businesses to receive financial assistance under the 7(a) loan program but also to bid on Federal contracts set aside for small businesses. As the economy struggles to recover, it is critical that we get back to business—an investment in small business is an investment in jobs.

As we work with our colleagues on the House Small Business Committee to reauthorize the SBA's programs and services, we will carefully consider provisions to address this issue and work with the SBA to find an agreeable solution.

Mr. WYDEN. I thank the Senator for her assistance with this issue, and for her consistent and careful attention to small business issues and rural transportation issues alike.

Mr. FRIST. I ask unanimous consent that the committee-reported amendments be agreed to, the managers' amendment at the desk be agreed to, the bill, as amended, be read a third time and passed, the motion to reconsider be laid upon the table, and any statements relating to the bill be printed in the RECORD.

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

The committee amendments were agreed to.

The amendment (No. 1788) was agreed to, as follows:

(Purpose: To make technical corrections to the bill, and for other purposes)

On page 87, strike line 7 and all that follows through page 91, line 4.

On page 91, strike line 23 and all that follows through page 92, line 5, and insert the following:

Section 351(3)(A)(ii) of the Small Business Investment Act of 1958 (15 U.S.C. 689(3)(A)(ii)) is amended—

(1) in subclause (I), by striking ''50 percent or more'' and all that follows and inserting ''the median family income for such tract does not exceed 80 percent of the greater of the statewide median family income or metropolitan area median family income; or''; and

(2) in subclause (II), by striking ''household income'' each place it appears and inserting ''family income''.

On pages 109 through 110, redesignate paragraphs (6) through (13) as paragraphs (7) through (14), respectively.

On page 109, between lines 2 and 3, insert the following:

''(6) DISADVANTAGED NATIVE AMERICAN ENTREPRENEUR.—The term 'disadvantaged Native American entrepreneur' means a disadvantaged entrepreneur who is also a member of an Indian Tribe.''

On page 111, line 21, strike ''and'' and all that follows through ''(4)'' on line 22, and insert the following:

''(4) to provide training and technical assistance to disadvantaged Native American entrepreneurs and prospective entrepreneurs; and

''(5)''

On page 117, strike lines 9 through 14 and insert the following:

''(i) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—There are authorized to be appropriated to the Administrator $15,000,000 for each of the fiscal years 2004 through 2006 to carry out the provisions of this section, which shall remain available until expended.

''(2) TRAINING FOR NATIVE AMERICAN ENTREPRENEURS.—In addition to the amount authorized under subsection (i)(1), there are authorized to be appropriated to the Administrator $2,000,000 for each of the fiscal years 2004 through 2006 to carry out the provisions of subsection (c)(4), which shall remain available until expended.''

On page 190, strike line 21 and all that follows through ''(iii)'' on page 191, line 1, and insert the following:

''(ii)''.

On page 192, strike line 11 and all that follows through page 193, line 6, and insert the following:

SEC. 403. SMALL BUSINESS PARTICIPATION IN PRIME CONTRACTING.

(a) RESERVED CONTRACTS.—Section 15(j) of the Small Business Act (15 U.S.C. 644(j)) is amended by adding at the end the following:

''(4) Any adjustment to the simplified acquisition threshold (as defined in section 4(11) of the Office of Federal Procurement Policy Act (41 U.S.C. 403(11))), shall be immediately matched by an identical adjustment to the small business reserve for purposes of this subsection.''.

(b) PARTICIPATION IN MULTIPLE AWARD CONTRACTS.—Section 15(j) of the Small Business Act (15 U.S.C. 644(j)) is amended—

(1) in paragraph (2), by striking ''(2) In carrying out paragraph (1)'' and inserting ''(3) In carrying out paragraphs (1) and (2)'';

(2) in paragraph (3), by striking ''(3) Nothing in paragraph (1)'' and inserting ''(4) Nothing in this subsection''; and

(3) by adding after paragraph (1) the following:

''(2)(A) In the case of orders under multiple award contracts, including Federal Supply Schedule contracts and multi-agency contracts, that are subject to the small business reserve, contracting officers shall consider not less than 2 small business concerns if such small business concerns can offer the items sought by the contracting officer on competitive terms, with respect to price, quality, and delivery schedule, with the goods or services available in the market.

''(B) If only 1 small business concern can satisfy the requirement, the contracting officer shall include such small business concern in their evaluation.''.

(c) REPORT REQUIREMENT.—

(1) IN GENERAL.—Not less than once every 180 days, the Comptroller General shall submit a report on the level of participation in multiple award contracts, including the Federal Supply Schedule to—

(A) the Small Business Administration;

(B) the Committee on Small Business and Entrepreneurship of the Senate; and

(C) the Committee on Small Business of the House of Representatives.

(2) CONTENTS.—Each report submitted under paragraph (1) shall contain, for the 6-month reporting period—

(A) the total number of multiple award contracts;

(B) the total number of small business concerns that received multiple award contracts;

(C) the total number of orders;

(D) the total value of orders;

(E) the number of orders received by small business concerns;

(F) the value of orders received by small business concerns;

(G) the number of small business concerns that received orders; and

(H) such other information that the Comptroller General considers relevant.

On page 193, strike line 14 and all that follows through page 194, line 7, and insert the following:

(2) in subparagraph (F), by striking the period at the end and inserting ''; and''; and

''(G) certification that the offeror or bidder will acquire articles, equipment, supplies, services, or materials, or obtain the performance of construction work from small business concerns in the amount and quality used in preparing the bid or proposal, unless such small business concerns are no longer in business or can no longer meet the quality, quantity, or delivery date.''.

(b) PENALTIES FOR FALSE CERTIFICATIONS.—Section 16(f) of the Small Business Act (15 U.S.C. 645(f)) is amended by striking ''of this Act'' and inserting ''or the reporting requirements of section 8(d)(11)''.

On page 195, strike lines 4 through 19 and insert the following:

(1) by redesignating paragraph (11) as paragraph (14); and

(2) by inserting after paragraph (10) the following:

''(11) CERTIFICATION.—A report submitted by the prime contractor pursuant to paragraph (6)(E) to determine the attainment of a subcontract utilization goal under any subcontracting plan entered into with a Federal agency under this subsection shall contain the name and signature of the president or chief executive officer of the contractor, certifying that the subcontracting data provided in the report are accurate and complete.

''(12) CENTRALIZED DATABASE.—The results of an evaluation under paragraph (10)(C) shall be included in a national centralized governmentwide database.

''(13) PAYMENTS PENDING REPORTS.—Each Federal agency having contracting authority shall ensure that the terms of each contract for goods and services includes a provision

allowing the contracting officer of an agency to withhold an appropriate amount of payment with respect to a contract (depending on the size of the contract) until the date of receipt of complete, accurate, and timely subcontracting reports in accordance with paragraph (11).''.

On page 196, lines 17 and 18, strike ''performance, or lack of performance of the subcontractor.'' and insert ''circumstances surrounding the failure to make the timely payment described in subparagraph (A).''.

On page 199, line 3, strike ''(b)'' and insert the following:

(b) HUBZONE STATUS TIMELINE AND COMMENCEMENT.—

(1) IN GENERAL.—A base closure area shall be treated as a HUBZone for a period of 5 years beginning on the date of final closure. A military base that was closed before the date of enactment of this Act shall not be considered a base closure area for purposes of this section.

(2) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect on the date of enactment of this Act.

(c)

The bill (S. 1375), as amended, was considered read the third time and passed, as follows:

(The bill will be printed in a future edition of the RECORD.)

ENCOURAGING THE PEOPLE'S REPUBLIC OF CHINA TO ESTABLISH A MARKET-BASED VALUATION OF THE YUAN

Mr. FRIST. Mr. President, I ask unanimous consent that the Finance Committee be discharged from further action on S. Res. 219, and the Senate proceed to its immediate consideration.

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

The clerk will report the resolution by title.

The assistant legislative clerk read as follows:

The resolution (S. Res. 219) to encourage the People's Republic of China to establish a market-based valuation of the yuan and to fulfill its commitments under international trade agreements.

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

Mr. FRIST. Mr. President, I ask unanimous consent that the resolution be agreed to, the amendment to the preamble be agreed to, the preamble, as amended, be agreed to, the motion to reconsider be laid upon the table and that any statements regarding this matter be printed in the RECORD.

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

The resolution (S. Res. 219) was agreed to.

The amendment (No. 1789) to the preamble was agreed to, as follows:

AMENDMENT NO. 1789

(Purpose: To make clarifying amendments)

Strike the fourth clause of the preamble.

In the seventh clause of the preamble, strike ''free fluctuation'' and insert ''market-based valuation''.

The preamble, as amended, was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 219

Whereas the currency of the People's Republic of China, the yuan or renminbi, has been tightly pegged to the United States dollar at the same fixed level since 1994;

Whereas the undervaluation of China's currency makes exports from China less expensive for foreigners and makes foreign products more expensive for Chinese consumers, an effective subsidization of China's exports and a virtual tariff on foreign imports;

Whereas the Government of the People's Republic of China has significantly intervened in its foreign exchange markets in order to hold the value of the yuan within its tight and artificial trading band, resulting in enormous growth in China's dollar reserves, estimated to be over $345,000,000,000 as of June 2003;

Whereas the practice of ''currency manipulation'' to gain a trade or competitive advantage is a violation of the spirit and letter of the World Trade Organization and International Monetary Fund agreements, of which the People's Republic of China is now party;

Whereas the undervaluation of China's currency has had and continues to have a negative impact on the United States manufacturing sector, contributing to significant job losses and business closures;

Whereas the undervaluation of China's currency also has had and continues to have a negative impact on the economies of its neighbor nations, the European Community, Mexico, and Latin America;

Whereas the free fluctuation of currencies is a key component to the health of global trade, and the stability of the world economy; and

Whereas China's central bank governor has stated that the value of the yuan will eventually be determined by market forces rather than pegged firmly to the dollar: Now, therefore, be it

Resolved, That the Senate of the United States—

(1) supports the Secretary of the Treasury's work with regard to the Secretary's discussions with the Government of the People's Republic of China leading to a market-based valuation of the yuan; and

(2) encourages the People's Republic of China to continue to act on its commitments to the trade rules and principles of the international community of which it is now a member.

SURFACE TRANSPORTATION EXTENSION ACT OF 2003

Mr. FRIST. Mr. President, I ask unanimous consent that the Senate immediately proceed to the consideration of H.R. 3087, which is at the desk.

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

The assistant legislative clerk read as follows:

A bill (H.R. 3087) to provide an extension of highway, highway safety, motor carrier safety, transit, and other programs funded out of the Highway Trust Fund pending enactment of a law reauthorizing the Transportation Equity Act for the 21st Century.

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

Mr. MCCAIN. Mr. President, today, the Senate will approve a 5-month extension of the highway programs authorized by the Transportation Equity Act for the 21st Century, TEA–21, based on an agreement between the Senate and House leadership. Only reluctantly, and because of the need to complete action on the extension immediately to ensure the many TEA–21 programs do not come to a halt, do I accept the terms of the extension as approved by the House for the safety programs administered by the Federal Motor Carrier Safety Administration, FMCSA.

The House-passed short-term extension authorizes $56 million less, on an annualized basis, for motor carrier safety than the program's fiscal year 2003 appropriated level. I am very concerned that the level of funding in the extension is insufficient to make progress toward the national goal of reducing the rate of truck-related crashes by 30 percent by 2008. The extension does not provide sufficient funding for FMCSA to fully implement existing, authorized programs in the short term, including the ''new entrants'' program, hazmat permitting, additional carrier compliance reviews, and completion of long overdue rulemaking proceedings. Further, the bill provides no funds to continue construction of inspection facilities at the border. The funding level is significantly below the President's funding request for fiscal year 2004; the Senate Commerce Committee's TEA–21 reauthorization legislation; and the funding levels approved by the Senate and House Appropriations Committees. And, it is entirely inconsistent with the significant funding increases provided over the short-term for highway construction and maintenance.

FMCSA was created after TEA–21 became law to address the increasing number of truck-related accidents on our nation's roads and highways. The duties assigned to the agency through the Motor Carrier Safety Assistance Act, MCSIA, and other legislation have resulted in funding levels significantly above the administrative takedown authorized by TEA–21. The extension, however, fails to recognize this and, on the grounds that the bill must comply with the budget resolution, funding for motor carrier safety is being curtailed, while highway construction and transit funding is being increased.

I want to put my colleagues on notice that either when the full Senate moves its 6-year reauthorization bill, or is faced with a further extension of TEA–21 next February, I will insist that the motor carrier safety programs are authorized at an appropriate level of funding. I believe my views are shared by Senator HOLLINGS, who joined me in sponsoring legislation, S. 1646, that would have funded the safety programs for 5 months at a level consistent with the Commerce Committee's reauthorization proposal.

I take pride in the fact that the Senate Commerce Committee completed work last June on its 6-year reauthorization of the TEA–21 safety programs under its jurisdiction. Our bipartisan bill is designed to meet the level of commitment to safety needed to achieve aggressive goals for reducing accidents and fatalities on the nation's

roadways. Safety deserves at least the same attention and priority as highway construction and again, I will object to any future related measure that does not ensure the motor carrier safety programs are fully funded for the full 2004 fiscal year.

Mr. SARBANES. Mr. President, I join with my colleagues in supporting the pending legislation. This 5-month extension of the Transportation Equity Act for the 21st Century, TEA–21, preserves the basic structure of our Federal surface transportation programs, which have proven to be extremely beneficial for our citizens' mobility and our national economy over the last 6 years.

I want to focus for a moment on the Federal transit program, in which I have a particular interest as the ranking member of the Senate Banking Committee. The Banking Committee and its Housing and Transportation Subcommittee, both last Congress and this Congress, have held a series of hearings on the contributions of the transit program to reducing congestion, strengthening our national economy, and improving our quality of life. The clear message of these hearings is that TEA–21 works. The guaranteed funding, the program structure, and the balanced approach to transportation planning encompassed within TEA–21 have contributed to a renaissance for transit in this country; in fact, transit has experienced the highest percentage of ridership growth among all modes of surface transportation, growing over 28 percent between 1993 and 2001. For this reason, I am pleased that this legislation preserves the structure and programs of TEA–21 for the next 5 months.

While we are talking today about a short-term extension, I think we must take a moment to look toward the future. The transportation needs of this Nation are significant, as more and more communities find themselves confronting the problems of traffic congestion and delay. According to the Texas Transportation Institute, in the year 2000, Americans in 75 urban areas spent 3.6 billion hours stuck in traffic, with an estimated cost to the Nation of $67.5 billion in lost time and wasted fuel. As these figures show, congestion has a real economic cost to this Nation, in addition to the psychological and social costs of spending hours each day sitting in traffic.

It is clear to me that we will have to greatly increase Federal support for transportation to help local communities make the investments in infrastructure and system preservation that will keep America moving forward in the 21st century. The Department of Transportation's Conditions and Performance Report estimates that an average of $127 billion per year is needed over the next two decades to maintain and improve the condition of our highways, bridges, and transit systems. Other estimates show an even greater need. I believe that failure to make the needed investment will result in the continued deterioration of our existing infrastructure.

Moreover, investment in our transportation infrastructure has economic benefits as well. According to the U.S. Chamber of Commerce, each $1 billion invested in transportation infrastructure creates 47,500 jobs. At a time when our economy is struggling, investing in transportation is one of the smartest actions that Government can take. Increased investment creates jobs today and leads to economic growth tomorrow.

For this reason, I am disappointed that the administration has not yet come forward with the resources we will need to develop a full, 6 year reauthorization bill. The administration's reauthorization proposal, known as SAFETEA, provides only a minimal increase for the Federal highway program, and in fact would cut that program in fiscal year 2004 from its fiscal year 2003 level. For transit, SAFETEA not only fails to grow the program at the pace of inflation, it cuts guaranteed funding over the 6 year period, so that the guaranteed level in fiscal year 2009 is actually less than the program level today. Without a serious commitment from the administration to make the kind of investment needed, and strong bipartisan bicameral leadership in the Congress, it will be very difficult for us to reauthorize the surface transportation programs even when this short-term extension expires.

Until that commitment is made, however, it is essential that our States and local communities be able to continue to operate and maintain our Nation's roads, bridges, and transit systems. I encourage the Department of Transportation to use the authority granted by this legislation to provide the needed assistance as expeditiously as possible. I urge my colleagues to support this legislation.

Mr. NICKLES. Mr. President, as the Senate considers this temporary extension of our transportation programs, I would like to note for my colleagues the budgetary implications of this legislation.

This bill is subject to a point of order pursuant to section 302(f) of the Budget Act because the total level of contract authority for transportation programs within the jurisdiction of the Committee on Commerce, Science and Transportation—on an annualized basis—exceeds the allocation provided to that committee in the FY 2004 budget resolution. Because the amount is not significant, and the bill is only a short-term extension, I have chosen not to pursue the point of order at this time.

In addition, section 10 of the bill contains a number of provisions that are within the jurisdiction of the Committee on the Budget, thus subjecting the bill to another 60-vote point of order pursuant to section 306 of the Budget Act. Subsections (a), (b) and (c) amend sections 250 and 251 of the Balanced Budget and Emergency Deficit Control Act of 1985 and purport to extend the life of the transportation categories. Subsection (d) deems certain spending adjustments to be ''zero'' for FY 2004. Finally subsection (e) expresses a ''sense of Congress'' with respect to the adjustments for revenue aligned budget authority (aka RABA).

While some may argue that these ''budgetary provisions'' are of little consequence given the expiration of the statutory spending caps which had been set out in section 251, I feel it is still important to comment upon them. I am concerned that their inclusion in this bill may signal to some that we have prejudged the important fiscal policy debate that must take place when the long-term reauthorization comes before the Senate. Let me assure my colleagues, that in agreeing to this necessary stop-gap measure today, I am in no way conceding the future budgetary treatment of transportation spending.

These issues have a long history.

In 1998 the Transportation Equity Act for the 21st Century (TEA–21) was enacted and from a budgetary perspective introduced two new concepts: two transportation categories (for highways and transit) within the discretionary spending limits and an annual automatic adjustment to those limits, aka RABA. Both concepts were enshrined in section 251 as well as in the transportation laws. In general, section 251 set out the statutory discretionary spending limits through FY 2002. These limits were enforced through sequestration. In other words, back in 1998 special (one might even say privileged) consideration was afforded transportation spending within the context of an overall goal to limit spending and balance the budget by 2002. While TEA–21 purported to establish special budgetary treatment through FY 2003, the mechanisms were placed within section 251 which expired on September 30, 2002 (pursuant to section 275(b)). Consequently this special budgetary treatment of transportation spending ceased to have any substantive meaning nearly 2 years ago—after enactment of the FY 2002 appropriations bills.

I must also remind my colleagues that this RABA mechanism was to have been a two-way street. If gas tax revenues exceeded previous estimates, spending for transportation would go up. Similarly if gas tax revenues decreased, spending levels were to have gone down—thus not altering the ''path to a balanced budget.'' This mechanism worked well through the boom time of the late 1990's as actual gas tax revenues consistently exceeded previous estimates and Congress and the President happily spent this windfall. However, when actual gas receipts cam in below predicted levels and the President reflected the lower levels dictated by TEA–21 in his FY 2003 budget, few in Washington were willing to acknowledge this reality and spend less.

I mention this today because I am concerned by the language in this bill

that expresses the ''Sense of Congress'' on RABA. While the language is not binding and merely suggests that any future provisions should seek to minimize fluctuations in spending—which sounds like a good thing—its very presence in H.R. 3087 might lead some to believe that the concept of separate transportation categories and the RABA adjustment's inclusion in a long-term extension is a done deal.

The Senate should remember that when TEA–21 was enacted it was done so in the context of 5-year discretionary spending limits—which I remind my colleagues were designed to manage the growth of discretionary spending in order to reach a balanced budget by 2002. Since then, balanced budgets, surpluses and the days of 5-year caps have come and gone. And while I sincerely hope we can exercise fiscal constraint in the coming years, I do not know when or if we will again put 5-year discretionary caps into law. Our recent experiences have shown us that, at best, caps might be useful for 2 years. Consequently, I believe that as we work towards a long-term reauthorization of our Federal transportation programs, we must take a fresh look at any associated budgetary mechanisms.

I look forward to working with my colleagues on these important issues in the future.

Mr. LEVIN. Mr. President, I am reluctant to enact a short-term extension of the highway funding bill without improving equity for donor States. At issue is the historic mistreatment of about 20 States, including Michigan, known as ''donor'' States, who, year after year, have sent more gas tax dollars to the Highway Trust Fund in Washington than were returned in transportation infrastructure spending. The remaining 30 States, known as ''donee'' States, have received more transportation funding than they paid into the Highway Trust Fund.

This came about in 1956 when Senators from a number of small and large States banded together to develop a formula to distribute Federal highway dollars that advantaged their States at the expense of the remaining States. They formed a coalition of about 30 States that would benefit from the formula and, once that formula was in place, have tenaciously defended it.

At the beginning there was some legitimacy to the large low-population predominately Western States getting more funds than they contributed to the system in order to build a national interstate highway system. Some arguments remain for providing additional funds to those States to maintain the national system and our bill will do that. However, there is no justification for any State getting more than its fair share.

Each time the highway bill is reauthorized the donor States that have traditionally subsidized other States' road and bridge projects have fought to correct this inequity in highway funding. It has been a long struggle to change these outdated formulas.

Through these battles, some progress has been made, but we still have a long way to go to achieve fairness for Michigan and other States on the return on our Highway Trust Fund contributions. At stake are tens of millions of dollars a year in additional funding to pay for badly needed transportation improvements in our States and the jobs that go with it. Unfortunately, this short-term extension bill does not make any improvements on the rate of return for donor States, even on the new funds that are included in this bill that are above last year's funding levels.

My colleagues have argued that this short-term bill is a straight ''clean'' extension of Federal highway and transit programs. They have argued that we cannot accommodate any policy changes in an extension bill such as improving the rate of return for donor States. But this bill does include one policy change. It includes an increase in funding over last year. In fairness to donor States and to bring us closer to narrowing the funding gap between donor and donee States, the additional money contained in this bill should have been distributed to donor States at a higher rate.

Unfortunately, this bill does not do this. It contains more money than last year yet fails to address the long-standing inequity. Every time we extend these programs without addressing equity, donor States lose out on getting back their fair share of gas tax dollars currently being spent in other States. There is no logical reason for some States to continue to send that money to other States to subsidize their road and bridge projects and to perpetuate this imbalance is simply unfair.

I plan to enter into a colloquy with the chairman of the Senate Environment and Public Works Committee to obtain a commitment to achieve a 95 percent rate of return for a donor State's share of its contributions to the Highway Trust Fund in the long-term transportation reauthorization bill, up from 90.5 percent under the current bill.

This is an issue of simple fairness and we should not be satisfied until we achieve it.

Mr. INHOFE. Mr. President. I urge my colleagues to support H.R. 3087, the Surface Transportation Extension Act of 2003, which extends the expiring Transportation Equity Act for the 21st Century for an additional 5 months.

As my colleagues are aware, we are just days from the expiration of TEA–21. We continue to make progress in our negotiations on a comprehensive 6-year bill, but we need more time. Earlier this year, 79 Senators voted for the Bond-Reid amendment to the fiscal year 2004 budget resolution which stated clearly that the Senate wanted the funding for a 6-year highway bill at $255 billion.

I believe $255 billion is a reasonable and responsible level given the pressing transportation infrastructure needs that are out there. Now the challenge is to get to that level. My colleagues on the Committee on Environment and Public Works and I have been working closely with Senators GRASSLEY and BAUCUS to find the money. In the meantime, we have to address the imminent expiration of TEA–21.

H.R. 3087 provides 5 months worth of the $35.5 billion allowed under the budget resolution of $14.8 billion and a corresponding amount of obligation limitation. This is a significant, 7 percent increase in highway funding over 2003. This additional $2.2 billion in highway funding will translate into over 100,000 new jobs.

Of course, the best thing we can do to create economic opportunity is enact a comprehensive, 6-year reauthorization. As we all know, highway bills are job bills. A highway bill drafted at $255 billion over 6 years will create about 2 million new American jobs. This combined with the tax cuts signed by President Bush is the best stimulus the economy can receive.

Let me be very clear that my preference is that we would be considering a 6-year comprehensive bill today, not a 5-month extension, but reality is that the funding needed to do a comprehensive 6-year bill at $255 billion has not yet been identified. Because of that, I believe the best outcome for the long-term is to do a 5-year month extension and continue to work on a comprehensive 6-year bill.

Again, I urge my colleagues to support H.R. 3087.

Mr. JEFFORDS. Mr. President. I rise in support of H.R. 3087, a bill to extend the Nation's surface transportation program, TEA–21, for a five-month period. Absent enactment of H.R. 3087, the program will shut down on September 30, 2003. I urge my colleagues to join me in support of this bill.

I regret the need for a short term extension to TEA–21. A short term extension brings uncertainty to our State transportation departments. This leads to postponed projects and job loss. But we have yet to find sufficient revenues to bring a full, 6-year reauthorization bill to the floor.

I have worked for the last 2 years on reauthorization of the transportation program, first as chairman of the committee on Environment and Public Works, and now as ranking member. This work has been bipartisan. I thank and commend Chairman INHOFE and our subcommittee chairman and ranking member, Senators BOND and REID for their approach to this task.

We have made great progress. We concluded early on that the Nation's infrastructure needs far exceed current resources. We shared our findings with our Senate colleagues. They in turn gave overwhelming support to the Bond-Reid amendment to the Senate Budget Resolution, to increase spending on the transportation program by roughly 40 percent to $311 billion. This has guided our work.

Our hearings revealed strong support for the existing TEA–21 program structure. In our work to date, we have retained the program structure largely intact. My goal is to maintain the current patterns in resources allocation among program categories, as well. On funding formulas, we have committed to benefitting all States as the program grows. And the program growth levels approved by our Senate budget resolution will enable such an outcome.

I will continue to work with Chairman INHOFE to bring a full, 6-year bill to the Senate floor within the next 5 months.

Mr. VOINOVICH. Mr. President, I rise in support of H.R. 3087, a bill to provide an extension of highway, highway safety, motor carrier safety, transit, and other programs funded out of the Highway Trust Fund until February 29, 2004 pending enactment of a law reauthorizing the Transportation Equity Act for the 21st Century, TEA–21. However, I am disappointed that Congress has been unable to enact a 6-year reauthorization of TEA–21 prior to September 30, 2003.

According to the American Road and Transportation Builders Association, ARTBA, employment in the transportation construction industry was down in July 2003 compared to July 2002. Specifically, there were 12,100 fewer workers on project sites over the last year, a decrease of 3.7 percent. In Ohio, according to the Bureau of Labor Statistics, heavy construction jobs are up slightly from last year; however, there are still 3,800 fewer jobs than in August 2000 when they were at their peak. Moreover, last year had the lowest number of employees in heavy construction since 1995.

Our economy needs a public works program to create jobs. Investment in our Nation's transportation infrastructure through a 6-year reauthorization bill would create thousands of jobs and jumpstart our sluggish economy. According to the U.S. Department of Transportation, for every $1 billion invested in highway construction, 47,500 jobs are created. It is also estimated that every dollar invested in the Nation's highway system generates $5.70 in economic benefits, including reduced delays, improved safety, and reduced vehicle operations costs. This is a six-to-one return on investment.

Although a 5-month extension extension will continue the flow of Federal funding to States' highway programs, it will not deal with the Nation's pressing, long-term transportation infrastructure needs. According to the Federal Highway Administration's, FHWA, 2002 Conditions and Performance Report, the average annual investment level needed to make improvements to highways and bridges is projected to be $106.9 billion through 2020. This amount is 65.3 percent higher than the $64.6 billion of total capital investments spent by all levels of government in 2000.

The average annual investment level necessary to maintain the current condition and performance of highways and bridges is projected to be $75.9 billion through 2020. This amount if 17.5 percent higher than capital spending in 2000.

If we continue to ignore the upkeep, and allow the deterioration of our infrastructure, we risk disruptions in commerce and reduced protection for public safety, health, and the environment. In my view, it is the responsibility of Congress to ensure that funding levels are adequate and efficiently allocated to the Nation's priority needs. In 1998, Congress recognized the importance of the Nation's transportation system through the enactment of TEA–21, a 6-year bill which increased by nearly 40 percent Federal investment in highways and transit. Under TEA–21, Ohio received a 23 percent increase in transportation funding.

As chairman of the National Governors Association, I was involved in negotiating TEA–21 and lobbied Congress to ensure that all Highway Trust Fund revenues were spent on transportation. I also fought to even out highway funding fluctuations and assure a predictable flow of funding to the States. TEA–21 achieved this goal with record, guaranteed levels of funding. While TEA–21 has enabled States and localities to improve the condition of deteriorating and unsafe highways and to increase capacity and performance, the system is still aging, and in need of additional investment.

TEA–21 also dedicated nearly all highway gas taxes to transportation funding and guarantees that States will receive at least 90.5 percent of their share of their contribution to the highway account of the Highway Trust Fund. One of my top priorities for TEA–21 reauthorization is to increase the minimum share for donor states to at least 95 percent. This increase in the rate of return would generate an additional $60 million or more in Federal highway funding for the State of Ohio.

In May 2003, Senator CARL LEVIN and I, along with House majority leader TOM DELAY and Congressman BARON HILL introduced legislation—the Highway Funding Equity Act of 2003—to increase donor States' minimum rate-of-return to 95 percent. Currently, there are 143 cosponsors of the House bill and 22 cosponsors of the Senate bill.

The legislation we are considering today does not improve donor State equity; rather, it continues current law with respect to the minimum guarantee program. For donor States, this is another reason why a 6-year reauthorization is so important and critical to our States. I am strongly committed to improving donor state equity in the longer term reauthorization, and look forward to working with my colleagues on the Environment and Public Works Committee to ensure that states receive their fair share of Highway Trust Fund dollars.

I am disappointed that the legislation we are considering does not contain language which would have ensured that States that consume ethanol-blended fuel are no longer penalized. The Finance Committee reported legislation I have cosponsored that would transfer 2.5 cents of the Federal tax on ethanol-blended fuel from the General Fund of the Treasury to the Highway Account of the Highway Trust Fund and replace the 5.2 cents per gallon reduced tax rate for ethanol-blended fuel with a tax credit. As a result, the same Federal tax will be collected and deposited into the Highway Trust Fund regardless of whether a gallon of fuel contains ethanol. The Ohio Department of Transportation, ODOT, estimates that Ohio would restore up to $170 million annually as a result of the Finance Committee's legislation. I am hopeful this legislation will be passed soon.

Ohio has the Nation's tenth largest highway network, the fifth highest volume of traffic, the fourth largest interstate highway network, and the second largest inventory of bridges in the country. Ohio's transportation challenge is to expand its 1960s transportation system to meet 21st century needs. Recently, Ohio approved a State motor fuel tax increase that will ensure an annual $250 million new construction program for the next 10 years while maintaining bridge and highway conditions. With additional Federal funds, ODOT has set a goal of having a $5 billion, 10-year Ohio construction program dedicated to addressing Ohio's most pressing congestion, safety, and rural access needs. The plan is predicated on Congress enacting legislation to correct the ''ethanol penalty'' which reduces Ohio's transportation revenue, increase donor states' minimum rate-of-return to 95 percent, and provide an increased level of investment in the nation's highways and bridges.

This is why a 6-year reauthorization is important to my State. I am hopeful that Congress can reach a consensus on how to fund a longer-term reauthorization. As far as this Senator is concerned, I support the principle that the highway program is a fully user-fee based system that pays its own way, and I am reluctant to borrow more money for highways.

Furthermore, as chairman of the Clean Air Subcommittee of the Environment and Public Works Committee, I look forward to working with my colleagues to include provisions in the 6-year reauthorization that will streamline the project delivery process while protecting the environment and historic resources, reform the conformity process, and reauthorize and improve the Congestion Mitigation and Air Quality program.

I urge my colleagues to work together to produce a six-year reauthorization of TEA–21 before the extension bill expires at the end of next February. Reauthorization of TEA–21 will be one of the most important actions this Congress will take to get people back to work.

INEQUITY OF DONOR STATES

Mr. LEVIN. Mr. President, I am concerned that the 5-month highway bill extension being considered by the Senate today does not address the inequity faced by the donor States for so many years. The donor State inequity issue is the historic problem of about 20 States, including Michigan, Ohio and Oklahoma, known as ''donor'' States, who have sent more gas tax dollars year after year to the Highway Trust Fund in Washington than were returned in transportation infrastructure spending. The remaining 30 States, known as ''donee'' States, have received more transportation funding than they paid into the Highway Trust Fund. For a long time there has been no legitimacy to retaining such antiquated and unfair formulas that require taxpayers in 20 of our States to subsidize highway projects in 30 other States. We should not consider a highway bill without addressing this important issue.

It is a high priority to see that this historic inequity be corrected. At stake are tens of millions of dollars a year in additional funding to pay for badly needed transportation improvements in Michigan and the jobs that go with it. My colleague from Ohio and I have authored legislation that would bring donor States to a 95 percent rate of return on their contributions to the Highway Trust Fund. This would be up from the current minimum rate of return of 90.5 percent under the current TEA–21 bill. I am reluctant to see even a short term extension of the highway bill go through without increasing the minimum rate of return for donor States to address the inequity. I would at the very least like to get a commitment from the chairman that achieving donor State equity in a 6-year reauthorization bill in his intention and an urgent priority. I know he is as determined as we are to achieve equity for donor States.

Mr. VOINOVICH. Mr. President, I couldn't agree more with my colleague from Michigan. There is no logical reason why donor States should be contributing more dollars to the Highway Trust Fund than are returned to them for highway, bridge, and other surface transportation projects. Donor States like Ohio, Michigan, and Oklahoma have as many transportation infrastructure needs as other States. With so many projects needing funding in our own States, why should the citizens in our States continue to pay for transportation improvements in other States?

I, too, would like an assurance that the donor State equity issue will be addressed in the reauthorization of the Transportation Equity Act for the 21st Century and that this long-term reauthorization will be presented to the Senate as soon as possible.

Mr. INHOFE. Mr. President, I want my colleagues from Michigan, Ohio, and the many other donor States to know that I am committed to improving the return to donor States. It is my intention that any comprehensive 6-year reauthorization bill considered by the Senate include a provision that guarantees all donor States get to a 95 percent minimum rate of return at the end of the life of the bill without harming the opportunity for all States to grow. However, Members need to understand that this is only possible if we are able to fund the bill at $255 billion which means we must identify additional revenue.

I also want to further assure my donor State colleagues that the next highway bill I plan to mark up is a 6-year bill.

Mr. LEVIN. Mr. President, I am reassured to hear such a strong commitment from my colleague from Oklahoma to achieve a 95-percent minimum rate of return for all States in the long-term highway reauthorization bill. I look forward to continuing to work closely with the chairman to achieve this goal and in the fight for true donor State equity.

Mr. VOINOVICH. Mr. President, I am also reassured to hear the strong conviction of my colleague from Oklahoma that donor States should receive a minimum rate of return of 95 percent on the share of their contributions to the Highway Trust Fund. I too look forward to working with the chairman and my colleague from Michigan to improve donor State equity.

Mr. FRIST. Mr. President, I ask unanimous consent that the bill be read a third time and passed, the motion to reconsider be laid upon the table; and that any statements relating to the bill be printed in the RECORD.

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

The bill (H.R. 3087) was read the third time and passed.

RUNAWAY, HOMELESS, AND MISSING CHILDREN PROTECTION ACT

Mr. FRIST. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 289, S. 1451.

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

The assistant legislative clerk read as follows:

A bill (S. 1451) to reauthorize programs under the Runaway and Homeless Youth Act and the Missing Children's Assistance Act, and for other purposes.

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

Mr. LEAHY. Mr. President, I urge the Senate to take up and pass S. 1451, the Runaway, Homeless, and Missing Children Protection Act. It passed unanimously in the Judiciary Committee earlier today, and it deserves the support of every Senator. I joined with Senator HATCH in introducing this legislation to reauthorize and improve the Runaway and Homeless Youth Act, and to extend the authorization of the Missing Children's Assistance Act. This bill follows in the footsteps of the recently enacted PROTECT Act legislation, and presents another milestone in our efforts to safeguard all of our children.

In the 29 years since it became law, the Runaway and Homeless Youth Act has helped some of the most vulnerable children in our country. I have worked in the past to extend the program, most recently in the 106th Congress, when I cosponsored S. 249, the Missing, Exploited, and Runaway Children Protection Act, which extended the act through this year. I am pleased to help extend it once again.

A Justice Department report released last year estimated that 1.7 million young people either ran away from or were thrown out of their homes in 1999 alone. Other studies have suggested an even higher number. This law and the programs it funds provide a safety net that helps give these young people a chance to build lives for themselves. It is slated to expire at the end of this fiscal year, and we should not allow that to happen.

In my State, both the Vermont Coalition for Runaway and Homeless Youth and Spectrum Youth and Family Services in Burlington receive grants under this law, and they have provided excellent services both to young people trying to build lives on their own and to those who are struggling on the streets. Reauthorizing this law will allow them to continue their enormously important work.

This bill would improve the law by extending the period during which older homeless youth can receive services under the Transitional Living Program, to ensure that all homeless youth can take advantage of services at least until they turn 18. The bill would also make permanent the Secretary of Health and Human Services' authority to make grants explicitly to help rural areas meet the unique stresses of providing services to runaway and homeless youth. Programs serving runaway and homeless youth have found that those in rural areas are particularly difficult to reach and serve effectively, and this bill recognizes that fact.

The improvements proposed in this bill to the Missing Children's Assistance Act build on provisions included in the PROTECT Act legislation that we enacted earlier this year. In that bill, we authorized National Center for Missing and Exploited Children, NCMEC, activities through 2005 and authorized the Center to strengthen its CyberTipline to provide online users an effective means of reporting Internet-related child sexual exploitation in distribution of child pornography, online enticement of children for sexual acts, and child prostitution. This bill would extend NCMEC through 2008. Now more than ever, it is critical for Congress to give the center the resources it needs in order to pursue its important work. A missing or abducted child is the worst nightmare of any parent or grandparent, and NCMEC has proved to

be an invaluable resource in Federal, State, and local efforts to recover children who have disappeared.

Although this is a good bill on the whole, I am disappointed that Senator HATCH did not agree to remove a provision that was included in the House-passed bill that prohibits grantees from using any funds provided under this program for needle distribution programs. This is a superfluous provision that simply repeats what is already law. In addition, it is unnecessary because no grantee under this program operates needle exchange programs or has expressed interest in doing so. The inclusion of this needless provision, however, does not change the fact that this is still a very good bill.

The Runaway and Homeless Youth Act programs have received tremendous bipartisan support over the years, and the House has already passed its version of this bill by a vote of 404 to 14. I urge the Senate to follow suit today.

Mr. FRIST. Mr. President, I ask unanimous consent that the bill be read a third time and passed, the motion to reconsider be laid upon the table, and that any statements relating to the bill be printed in the RECORD.

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

The bill (S. 1451) was read the third time and passed, as follows:

S. 1451

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 ''Runaway, Homeless, and Missing Children Protection Act''.

TITLE I—AMENDMENTS TO RUNAWAY AND HOMELESS YOUTH ACT

SEC. 101. AMENDMENT TO FINDINGS.

Section 302 of the Runaway and Homeless Youth Act (42 U.S.C. 5701) is amended to read as follows:

''SEC. 302. FINDINGS.

''The Congress finds that—

''(1) youth who have become homeless or who leave and remain away from home without parental permission, are at risk of developing, and have a disproportionate share of, serious health, behavioral, and emotional problems because they lack sufficient resources to obtain care and may live on the street for extended periods thereby endangering themselves and creating a substantial law enforcement problem for communities in which they congregate;

''(2) many such young people, because of their age and situation, are urgently in need of temporary shelter and services, including services that are linguistically appropriate and acknowledge the environment of youth seeking these services;

''(3) in view of the interstate nature of the problem, it is the responsibility of the Federal Government to develop an accurate national reporting system to report the problem, and to assist in the development of an effective system of care (including preventive and aftercare services, emergency shelter services, extended residential shelter, and street outreach services) outside the welfare system and the law enforcement system;

''(4) to make a successful transition to adulthood, runaway youth, homeless youth, and other street youth need opportunities to complete high school or earn a general equivalency degree, learn job skills, and obtain employment; and

''(5) improved coordination and collaboration between the Federal programs that serve runaway and homeless youth are necessary for the development of a long-term strategy for responding to the needs of this population.''.

SEC. 102. GRANT PROGRAM CONFORMING AMENDMENT.

The heading for part A of the Runaway and Homeless Youth Act (42 U.S.C. 5711 et seq.) is amended by striking ''RUNAWAY AND HOMELESS YOUTH'' and inserting ''BASIC CENTER''.

SEC. 103. GRANTS FOR SERVICES PROVIDED.

Section 311(a)(2)(C) of the Runaway and Homeless Youth Act (42 U.S.C. 5711(a)(2)(C)) is amended—

(1) in clause (ii) by striking ''and'';

(2) in clause (iii) by striking the period and inserting ''; and''; and

(3) after clause (iii) by inserting the following:

''(iv) at the request of runaway and homeless youth, testing for sexually transmitted diseases.''.

SEC. 104. REPEAL OF OBSOLETE PROVISION RELATING TO CERTAIN ALLOTMENTS.

Section 311(b) the Runaway and Homeless Youth Act (42 U.S.C. 5711(b)) is amended—

(1) in paragraph (2), by striking ''Subject to paragraph (3), the'' and inserting ''The'';

(2) by striking paragraph (3); and

(3) by redesignating paragraph (4) as paragraph (3).

SEC. 105. ELIGIBILITY PROVISION.

Section 312(a) of the Runaway and Homeless Youth Act (42 U.S.C. 5712(a)) is amended by striking ''juveniles'' each place it appears and inserting ''youth''.

SEC. 106. RECOGNITION OF STATE LAW RELATING TO CAPACITY LIMITATION ON ELIGIBLE RUNAWAY AND HOMELESS YOUTH CENTERS.

Section 312(b)(2)(A) of the Runaway and Homeless Youth Act (42 U.S.C. 5712(b)(2)(A)) is amended by inserting after ''youth'' the following: '', except where the applicant assures that the State where the center or locally controlled facility is located has a State or local law or regulation that requires a higher maximum to comply with licensure requirements for child and youth serving facilities''.

SEC. 107. MATERNITY GROUP HOMES.

(a) ELIGIBILITY.—Section 322(a)(1) of the Runaway and Homeless Youth Act (42 U.S.C. 5714–2(a)(1)) is amended—

(1) by inserting after ''group homes,'' the following: ''including maternity group homes,''; and

(2) by inserting after ''use of credit,'' the following: ''parenting skills (as appropriate),''.

(b) DEFINITION.—Section 322 of the Runaway and Homeless Youth Act (42 U.S.C. 5714–2) is amended by adding at the end the following new subsection:

''(c) DEFINITION.—In this part, the term 'maternity group home' means a community-based, adult-supervised transitional living arrangement that provides pregnant or parenting youth and their children with a supportive and supervised living arrangement in which such pregnant or parenting youth are required to learn parenting skills, including child development, family budgeting, health and nutrition, and other skills to promote their long-term economic independence in order to ensure the well-being of their children.''.

SEC. 108. LIMITED EXTENSION OF 540-DAY SHELTER ELIGIBILITY PERIOD.

Section 322(a)(2) of the Runaway and Homeless Youth Act (42 U.S.C. 5714–2(a)(2)) is amended by inserting after ''days'' the following: '', except that a youth in a program under this part who is under the age of 18 years on the last day of the 540-day period may, if otherwise qualified for the program, remain in the program until the earlier of the youth's 18th birthday or the 180th day after the end of the 540-day period''.

SEC. 109. PART A PLAN COORDINATION ASSURANCES.

Section 312(b)(4)(B) of the Runaway and Homeless Youth Act (42 U.S.C. 5712(b)(4)(B)) is amended by striking ''personnel'' and all that follows through the semicolon and inserting ''McKinney-Vento school district liaisons, designated under section 722(g)(1)(J)(ii) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11432(g)(1)(J)(ii)), to assure that runaway and homeless youth are provided information about the educational services available to such youth under subtitle B of title VII of that Act;''.

SEC. 110. PART B PLAN COORDINATION AGREEMENT.

Section 322(a) of the Runaway and Homeless Youth Act (42 U.S.C. 5714–2(a)) is amended—

(1) by striking ''and'' after the semicolon at the end of paragraph (13);

(2) by striking the period at the end of paragraph (14) and inserting ''; and''; and

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

''(15) to coordinate services with McKinney-Vento school district liaisons, designated under section 722(g)(1)(J)(ii) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11432(g)(1)(J)(ii)), to assure that runaway and homeless youth are provided information about the educational services available to such youth under subtitle B of title VII of that Act.''.

SEC. 111. PART B PLAN DEVELOPMENT.

Section 322(a)(7) of the Runaway and Homeless Youth Act (42 U.S.C. 5714–2(a)(7)) is amended to read as follows:

''(7) to develop an adequate plan to ensure proper referral of homeless youth to social service, law enforcement, educational (including post-secondary education), vocational, training (including services and programs for youth available under the Workforce Investment Act of 1998), welfare (including programs under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996), legal service, and health care programs and to help integrate and coordinate such services for youths;''.

SEC. 112. COORDINATION OF PROGRAMS.

Section 341 of the Runaway and Homeless Youth Act (42 U.S.C. 5714–21) is amended—

(1) in paragraph (1), by striking ''and'' after the semicolon at the end;

(2) in paragraph (2), by striking the period at the end and inserting ''; and''; and

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

''(3) shall consult, as appropriate, the Secretary of Housing and Urban Development to ensure coordination of programs and services for homeless youth.''.

SEC. 113. CLARIFICATION OF GRANT AUTHORITY.

Section 343(a) of the Runaway and Homeless Youth Act (42 U.S.C. 5714–23(a)) is amended by inserting after ''service projects'' the following: ''regarding activities under this title''.

SEC. 114. TECHNICAL AMENDMENT RELATING TO DEMONSTRATION PROJECTS.

The section heading of section 344 of the Runaway and Homeless Youth Act (42 U.S.C. 5714–24) is amended by striking ''TEMPORARY''.

SEC. 115. REPEAL OF OBSOLETE PROVISION RELATING TO STUDY.

The Runaway and Homeless Youth Act (42 U.S.C. 5701 et seq.) is amended by striking section 345 (42 U.S.C. 5714–25).

SEC. 116. AGE LIMIT FOR HOMELESS YOUTH.

Section 387(3)(A)(i) of the Runaway and Homeless Youth Act (42 U.S.C. 5732a(3)(A)(i)) is amended by inserting after ''of age'' the following: '', or, in the case of a youth seeking shelter in a center under part A, not more than 18 years of age''.

SEC. 117. AUTHORIZATION OF APPROPRIATIONS.

(a) OTHER THAN PART E.—Section 388(a)(1) of the Runaway and Homeless Youth Act (42 U.S.C. 5751(a)(1)) is amended by striking ''such sums as may be necessary for fiscal years 2000, 2001, 2002, and 2003'' and inserting ''$105,000,000 for fiscal year 2004, and such sums as may be necessary for fiscal years 2005, 2006, 2007, and 2008''.

(b) PART E.—Section 388(a)(4) of the Runaway and Homeless Youth Act (42 U.S.C. 5751(a)(4)) is amended by striking ''2000, 2001, 2002, and 2003'' and inserting ''2004, 2005, 2006, 2007, and 2008''.

(c) PART B ALLOCATION.—Section 388(a)(2)(B) of the Runaway and Homeless Youth Act (42 U.S.C. 5751(a)(2)(B)) is amended by striking ''not less than 20 percent, and not more than 30 percent'' and inserting ''45 percent and, in those fiscal years in which continuation grant obligations and the quality and number of applicants for parts A and B warrant not more than 55 percent''.

SEC. 118. REPORT ON PROMISING STRATEGIES TO END YOUTH HOMELESSNESS.

Not later than 2 years after the date of the enactment of this Act, the Secretary of Health and Human Services, in consultation with the United States Interagency Council on Homelessness, shall submit to the Congress a report on promising strategies to end youth homelessness.

SEC. 119. STUDY OF HOUSING SERVICES AND STRATEGIES.

The Secretary of Health and Human Services shall conduct a study of programs funded under part B of the Runaway and Homeless Youth Act (42 U.S.C. 5714–1 et seq.) to report on long-term housing outcomes for youth after exiting the program. The study of any such program should provide information on housing services available to youth upon exiting the program, including assistance in locating and retaining permanent housing and referrals to other residential programs. In addition, the study should identify housing models and placement strategies that prevent future episodes of homelessness.

SEC. 120. RESTRICTION ON USE OF FUNDS.

The Runaway and Homeless Youth Act (42 U.S.C. 5701 et seq.) is amended by adding at the end the following new section:

''SEC. 389. RESTRICTION ON USE OF FUNDS.

''(a) IN GENERAL.—None of the funds contained in this title may be used for any program of distributing sterile needles or syringes for the hypodermic injection of any illegal drug.

''(b) SEPARATE ACCOUNTING.—Any individual or entity who receives any funds contained in this title and who carries out any program described in subsection (a) shall account for all funds used for such program separately from any funds contained in this title.''.

TITLE II—AMENDMENTS TO MISSING CHILDREN'S ASSISTANCE ACT

SEC. 201. AMENDMENT TO FINDINGS.

Section 402 of the Missing Children's Assistance Act (42 U.S.C. 5771) is amended to read as follows:

''SEC. 402. FINDINGS.

''The Congress finds that—

''(1) each year thousands of children are abducted or removed from the control of a parent having legal custody without such parent's consent, under circumstances which immediately place the child in grave danger;

''(2) many missing children are at great risk of both physical harm and sexual exploitation;

''(3) in many cases, parents and local law enforcement officials have neither the resources nor the expertise to mount expanded search efforts;

''(4) abducted children are frequently moved from one locality to another, requiring the cooperation and coordination of local, State, and Federal law enforcement efforts;

''(5) the National Center for Missing and Exploited Children—

''(A) serves as the national resource center and clearinghouse;

''(B) works in partnership with the Department of Justice, the Federal Bureau of Investigation, the Department of the Treasury, the Department of State, and many other agencies in the effort to find missing children and prevent child victimization; and

''(C) operates a national and increasingly worldwide network, linking the Center online with each of the missing children clearinghouses operated by the 50 States, the District of Columbia, and Puerto Rico, as well as with Scotland Yard in the United Kingdom, the Royal Canadian Mounted Police, INTERPOL headquarters in Lyon, France, and others, which enable the Center to transmit images and information regarding missing children to law enforcement across the United States and around the world instantly.''.

SEC. 202. AUTHORIZATION OF APPROPRIATIONS.

(a) ANNUAL GRANT TO NATIONAL CENTER FOR MISSING AND EXPLOITED CHILDREN.—Section 404(b)(2) of the Missing Children's Assistance Act (42 U.S.C. 5773(b)(2)) is amended by striking ''2005'' and inserting ''2008''.

(b) IN GENERAL.—Section 408(a) of the Missing Children's Assistance Act (42 U.S.C. 5777(a)) is amended by striking ''2005.'' and inserting ''2008''.

ORDERS FOR MONDAY, SEPTEMBER 29, 2003

Mr. FRIST. Mr. President, I ask unanimous consent that when the Senate completes its business today, it adjourn until 1 p.m., Monday, September 29. I further ask consent that following the prayer and pledge, the morning hour be deemed expired, the Journal of proceedings be approved to date, the time for the two leaders be reserved for their use later in the day, and there then be a period of morning business until 2 o'clock, with the time equally divided in the usual form. Further, I ask consent that at 2 o'clock the Senate resume consideration of H.R. 2765, the District of Columbia appropriations bill.

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

PROGRAM

Mr. FRIST. Mr. President, for the information of all Senators, on Monday the Senate will resume consideration of the District of Columbia appropriations bill. It is my hope that the Senate will complete action on this measure early in the week. On Monday, the managers will continue to work through remaining amendments to the bill. I do expect to have votes during Monday's session. If amendments are offered to the bill, then it is possible we could have votes on those amendments Monday evening. If we are unable to make further progress on the bill, I would expect a vote on any available nominations.

THIS WEEK IN THE SENATE

Mr. FRIST. Mr. President, although we have not been able to finish the DC appropriations this week, we have addressed a number of significant, very important issues over the course of the week.

Earlier in the week, we finished the Interior appropriations bill, after a lot of great work, fantastic work and leadership by Senator CONRAD BURNS and the ranking member.

In addition, we completed final action on three appropriations conference reports, those being the Department of Defense, Homeland Security, and the legislative branch bills. Those will now be sent to the President for his signature.

I am also pleased that the Senate was able to respond, very appropriately and very quickly, on the Do Not Call legislation, although within several hours after passage, we had yet another setback, a setback in the sense that the will of the American people is being trumped by a decision made in a Colorado court on this issue of ''do not call.''

Earlier this week, a Federal judge in Oklahoma had ruled that the Federal Trade Commission had no authority to operate the Do Not Call Telemarketing Registry, which was just about ready to go into effect, and very quickly we responded with legislation. But then, last night, as most people know, a Colorado judge ruled that the registry restrictions were a violation of the first amendment.

Even over the course of the morning, I can tell you, because of the number of phone calls that have come to me, and talking with constituents back home, as well as the news media, it clearly is the sentiment, the feeling of the overwhelming majority of Americans that these decisions make no sense.

Americans this summer have signed up for that ''sound of silence'' in the evenings from that telephone ring right when they are sitting down for that very special time—dinner with their family—and there are the repetitive phone calls that start coming to them by telemarketers hawking the variety of wares with which we are all familiar.

The daily lives of millions of people are interrupted each and every day—again and again—with that telephone ring interrupting meals and family time, interrupting their togetherness. You pick up the phone and hear the pitch.

Every time I am in Tennessee, I hear about this. According to the FTC, as of

September 16—the most recent information available—677,669 Tennessee phone numbers have been registered with the National Do Not Call Registry; over 187,000 of those registered by phone and over 490,000 by the Internet alone.

As for parents, it is, as we all know, one of those important interests, and we are committed to do something about that.

Yesterday, with the leadership of Chairman BILLY TAUZIN in the House, the House responded with legislation. Chairman MCCAIN, along with Senators ENSIGN and DORGAN and many others in this body, worked on legislation identical to the Tauzin bill. We passed that bill. The House passed their bill. We passed our bill. Yet we now have this Colorado ruling, from late yesterday, which goes counter to the will of the American people.

At this juncture we will have to review the decision to determine how best to proceed, and for telemarketers how we can put—and we will figure out some way to do it—some sort of permanent busy signal on the phones of families in Tennessee and indeed across the country.

Finally, earlier this week, we were able to schedule and give consent to Senator DEWINE's Video Voyeurism Prevention Act. Several important authorizations were completed this week, including the one we just did with the Small Business reauthorization, as well as the authorization for the Federal Maritime Commission. Senators MCCAIN and SNOWE guided passage of those measures.

We also successfully negotiated an agreement to allow for Senate passage of the U.S. Olympic Committee Reform Act. Senator CAMPBELL and MCCAIN engaged in that effort and pushed ahead.

Just a few moments ago, we also confirmed formally a number of military nominations, including Gordon England to be Secretary of the Navy.

I would like to say, also, that we confirmed six district judges this week. Again, steady progress has been made with respect to these judicial nominations. Yet I very quickly have to remind my colleagues that we have an additional 12 judges that are now waiting on the Executive Calendar. I will continue to work with the Democratic leader to schedule Senate votes on those remaining nominations.

Let me close by saying—this is really to notify my colleagues—on the Executive Calendar we have a whole number of—too many, I think—nonjudicial nominations that are pending for floor action.

I know that individual Members may have specific concerns with some of these nominations, but I am also aware that Senators will hold these nominations so we cannot address them on the floor for unrelated issues. Because we are now coming down to the closing weeks of this session, I do hope and encourage each and every one of our Members to address, from their own perspective, these nominations, and if there is something holding up consideration from the floor, to work with us and to allow these individuals to be scheduled for votes. We have nominations, in fact, that have been on the Executive Calendar since March, again, waiting for us to act. I hope each of us will address this very important issue.

I do thank my colleagues in advance for addressing this over the coming days.

ADJOURNMENT UNTIL 1 P.M., MONDAY, SEPTEMBER 29, 2003

Mr. FRIST. Mr. President, if there is no further business to come before the Senate, I ask unanimous consent the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 2:12 p.m., adjourned until Monday, September 29, 2003, at 1 p.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 26, 2003:

DEPARTMENT OF DEFENSE

GORDON ENGLAND, OF TEXAS, TO BE SECRETARY OF THE NAVY.

THE ABOVE NOMINATION WAS APPROVED SUBJECT TO THE NOMINEE'S COMMITMENT TO RESPOND TO REQUESTS TO APPEAR AND TESTIFY BEFORE ANY DULY CONSTITUTED COMMITTEE OF THE SENATE.

IN THE AIR FORCE

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES AIR FORCE TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTION 601:

To be lieutenant general

LT. GEN. LANCE L. SMITH

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES AIR FORCE TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTION 601:

To be lieutenant general

LT. GEN. WILLIAM R. LOONEY III

IN THE ARMY

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE RESERVE OF THE ARMY TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 12203:

To be brigadier general

COLONEL DENNIS P. GEOGHAN

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES ARMY TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTION 601:

To be lieutenant general

MAJ. GEN. CLAUDE V. CHRISTIANSON

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES ARMY TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTION 601:

To be lieutenant general

LT. GEN. WILLIAM E. WARD

IN THE NAVY

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES NAVAL RESERVE TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 12203:

To be rear admiral

REAR ADM. (LH) PETER L. ANDRUS

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES NAVAL RESERVE TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 12203:

To be rear admiral

REAR ADM. (LH) JAMES M. MCGARRAH

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES NAVY TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 624:

To be rear admiral (lower half)

CAPT. RICHARD E. CELLON

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES NAVAL RESERVE TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 12203:

To be rear admiral (lower half)

CAPT. BEN F. GAUMER

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES NAVY TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTION 601:

To be vice admiral

REAR ADM. HENRY G. ULRICH III

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT AS CHIEF OF NAVAL RESERVE, UNITED STATES NAVY, AND APPOINTMENT TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTIONS 601 AND 5143:

To be vice admiral

REAR ADM. JOHN G. COTTON

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES NAVY TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTION 601:

To be vice admiral

VICE ADM. TIMOTHY J. KEATING

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES NAVY TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 624:

To be rear admiral (lower half)

CAPT. ROBERT F. BURT

IN THE MARINE CORPS

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES MARINE CORPS TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTION 601:

To be lieutenant general

MAJ. GEN. JAN C. HULY

AIR FORCE NOMINATIONS BEGINNING MARK T. ALLISON AND ENDING FREDERICK M. WOLFE, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON FEBRUARY 25, 2003.

AIR FORCE NOMINATIONS BEGINNING GEOFFREY H. HILLS AND ENDING JOHN B. STEELE, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON SEPTEMBER 2, 2003.

AIR FORCE NOMINATIONS BEGINNING CRAIG H. MORRIS AND ENDING SHERICE D. YOUNG, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON SEPTEMBER 2, 2003.

AIR FORCE NOMINATION OF BRIAN P. OLSON.

AIR FORCE NOMINATIONS BEGINNING TERI L. POULTON-CONSOLDANE AND ENDING SHELDON G. WHITE, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON SEPTEMBER 2, 2003.

AIR FORCE NOMINATIONS BEGINNING SCOTT G. BOOK AND ENDING SARAH K. SLAVENS, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON SEPTEMBER 2, 2003.

AIR FORCE NOMINATIONS BEGINNING STEPHEN W. HUMPHREY AND ENDING RANDY J. YOVANOVICH, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON SEPTEMBER 4, 2003.

AIR FORCE NOMINATION OF GERILYN A. POSNER.

ARMY NOMINATIONS BEGINNING WILLIAM T BARBEE, JR. AND ENDING KENNETH W YATES, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JUNE 16, 2003.

ARMY NOMINATIONS BEGINNING STEPHEN W. AUSTIN AND ENDING NATHAN L. ZIMMERMAN, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JULY 30, 2003.

ARMY NOMINATIONS BEGINNING MICHAEL J BULLOCK AND ENDING PAUL A TRAPANI, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JULY 30, 2003.

ARMY NOMINATIONS BEGINNING MADELFIA A. ABB AND ENDING X0007, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON AUGUST 1, 2003.

ARMY NOMINATIONS BEGINNING RICHARD K. ADDO AND ENDING VERONICA S. ZSIDO, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON AUGUST 1, 2003.

ARMY NOMINATIONS BEGINNING BRYAN K. ADAMS AND ENDING JOSEPH M. YOSWA, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON AUGUST 1, 2003.

ARMY NOMINATIONS BEGINNING SCOTT E. ALEXANDER AND ENDING WILLIAM H. WOODS, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON AUGUST 1, 2003.

ARMY NOMINATION OF KEVIN J. CHAPMAN.

ARMY NOMINATION OF MARY M. MCCORD.

ARMY NOMINATION OF CHARLES A. JARNOT.

ARMY NOMINATION OF JOSEPH T. RAMSEY.

ARMY NOMINATION OF JOHN B. MUNOZATKINSON.

ARMY NOMINATION OF ANDREW D. STEWART.

ARMY NOMINATIONS BEGINNING TYRONE C. * ABERO AND ENDING X3713, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON SEPTEMBER 10, 2003.

ARMY NOMINATION OF GREGORY S. JOHNSON.

ARMY NOMINATION OF TIMOTHY C. KELLY.

ARMY NOMINATIONS BEGINNING PAUL D. HARRELL AND ENDING WILLIAM S. LEE, WHICH NOMINATIONS

WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON SEPTEMBER 17, 2003.

MARINE CORPS NOMINATION OF BRYAN D. MCKINNEY.

MARINE CORPS NOMINATION OF JON C. RHODES.

MARINE CORPS NOMINATION OF COLIN D. SMITH.

NAVY NOMINATIONS BEGINNING STEPHEN M. SAIA AND ENDING DAVID A. TUBLEY, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JULY 30, 2003.

NAVY NOMINATIONS BEGINNING ROLAND E. ARELLANO AND ENDING MARVA L. WHEELER, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JULY 30, 2003.

NAVY NOMINATIONS BEGINNING VIDA M. ANTOLINJENKINS AND ENDING DOMINICK G. YACONO, JR., WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JULY 30, 2003.

NAVY NOMINATIONS BEGINNING JAMES J. ANDERSON AND ENDING JOHN F. ZOLLO, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JULY 30, 2003.

NAVY NOMINATIONS BEGINNING MICHAEL T. AKIN AND ENDING PETER G. WOODSON, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JULY 30, 2003.

NAVY NOMINATIONS BEGINNING RICHARD E. AGUILA AND ENDING SCOTT D. THOMAS, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JULY 30, 2003.

NAVY NOMINATIONS BEGINNING LINDA M. ACOSTA AND ENDING JOAN L. WRIGHT, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JULY 30, 2003.

NAVY NOMINATIONS BEGINNING LEANNE K. AABY AND ENDING MICHAEL J. ZUCCHERO, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JULY 30, 2003.

NAVY NOMINATIONS BEGINNING LEE A. AXTELL AND ENDING DENNIS W. YOUNG, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JULY 30, 2003.

NAVY NOMINATIONS BEGINNING EMMA J. M. BROWN AND ENDING MARCIA L. ZIEMBA, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON AUGUST 1, 2003.

NAVY NOMINATIONS BEGINNING BRENT T. CHANNELL AND ENDING MATTHEW W. EDWARDS, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON AUGUST 1, 2003.

NAVY NOMINATIONS BEGINNING MARC E BOYD AND ENDING WENDY L SNYDER, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON SEPTEMBER 3, 2003.

NAVY NOMINATIONS BEGINNING OLIVIA L BETHEA AND ENDING THERESA A TALBERT, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON SEPTEMBER 3, 2003.

NAVY NOMINATIONS BEGINNING JASON B BABCOCK AND ENDING TIMOTHY J ZINCK, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON SEPTEMBER 3, 2003.

NAVY NOMINATIONS BEGINNING REID B APPLEQUIST AND ENDING BRET A WASHBURN, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON SEPTEMBER 3, 2003.

NAVY NOMINATIONS BEGINNING TRACIE L ANDRUSIAK AND ENDING ROBERT A WOLF, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON SEPTEMBER 3, 2003.

NAVY NOMINATIONS BEGINNING TIMOTHY A ANDERSON AND ENDING DOUGLAS T WAHL, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON SEPTEMBER 3, 2003.

NAVY NOMINATIONS BEGINNING SOWON S AHN AND ENDING SCOTT D YOUNG, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON SEPTEMBER 3, 2003.

NAVY NOMINATIONS BEGINNING LEON S ABRAMS AND ENDING CARL ZEIGLER, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON SEPTEMBER 3, 2003.

NAVY NOMINATIONS BEGINNING RAFAEL A ACEVEDO AND ENDING TODD A ZIRKLE, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON SEPTEMBER 3, 2003.

NAVY NOMINATION OF PAUL C. BOWN.

NAVY NOMINATION OF PAUL H. EVERS.

NAVY NOMINATION OF ROBERT E. STONE.

NAVY NOMINATIONS BEGINNING WILLIAM K. BANE AND ENDING ANDY J. LANCASTER, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON SEPTEMBER 17, 2003.

NAVY NOMINATIONS BEGINNING BRADLEY A APPLEMAN AND ENDING FLORENCIO J YUZON, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON SEPTEMBER 17, 2003.

NAVY NOMINATIONS BEGINNING ERSKINE L ALVIS AND ENDING RANDY E WILLIAMS, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON SEPTEMBER 17, 2003.

NAVY NOMINATIONS BEGINNING MICHAEL S AGABEGI AND ENDING REID J WINKLER, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON SEPTEMBER 17, 2003.

NAVY NOMINATIONS BEGINNING JOHN R ANDERSON AND ENDING NICOLAS D I YAMODIS, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON SEPTEMBER 17, 2003.

NAVY NOMINATIONS BEGINNING ALAN L ADAMS AND ENDING GEORGES E YOUNES, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON SEPTEMBER 17, 2003.

NAVY NOMINATIONS BEGINNING JAMES D ABBOTT AND ENDING ROBERT W ZURSCHMIT, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON SEPTEMBER 17, 2003.

NAVY NOMINATIONS BEGINNING TIM K ADAMS AND ENDING TIMOTHY P ZINKUS, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON SEPTEMBER 17, 2003.