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House of Representatives

The House met at 10 a.m. and was called to order by the Speaker pro tempore (Mr. ISRAEL).

DESIGNATION OF THE SPEAKER PRO TEMPORE

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

WASHINGTON, DC,
April 28, 2010.

I hereby appoint the Honorable STEVE ISRAEL to act as Speaker pro tempore on this day.

NANCY PELOSI,
Speaker of the House of Representatives.

PRAYER

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

O Divine Peace, bless this place, holding in its silence human hopes and America's dreams. Plant seeds of equality and hopefulness in other nations as well. May the history of our struggles make us patient as the map of the world changes.

In all our efforts to establish peace, fair trade, civil rights, and freedom of religion, may we provide learning and experience to others. Lift all beyond mere material prosperity to seek true compassion for those most in need and create a spiritual dynamic that will build a kingdom of unity and happiness where Your Presence will be realized.

This we ask calling forth Your Spirit upon us and the whole world both now and forever. Amen.

THE JOURNAL

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

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

PLEDGE OF ALLEGIANCE

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

Mr. COBLE 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.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair will entertain up to 15 requests for 1-minute speeches on each side of the aisle.

GAMBLING ON SYNTHETIC GARBAGE

(Ms. SPEIER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. SPEIER. Mr. Speaker, as I watched yesterday's Senate investigations subcommittee hearing, I was disappointed to discover it was not just the greedy, irresponsible, and likely illegal actions of some of Goldman Sachs' more dubious employees that were the center of attention. In fact, the useless and dangerous financial instruments known as synthetic collateralized debt obligations, or CDOs, shared the spotlight as well.

Fabrice Tourre, one of Goldman's hotshot young stars who created and sold these so-called investments to Goldman's clients, testified yesterday that they were, quote, "things which had no purpose," and likened them to Frankenstein's monster. Sadly, he's right. These CDOs did nothing for our economy and spread billions of dollars in toxic assets, heightened speculation, and added dangerous risk to our financial system that ultimately was borne by the U.S. taxpayers.

Meanwhile, Goldman Sachs and others reaped millions of dollars in bonuses even as the economy was crashing. These synthetic CDOs were synthetic garbage.

Unscrupulous individuals on Wall Street worsened the financial crisis by creating garbage, selling it and betting against it. Oh, they drove away with a garbage truck full of cash.

Let's ban the creation and sale of them, and prevent this from ever happening again.

AMERICANS ABROAD FACE BANKING ROADBLOCKS

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

Mr. WILSON of South Carolina. Mr. Speaker, Americans living abroad continue to face unnecessary roadblocks not only to U.S. banks, but increasingly at foreign banks as well. The requests from expats continue to come in at a startling rate.

I want to thank Congresswoman CAROLYN MALONEY for helping to bring these banking roadblocks to the attention of the Treasury Department. We are hoping that the Financial Services Committee will soon hold hearings to review current U.S. banking laws and regulations that may prevent Americans living overseas from accessing U.S. banking services.

International Herald Tribune reporter Brian Knowlton recently highlighted that "amid mounting frustration over taxation and banking problems, small but growing numbers of overseas Americans are taking the weighty step of renouncing their citizenship." I encourage the Financial Services Committee to read Knowlton's article and schedule a hearing in the very near future.

In conclusion, God bless our troops and we will never forget September 11th in the Global War on Terrorism.

This symbol represents the time of day during the House proceedings, e.g., 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.



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H2939

CUT CONGRESSIONAL PAY

(Mrs. KIRKPATRICK of Arizona asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. KIRKPATRICK of Arizona. Mr. Speaker, yesterday the House passed a bill to stop the 2011 congressional pay hike. I am proud to cosponsor this effort. Member salaries come out of taxpayer dollars. Washington needs to know it would be unacceptable to have taxpayers who are making less pay us more.

When millions of Americans are tightening their belts, folks have the right to expect their elected officials to do the same. Blocking the pay hike was a necessary first step, but it cannot be the last. Washington can and must do more.

Members have not reduced their salaries for 77 years, since the Great Depression. I do not know anyone back in Arizona who has gone eight decades without a pay cut. Senators and Representatives should be no different. That is why I introduced legislation to cut congressional pay by 5 percent. This Congress needs to pass my bill now. Americans are tired of waiting for Washington to get it.

VETERANS MEMORIAL DEDICATION

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

Mr. COBLE. Mr. Speaker, last Sunday afternoon I attended the Robbins, North Carolina, First Wesleyan Church's Veterans Memorial Dedication. The program was generously laced with patriotic music and appropriate hymns. Veterans, living and deceased, were recognized.

It has been said, Mr. Speaker, that many Americans do not practice patriotism as they did in the past, in the World War II era in particular. Not true in Robbins, when last Sunday patriotism was alive and well. And I am appreciative to the Wesleyan Church in Robbins for the invitation that I received to attend that very special day in Robbins Saturday last.

COMPREHENSIVE IMMIGRATION REFORM

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

Mr. BACA. I stand to voice my strong opposition to the new Arizona law, S.B. 1070. This is an unjust law, inspired by hate and racism. The new law opens the door to serious civil rights abuses, and will lead to racial profiling of Latinos and Latinas in Arizona and people of color.

It is unconstitutional, violating the 4th and 14th amendments. This new law will create a division between people

who are asked for legal documents and those that are not. Anyone who values fairness is opposed to this kind of hate and should not spend one cent of money in Arizona except to create jobs.

I urge Americans to show their support of the boycott by wearing red, yellow, and blue wristbands. This misguided law is another example why we must act now. We need Republicans to stand with Democrats in a bipartisan fashion to support comprehensive reform now.

PROMOTING DISTRICT EVENT—RECESSION PROOF YOUR FINANCES

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

Mr. SAM JOHNSON of Texas. During these tough economic times, many people are experiencing financial uncertainty. That's why on Saturday, May 8, at 9 a.m. in Plano, Texas, I will host a free workshop titled Recession Proofing Your Resources. I will host the free seminar in conjunction with Consumer Credit Counseling Service of Greater Dallas.

Unplanned emergencies like job loss, illness, natural disaster, or death can be overwhelming and financially taxing. Financial knowledge and a sound financial contingency plan are vital to ensuring that you and your family come out of this fiscal crisis in the black.

Fortunately, there are ways to plan for unexpected life changes. An expert will be on hand to show people how to learn more. Visit SamJohnson.house.gov or you may RSVP by calling my Texas office in Richardson.

SUPPORT FOR MISSISSIPPI AFTER THE TORNADOES

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

Mr. CHILDERS. Mr. Speaker, this weekend Mississippi communities were struck by the largest natural disaster to hit our State since Hurricane Katrina. Saturday's devastating tornadoes hit several areas in North Mississippi, including three counties in the First Congressional District, which I represent. Damages included more than 700 homes or mobile homes destroyed, various businesses, 49 injuries, and 10 deaths.

I would like to express my deepest condolences to the families of the victims killed in Choctaw, Holmes, and Yazoo Counties. Choctaw County specifically is located in Mississippi's First District.

My thoughts and prayers go out to the families of Andra Patterson, sisters Tyana and Brittney Jobe, and Mary and Bobby Yates. I would also like to express my support for all those Mississippians who suffered injuries and damage to their homes and businesses. We are a strong community, and we

will recover from this disaster. We will continue working with authorities at all levels of government toward the shared goal of recovery.

I ask my colleagues to join me in expressing our condolences for those who lost their lives during this weekend's storm, praying for those who were injured or lost their homes or businesses, and wishing Mississippi a swift recovery.

A NUCLEAR IRAN IS A SEVERE THREAT

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

Mr. FLEMING. Mr. Speaker, the DOD's recently released Military Power Report on Iran should be a wake-up call for the President and the leadership here in Congress. While I am glad the Pentagon undertook this assessment, I and most Americans didn't need a report to confirm the Iranian threat is real and credible.

Iran's extremist regime poses a significant danger to the United States and our allies, particularly Israel. Also, because of our failure to implement tough sanctions against Iran, many nations will feel the need to develop nukes, while we are reducing our stockpile and failing to modernize our nuclear inventory.

In addition, we have halted the production of F-22s, allowed a window of vulnerability in missile defense, and have delayed development of the NextGen bomber. I hope the Democrat majority and the President do not shortchange the DOD again this year on key investments in ballistic missile defense, the NextGen bomber, and other vital initiatives to protect our homeland and our allies well into the future.

HONORING RENAE OGLETREE

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

Mr. QUIGLEY. Mr. Speaker, Renae Ogletree dedicated her life to fighting for others. She fought for equality in the GLBT community. She fought for equality for everyone. She fought to bring people together around issues of diversity, development, and health care. She fought for the children in the Chicago Public Schools.

In the final days of her life, the community she served for so long surrounded her with love and comfort. Upon learning of her illness, President Obama wrote to Renae, "In trying times, each of us draw on the power of hope, determination, perseverance, and faith."

Renae Ogletree lived her life changing the community she served through a perseverance few may ever know.

Renae, we'll continue your fight.

**CMS REPORT ON HEALTH CARE
BILL**

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

Mr. SMITH of Nebraska. Mr. Speaker, despite assurances the health care bill would actually lower costs for the American people, actually things are quite different. An independent CMS report released last week concluded America will spend \$311 billion more on health care under the new law than we would have without it. It increases taxes on the middle class. About 3 million people will have to pay the insurance mandate penalty tax. It also kills jobs through mandates on small businesses.

The American people have said this is not the direction in which they would choose to go. Health care reform should be patient-centered to increase access to care and reduce costs without bankrupting our Nation and limiting our liberties. We should, rather, allow individuals to band together across State lines to allow deductibility to everyone for the cost of premiums, and to crack down on junk lawsuits.

WALL STREET REFORM

(Mr. MILLER of North Carolina asked and was given permission to address the House for 1 minute.)

Mr. MILLER of North Carolina. Senator McCONNELL said yesterday about Wall Street reform that "as you look at the bill closer and closer, it is mostly about Main Street." Yes, Wall Street reform is about Main Street because Americans trying to make an honest living on Main Street are being bled dry by Wall Street.

The vulgar excesses of Wall Street, the bonuses, and the profits, and all the rest are at the expense of working and middle class American families. Ordinary Americans know that the fine print that big banks' lawyers wrote in their credit card contracts, and their mortgages, and their overdraft agreements were filled with traps to take their income, and their life savings, and who knows what worthless junk Wall Street unloaded on their pension funds.

Every issue I have worked on I've compromised, but there comes a time to pick a side. I pick the side of working and middle class Americans trying to make an honest living to support themselves and their families.

□ 1015

HEALTH CARE REFORM

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

Mr. STUPAK. Mr. Speaker, I am pleased health care reform passed the House of Representatives and the Congress on March 21 so 32 million more

Americans will have access to health insurance.

Americans are already realizing the benefits of this legislation. For instance, for the past few years, as chairman of the Oversight and Investigations Subcommittee, we have investigated the industry practice of rescission. Rescission occurs when the insurance company pores through your policy application to find any excuse to drop you from coverage when you become ill. So when you need the insurance the most, they look for an excuse to abandon you. This rescission practice used by insurance companies employ up to 1,400 different computer entries to kick out claims of people who may become seriously ill, to drop them when they are sick, and will cost the insurance companies some money.

As chair of Oversight and Investigations, I have written to the largest insurance companies to stop this practice of rescission now. Under the health care legislation we passed, it says rescission practice will stop in September, but I urge the insurance companies to stop this unconscionable practice now. In America health care is a right; it's not a privilege.

WALL STREET REFORM

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

Mr. WALZ. Mr. Speaker, 2 years ago, our Nation experienced the beginning of the worst financial crisis since the stock market crash of 1929, resulting in the longest, deepest financial downturn since the Great Depression.

While the factors that contributed to the crash were numerous and complicated, there's one simple underlying cause: Unchecked greed. Our history teaches us the best way to focus this greed into something constructive is to have rules to protect consumers and investors and to put cops on the beat to ensure those rules are enforced. But for decades, this country has pursued a policy of deregulation and lax enforcement, believing that "greed is good" and the "invisible hand of the market" would protect hardworking Americans.

Well, that invisible hand did something. It gave billions in bonuses to those who used other people's money like poker chips. When that game went bust, it slapped the American taxpayers to the tune of 8 million jobs and billions in bailouts. Now that this Congress is moving to restore fairness and accountability, there are those among us who would prefer to huddle with Wall Street and delay or dilute our efforts. The status quo is bailouts for too-big-to-fail banks.

I urge my colleagues, both here and in the Senate, to stand with the American people, pass reform, end bailouts.

WORKERS' MEMORIAL DAY

(Ms. TITUS asked and was given permission to address the House for 1

minute and to revise and extend her remarks.)

Ms. TITUS. Today I join with people across the country to commemorate Workers' Memorial Day, honoring workers killed, injured, or harmed at work.

Unfortunately, workers in Nevada are all too aware of the dangers they face in the workplace. A number of deaths on the job in recent years led to Nevada's being the first State in the country to undergo an in-depth review that highlighted the problems facing the State's OSHA program. This review made it clear to me that Federal OSHA needs an additional option to work with States that are not meeting Federal standards. Currently, OSHA can only suggest improvements or completely take over the State's program.

That's why I introduced the Ensuring Worker Safety Act. This legislation aims to protect both workers and States' rights by giving Federal OSHA additional tools to make sure that State OSHA plans like Nevada's are at least as effective as Federal standards and enforcement.

The slogan of Workers' Memorial Day is "Remember the Dead and Fight for the Living." That's what I intend to do in Congress.

PARTY OF "NO"

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

Mr. YARMUTH. Mr. Speaker, I know our Republican friends don't like it when we call them the party of "no," but let's review the score for just a minute.

On health care reform, 177 noes, no yeses. On Wall Street reform, 175 noes, no yeses. On the American Recovery and Reinvestment Act, 177 noes, no yeses.

Let's look at the Senate. In two consecutive votes whether to bring Wall Street reform to the floor for a debate, 40 noes, no yeses.

They're not just the party of "no"; they're the party of no jobs for America, for no energy security, for no Wall Street reform, for no consumer protections against predatory practices, for no equal pay for women in the workplace, and the party of "no" for tax relief for middle class families.

If the Republicans don't want to be called the party of "no," they'd better learn to say "yes."

WALL STREET REFORM

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

Mr. DEUTCH. Mr. Speaker, as the newest Member of Congress, I just spent 6 months talking to voters every day, and I can say with confidence that there are a lot of partisan issues out there. However, there was one issue that united people of all political persuasions. That was our urgent need to

prevent an economic meltdown from happening again.

I have only been in Congress for a week, but I can say that the actions of those turning Wall Street reform into a political issue are no less appalling in person than they are on TV. For the millions of seniors who lost so much of their life savings, Wall Street reform is not a political issue. For the 8 million workers who lost their jobs, Wall Street reform is not a political issue. And for the 2.2 million families who lost their homes, Wall Street reform is not a political issue. For them Wall Street reform is about financial security. It is about oversight and honesty. And, most importantly, it is about accountability.

Let's put politics aside and do the job that the American people sent us here to do by passing Wall Street reform and sending a tough bill to the President's desk.

COMPREHENSIVE IMMIGRATION REFORM

(Ms. JACKSON LEE of Texas asked and was given permission to address the House for 1 minute.)

Ms. JACKSON LEE of Texas. Mr. Speaker, I join my good friend from Florida in acknowledging that many of the issues that we debate on this floor are not political issues.

So I ask America and I ask my friends on the other side of the aisle, let us not internally implode over a decent human rights issue of immigration reform. While the economy is failing and questions are being asked about the integrity of Wall Street, let us look to a reasoned response to immigration reform. Not troops on the border, not the National Guard on the border, but a real comprehensive immigration reform that provides access to this country, legalization, and the picking up of the criminals. We understand that. There is no time for politicking and grandstanding on the question of students and families who want to be reunited.

I am ashamed of the action of the Governor of Arizona, but I sympathize with the people. Let us have real border security. I will be reintroducing my legislation that asks for ramping up of Customs and Border Patrol agents, more technology to secure the border. Let's do this the right way. The faith community, the business community of America, let's talk reasonably. The business community should be talking across America about the importance of comprehensive immigration reform.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

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

Record votes on postponed questions will be taken later.

IMPROPER PAYMENTS ELIMINATION AND RECOVERY ACT OF 2009

Mr. TOWNS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3393) to amend the Improper Payments Information Act of 2002 (31 U.S.C. 3321 note) in order to prevent the loss of billions in taxpayer dollars, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 3393

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 "Improper Payments Elimination and Recovery Act of 2010".

SEC. 2. IMPROPER PAYMENTS ELIMINATION AND RECOVERY.

(a) SUSCEPTIBLE PROGRAMS AND ACTIVITIES.—Section 2 of the Improper Payments Information Act of 2002 (31 U.S.C. 3321 note) is amended by striking subsection (a) and inserting the following:

"(a) IDENTIFICATION OF SUSCEPTIBLE PROGRAMS AND ACTIVITIES.—

"(1) IN GENERAL.—The head of each agency shall, in accordance with guidance prescribed by the Director of the Office of Management and Budget, periodically review all programs and activities that the relevant agency head administers and identify all programs and activities that may be susceptible to significant improper payments.

"(2) FREQUENCY.—Reviews under paragraph (1) shall be performed for each program and activity that the relevant agency head administers during the year after which the Improper Payments Elimination and Recovery Act of 2010 is enacted and at least once every 3 fiscal years thereafter. For those agencies already performing a risk assessment every 3 years, agencies may apply to the Director of the Office of Management and Budget for a waiver from the requirement of the preceding sentence and continue their 3-year risk assessment cycle.

"(3) RISK ASSESSMENTS.—

"(A) DEFINITION.—In this subsection the term 'significant' means—

"(i) except as provided under clause (ii), that improper payments in the program or activity in the preceding fiscal year may have exceeded—

"(I) \$10,000,000 of all program or activity payments made during that fiscal year reported and 2.5 percent of program outlays; or

"(II) \$100,000,000; and

"(ii) with respect to fiscal years following September 30th of a fiscal year beginning before fiscal year 2013 as determined by the Office of Management and Budget, that improper payments in the program or activity in the preceding fiscal year may have exceeded—

"(I) \$10,000,000 of all program or activity payments made during that fiscal year reported and 1.5 percent of program outlays; or

"(II) \$100,000,000.

"(B) SCOPE.—In conducting the reviews under paragraph (1), the head of each agency shall take into account those risk factors that are likely to contribute to a susceptibility to significant improper payments, such as—

"(i) whether the program or activity reviewed is new to the agency;

"(ii) the complexity of the program or activity reviewed;

"(iii) the volume of payments made through the program or activity reviewed;

"(iv) whether payments or payment eligibility decisions are made outside of the agency, such as by a State or local government;

"(v) recent major changes in program funding, authorities, practices, or procedures;

"(vi) the level, experience, and quality of training for personnel responsible for making program eligibility determinations or certifying that payments are accurate; and

"(vii) significant deficiencies in the audit report of the agency or other relevant management findings that might hinder accurate payment certification."

(b) ESTIMATION OF IMPROPER PAYMENTS.—Section 2 of the Improper Payments Information Act of 2002 (31 U.S.C. 3321 note) is amended by striking subsection (b) and inserting the following:

"(b) ESTIMATION OF IMPROPER PAYMENTS.—With respect to each program and activity identified under subsection (a), the head of the relevant agency shall—

"(1) produce a statistically valid estimate, or an estimate that is otherwise appropriate using a methodology approved by the Director of the Office of Management and Budget, of the improper payments made by each program and activity; and

"(2) include those estimates in the accompanying materials to the annual financial statement of the agency required under section 3515 of title 31, United States Code, or similar provision of law and applicable guidance of the Office of Management and Budget."

(c) REPORTS ON ACTIONS TO REDUCE IMPROPER PAYMENTS.—Section 2 of the Improper Payments Information Act of 2002 (31 U.S.C. 3321 note) is amended by striking subsection (c) and inserting the following:

"(c) REPORTS ON ACTIONS TO REDUCE IMPROPER PAYMENTS.—With respect to any program or activity of an agency with estimated improper payments under subsection (b), the head of the agency shall provide with the estimate under subsection (b) a report on what actions the agency is taking to reduce improper payments, including—

"(1) a description of the causes of the improper payments, actions planned or taken to correct those causes, and the planned or actual completion date of the actions taken to address those causes;

"(2) in order to reduce improper payments to a level below which further expenditures to reduce improper payments would cost more than the amount such expenditures would save in prevented or recovered improper payments, a statement of whether the agency has what is needed with respect to—

"(A) internal controls;

"(B) human capital; and

"(C) information systems and other infrastructure;

"(3) if the agency does not have sufficient resources to establish and maintain effective internal controls under paragraph (2)(A), a description of the resources the agency has requested in its budget submission to establish and maintain such internal controls;

"(4) program-specific and activity-specific improper payments reduction targets that have been approved by the Director of the Office of Management and Budget; and

"(5) a description of the steps the agency has taken to ensure that agency managers, programs, and, where appropriate, States and localities are held accountable through annual performance appraisal criteria for—

"(A) meeting applicable improper payments reduction targets; and

"(B) establishing and maintaining sufficient internal controls, including an appropriate control environment, that effectively—

“(i) prevent improper payments from being made; and

“(ii) promptly detect and recover improper payments that are made.”.

(d) REPORTS ON ACTIONS TO RECOVER IMPROPER PAYMENTS.—Section 2 of the Improper Payments Information Act of 2002 (31 U.S.C. 3321 note) is amended—

(1) by striking subsection (e);

(2) by redesignating subsections (d) and (f) as subsections (f) and (g), respectively; and

(3) by inserting after subsection (c) the following:

“(d) REPORTS ON ACTIONS TO RECOVER IMPROPER PAYMENTS.—With respect to any improper payments identified in recovery audits conducted under section 2(h) of the Improper Payments Elimination and Recovery Act of 2010 (31 U.S.C. 3321 note), the head of the agency shall provide with the estimate under subsection (b) a report on all actions the agency is taking to recover improper payments, including—

“(1) a discussion of the methods used by the agency to recover overpayments;

“(2) the amounts recovered, outstanding, and determined to not be collectable, including the percent such amounts represent of the total overpayments of the agency;

“(3) if a determination has been made that certain overpayments are not collectable, a justification of that determination;

“(4) an aging schedule of the amounts outstanding;

“(5) a summary of how recovered amounts have been disposed of;

“(6) a discussion of any conditions giving rise to improper payments and how those conditions are being resolved; and

“(7) if the agency has determined under section 2(h) of the Improper Payments Elimination and Recovery Act of 2010 (31 U.S.C. 3321 note) that performing recovery audits for any applicable program or activity is not cost effective, a justification for that determination.

(e) GOVERNMENTWIDE REPORTING OF IMPROPER PAYMENTS AND ACTIONS TO RECOVER IMPROPER PAYMENTS.—

“(1) REPORT.—Each fiscal year the Director of the Office of Management and Budget shall submit a report with respect to the preceding fiscal year on actions agencies have taken to report information regarding improper payments and actions to recover improper overpayments to—

“(A) the Committee on Homeland Security and Governmental Affairs of the Senate; and

“(B) the Committee on Oversight and Government Reform of the House of Representatives.

“(2) CONTENTS.—Each report under this subsection shall include—

“(A) a summary of the reports of each agency on improper payments and recovery actions submitted under this section;

“(B) an identification of the compliance status of each agency to which this Act applies;

“(C) governmentwide improper payment reduction targets; and

“(D) a discussion of progress made towards meeting governmentwide improper payment reduction targets.”.

(e) DEFINITIONS.—Section 2 of the Improper Payments Information Act of 2002 (31 U.S.C. 3321 note) is amended by striking subsections (f) (as redesignated by this section) and inserting the following:

“(f) DEFINITIONS.—In this section:

“(1) AGENCY.—The term ‘agency’ means an executive agency, as that term is defined in section 102 of title 31, United States Code.

“(2) IMPROPER PAYMENT.—The term ‘improper payment’—

“(A) means any payment that should not have been made or that was made in an incorrect amount (including overpayments and

underpayments) under statutory, contractual, administrative, or other legally applicable requirements; and

“(B) includes any payment to an ineligible recipient, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received (except for such payments where authorized by law), and any payment that does not account for credit for applicable discounts.

“(3) PAYMENT.—The term ‘payment’ means any transfer or commitment for future transfer of Federal funds such as cash, securities, loans, loan guarantees, and insurance subsidies to any non-Federal person or entity, that is made by a Federal agency, a Federal contractor, a Federal grantee, or a governmental or other organization administering a Federal program or activity.

“(4) PAYMENT FOR AN INELIGIBLE GOOD OR SERVICE.—The term ‘payment for an ineligible good or service’ shall include a payment for any good or service that is rejected under any provision of any contract, grant, lease, cooperative agreement, or any other funding mechanism.”.

(f) GUIDANCE BY THE OFFICE OF MANAGEMENT AND BUDGET.—Section 2 of the Improper Payments Information Act of 2002 (31 U.S.C. 3321 note) is amended by striking subsection (g) (as redesignated by this section) and inserting the following:

“(g) GUIDANCE BY THE OFFICE OF MANAGEMENT AND BUDGET.—

“(1) IN GENERAL.—Not later than 6 months after the date of enactment of the Improper Payments Elimination and Recovery Act of 2010, the Director of the Office of Management and Budget shall prescribe guidance for agencies to implement the requirements of this section. The guidance shall not include any exemptions to such requirements not specifically authorized by this section.

“(2) CONTENTS.—The guidance under paragraph (1) shall prescribe—

“(A) the form of the reports on actions to reduce improper payments, recovery actions, and governmentwide reporting; and

“(B) strategies for addressing risks and establishing appropriate prepayment and postpayment internal controls.”.

(g) DETERMINATIONS OF AGENCY READINESS FOR OPINION ON INTERNAL CONTROL.—Not later than 1 year after the date of enactment of this Act, the Director of the Office of Management and Budget shall develop—

(1) specific criteria as to when an agency should initially be required to obtain an opinion on internal control over financial reporting; and

(2) criteria for an agency that has demonstrated a stabilized, effective system of internal control over financial reporting, whereby the agency would qualify for a multiyear cycle for obtaining an audit opinion on internal control over financial reporting, rather than an annual cycle.

(h) RECOVERY AUDITS.—

(1) DEFINITION.—In this subsection, the term “agency” has the meaning given under section 2(f) of the Improper Payments Information Act of 2002 (31 U.S.C. 3321 note) as redesignated by this Act.

(2) IN GENERAL.—

(A) CONDUCT OF AUDITS.—Except as provided under paragraph (4) and if not prohibited under any other provision of law, the head of each agency shall conduct recovery audits with respect to each program and activity of the agency that expends \$1,000,000 or more annually if conducting such audits would be cost-effective.

(B) PROCEDURES.—In conducting recovery audits under this subsection, the head of an agency—

(i) shall give priority to the most recent payments and to payments made in any program or programs identified as susceptible

to significant improper payments under section 2(a) of the Improper Payments Information Act of 2002 (31 U.S.C. 3321 note);

(ii) shall implement this subsection in a manner designed to ensure the greatest financial benefit to the Government; and

(iii) may conduct recovery audits directly, by using other departments and agencies of the United States, or by procuring performance of recovery audits by private sector sources by contract (subject to the availability of appropriations), or by any combination thereof.

(C) RECOVERY AUDIT CONTRACTS.—With respect to recovery audits procured by an agency by contract—

(i) subject to subparagraph (B)(iii), and except to the extent such actions are outside the agency’s authority, as defined by section 605(a) of the Contract Disputes Act of 1978 (41 U.S.C. 605(a)), the head of the agency may authorize the contractor to notify entities (including persons) of potential overpayments made to such entities, respond to questions concerning potential overpayments, and take other administrative actions with respect to overpayment claims made or to be made by the agency; and

(ii) such contractor shall have no authority to make final determinations relating to whether any overpayment occurred and whether to compromise, settle, or terminate overpayment claims.

(D) CONTRACT TERMS AND CONDITIONS.—The agency shall include in each contract for procurement of performance of a recovery audit a requirement that the contractor shall—

(i) provide to the agency periodic reports on conditions giving rise to overpayments identified by the contractor and any recommendations on how to mitigate such conditions; and

(ii) notify the agency of any overpayments identified by the contractor pertaining to the agency or to any other agency or agencies that are beyond the scope of the contract.

(E) AGENCY ACTION FOLLOWING NOTIFICATION.—An agency shall take prompt and appropriate action in response to a report or notification by a contractor under subparagraph (D)(ii), to collect overpayments and shall forward to other agencies any information that applies to such agencies.

(3) DISPOSITION OF AMOUNTS RECOVERED.—

(A) IN GENERAL.—Amounts collected by agencies each fiscal year through recovery audits conducted under this subsection shall be treated in accordance with this paragraph. The agency head shall determine the distribution of collected amounts, less amounts needed to fulfill the purposes of section 3562(a) of title 31, United States Code, in accordance with subparagraphs (B), (C), and (D).

(B) USE FOR FINANCIAL MANAGEMENT IMPROVEMENT PROGRAM.—Not more than 25 percent of the amounts collected by an agency through recovery audits—

(i) shall be available to the head of the agency to carry out the financial management improvement program of the agency under paragraph (4);

(ii) may be credited, if applicable, for that purpose by the head of an agency to any agency appropriations and funds that are available for obligation at the time of collection; and

(iii) shall be used to supplement and not supplant any other amounts available for that purpose and shall remain available until expended.

(C) USE FOR ORIGINAL PURPOSE.—Not more than 25 percent of the amounts collected by an agency—

(i) shall be credited to the appropriation or fund, if any, available for obligation at the

time of collection for the same general purposes as the appropriation or fund from which the overpayment was made;

(ii) shall remain available for the same period and purposes as the appropriation or fund to which credited; and

(iii) if the appropriation from which the overpayment was made has expired, shall be newly available for the same time period as the funds were originally available for obligation, except that any amounts that are recovered more than five fiscal years from the last fiscal year in which the funds were available for obligation shall be deposited in the Treasury as miscellaneous receipts, except that in the case of recoveries of overpayments that are made from trust or special fund accounts, such amounts shall revert to those accounts.

(D) USE FOR INSPECTOR GENERAL ACTIVITIES.—Not more than 5 percent of the amounts collected by an agency shall be available to the Inspector General of that agency—

(i) for—

(I) the Inspector General to carry out this Act; or

(II) any other activities of the Inspector General relating to investigating improper payments or auditing internal controls associated with payments; and

(ii) shall remain available for the same period and purposes as the appropriation or fund to which credited.

(E) REMAINDER.—Amounts collected that are not applied in accordance with subparagraphs (A), (B), (C), or (D) shall be deposited in the Treasury as miscellaneous receipts, except that in the case of recoveries of overpayments that are made from trust or special fund accounts, such amounts shall revert to those accounts.

(F) DISCRETIONARY AMOUNTS.—This paragraph shall apply only to recoveries of overpayments that are made from discretionary appropriations (as that term is defined by paragraph 7 of section 250 of the Balanced Budget and Emergency Deficit Control Act of 1985) and shall not apply to recoveries of overpayments that are made from discretionary amounts that were appropriated prior to enactment of this Act.

(G) APPLICATION.—This paragraph shall not apply to recoveries of overpayments if the appropriation from which the overpayment was made has not expired.

(4) FINANCIAL MANAGEMENT IMPROVEMENT PROGRAM.—

(A) REQUIREMENT.—The head of each agency shall conduct a financial management improvement program, consistent with rules prescribed by the Director of the Office of Management and Budget.

(B) PROGRAM FEATURES.—In conducting the program, the head of the agency—

(i) shall, as the first priority of the program, address problems that contribute directly to agency improper payments; and

(ii) may seek to reduce errors and waste in other agency programs and operations.

(5) PRIVACY PROTECTIONS.—Any nongovernmental entity that, in the course of recovery auditing or recovery activity under this subsection, obtains information that identifies an individual or with respect to which there is a reasonable basis to believe that the information can be used to identify an individual, may not disclose the information for any purpose other than such recovery auditing or recovery activity and governmental oversight of such activity, unless disclosure for that other purpose is authorized by the individual to the executive agency that contracted for the performance of the recovery auditing or recovery activity.

(6) OTHER RECOVERY AUDIT REQUIREMENTS.—

(A) IN GENERAL.—(i) Except as provided in clause (ii), subchapter VI of chapter 35 of title 31, United States Code, is repealed.

(ii) Section 3562(a) of title 31, United States Code, shall continue in effect, except that references in such section 3562(a) to programs carried out under section 3561 of such title, shall be interpreted to mean programs carried out under section 2(h) of this Act.

(B) TECHNICAL AND CONFORMING AMENDMENTS.—

(i) TABLE OF SECTIONS.—The table of sections for chapter 35 of title 31, United States Code, is amended by striking the matter relating to subchapter VI.

(ii) DEFINITION.—Section 3501 of title 31, United States Code, is amended by striking “and subchapter VI of this title”.

(iii) HOMELAND SECURITY GRANTS.—Section 2022(a)(6) of the Homeland Security Act of 2002 (6 U.S.C. 612(a)(6)) is amended by striking “(as that term is defined by the Director of the Office of Management and Budget under section 3561 of title 31, United States Code)” and inserting “under section 2(h) of the Improper Payments Elimination and Recovery Act of 2010 (31 U.S.C. 3321 note)”.

(7) RULE OF CONSTRUCTION.—Except as provided under paragraph (5), nothing in this section shall be construed as terminating or in any way limiting authorities that are otherwise available to agencies under existing provisions of law to recover improper payments and use recovered amounts.

(i) REPORT ON RECOVERY AUDITING.—Not later than 2 years after the date of the enactment of this Act, the Chief Financial Officers Council established under section 302 of the Chief Financial Officers Act of 1990 (31 U.S.C. 901 note), in consultation with the Council of Inspectors General on Integrity and Efficiency established under section 7 of the Inspector General Reform Act of 2009 (Public Law 110-409) and recovery audit experts, shall conduct a study of—

(1) the implementation of subsection (h);

(2) the costs and benefits of agency recovery audit activities, including those under subsection (h), and including the effectiveness of using the services of—

(A) private contractors;

(B) agency employees;

(C) cross-servicing from other agencies; or

(D) any combination of the provision of services described under subparagraphs (A) through (C); and

(3) submit a report on the results of the study to—

(A) the Committee on Homeland Security and Governmental Affairs of the Senate;

(B) the Committee on Oversight and Government Reform of the House of Representatives; and

(C) the Comptroller General.

SEC. 3. COMPLIANCE.

(a) DEFINITIONS.—In this section:

(1) AGENCY.—The term “agency” has the meaning given under section 2(f) of the Improper Payments Information Act of 2002 (31 U.S.C. 3321 note) as redesignated by this Act.

(2) ANNUAL FINANCIAL STATEMENT.—The term “annual financial statement” means the annual financial statement required under section 3515 of title 31, United States Code, or similar provision of law.

(3) COMPLIANCE.—The term “compliance” means that the agency—

(A) has published an annual financial statement for the most recent fiscal year and posted that report and any accompanying materials required under guidance of the Office of Management and Budget on the agency website;

(B) if required, has conducted a program specific risk assessment for each program or activity that conforms with section 2(a) the Improper Payments Information Act of 2002 (31 U.S.C. 3321 note); and

(C) if required, publishes improper payments estimates for all programs and activities identified under section 2(b) of the Improper Payments Information Act of 2002 (31 U.S.C. 3321 note) in the accompanying materials to the annual financial statement;

(D) publishes programmatic corrective action plans prepared under section 2(c) of the Improper Payments Information Act of 2002 (31 U.S.C. 3321 note) that the agency may have in the accompanying materials to the annual financial statement;

(E) publishes improper payments reduction targets established under section 2(c) of the Improper Payments Information Act of 2002 (31 U.S.C. 3321 note) that the agency may have in the accompanying materials to the annual financial statement for each program assessed to be at risk, and is meeting such targets; and

(F) has reported an improper payment rate of less than 10 percent for each program and activity for which an estimate was published under section 2(b) of the Improper Payments Information Act of 2002 (31 U.S.C. 3321 note).

(b) ANNUAL COMPLIANCE REPORT BY INSPECTORS GENERAL OF AGENCIES.—Each fiscal year, the Inspector General of each agency shall determine whether the agency is in compliance and submit a report on that determination to—

(1) the head of the agency;

(2) the Committee on Homeland Security and Governmental Affairs of the Senate;

(3) the Committee on Oversight and Governmental Reform of the House of Representatives; and

(4) the Comptroller General.

(c) REMEDIATION.—

(1) NONCOMPLIANCE.—

(A) IN GENERAL.—If an agency is determined by the Inspector General of that agency not to be in compliance under subsection (b) in a fiscal year, the head of the agency shall submit a plan to Congress describing the actions that the agency will take to come into compliance.

(B) PLAN.—The plan described under subparagraph (A) shall include—

(i) measurable milestones to be accomplished in order to achieve compliance for each program or activity;

(ii) the designation of a senior agency official who shall be accountable for the progress of the agency in coming into compliance for each program or activity; and

(iii) the establishment of an accountability mechanism, such as a performance agreement, with appropriate incentives and consequences tied to the success of the official designated under clause (ii) in leading the efforts of the agency to come into compliance for each program and activity.

(2) NONCOMPLIANCE FOR 2 FISCAL YEARS.—

(A) IN GENERAL.—If an agency is determined by the Inspector General of that agency not to be in compliance under subsection (b) for 2 consecutive fiscal years for the same program or activity, and the Director of the Office of Management and Budget determines that additional funding would help the agency come into compliance, the head of the agency shall obligate additional funding, in an amount determined by the Director, to intensified compliance efforts.

(B) FUNDING.—In providing additional funding described under subparagraph (A), the head of an agency shall use any reprogramming or transfer authority available to the agency. If after exercising that reprogramming or transfer authority additional funding is necessary to obligate the full level of funding determined by the Director of the Office of Management and Budget under subparagraph (A), the agency shall submit a request to Congress for additional reprogramming or transfer authority.

(3) REAUTHORIZATION AND STATUTORY PROPOSALS.—If an agency is determined by the Inspector General of that agency not to be in compliance under subsection (b) for more than 3 consecutive fiscal years for the same program or activity, the head of the agency shall, not later than 30 days after such determination, submit to Congress—

(A) reauthorization proposals for each program or activity that has not been in compliance for 3 or more consecutive fiscal years; or

(B) proposed statutory changes necessary to bring the program or activity into compliance.

(d) COMPLIANCE ENFORCEMENT PILOT PROGRAMS.—

(1) IN GENERAL.—The Director of the Office of Management and Budget may establish 1 or more pilot programs which shall test potential accountability mechanisms with appropriate incentives and consequences tied to success in ensuring compliance with this Act and eliminating improper payments.

(2) REPORT.—Not later than 5 years after the date of enactment of this Act, the Director of the Office of Management and Budget shall submit a report to Congress on the findings associated with any pilot programs conducted under paragraph (1). The report shall include any legislative or other recommendations that the Director determines necessary.

(e) REPORT ON CHIEF FINANCIAL OFFICERS ACT OF 1990.—Not later than 1 year after the date of the enactment of this Act, the Chief Financial Officers Council established under section 302 of the Chief Financial Officers Act of 1990 (31 U.S.C. 901 note) and the Council of Inspectors General on Integrity and Efficiency established under section 7 of the Inspector General Reform Act of 2009 (Public Law 110-409), in consultation with a broad cross-section of experts and stakeholders in Government accounting and financial management shall—

(1) jointly examine the lessons learned during the first 20 years of implementing the Chief Financial Officers Act of 1990 (31 U.S.C. 901) and identify reforms or improvements, if any, to the legislative and regulatory compliance framework for Federal financial management that will optimize Federal agency efforts to—

(A) publish relevant, timely, and reliable reports on Government finances; and

(B) implement internal controls that mitigate the risk for fraud, waste, and error in Government programs; and

(2) jointly submit a report on the results of the examination to—

(A) the Committee on Homeland Security and Governmental Affairs of the Senate;

(B) the Committee on Oversight and Government Reform of the House of Representatives; and

(C) the Comptroller General.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New York (Mr. TOWNS) and the gentleman from California (Mr. ISSA) each will control 20 minutes.

The Chair recognizes the gentleman from New York.

GENERAL LEAVE

Mr. TOWNS. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks.

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

There was no objection.

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

The Office of Management and Budget recently reported the Federal Government made \$98 billion in improper and overpayments last year. This is a staggering amount and completely unacceptable. No family or business in this great country would tolerate being charged twice or even overbilled for anything and neither should the government. We need to do everything we can to ensure that the government spends every tax dollar in the most responsible way possible. In fact, we have an obligation to the taxpayers to fight waste, fraud, and abuse and to ensure that if the government overpays for something, it has the means to recover those precious tax dollars.

The bill we are now considering, H.R. 3393, the Improper Payments Elimination and Recovery Act of 2009, will provide the government with the means to fulfill this obligation to the taxpayers.

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

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

Mr. Speaker, this is an important and bipartisan bill being brought to the floor today. It has been well thought out and well crafted, and I want to thank Mr. MURPHY and Mr. BILBRAY for their diligent work on this subject, also Mr. TODD PLATTS, who has worked in this area for a number of years and has brought to light this failure of government.

Mr. Speaker, when there are \$2 trillion worth of payments being made and \$100 billion worth of improper payments being noted, one would say we must be doing a good job of finding improper payments that would allow us to get to the bottom of this large amount of money. But, Mr. Speaker, without this corrective action, it is clear that what we are seeing is the tip of a very large iceberg.

Under the current law, since you must have the greater of both \$10 million and 2.5 percent in order to trigger reporting, this only really triggers \$10 million events with very small agencies. As we look at the Department of Defense and other large agencies, realistically the 2.5 percent becomes the trigger. If I were able to, with a stroke of a pen, change things from day one, I would look and say the American people consider not only \$10 million a lot of money, but \$2 million and \$1 million, \$100,000.

We cannot quickly make those kinds of changes in reporting, I am told. However, today we are taking a fairly significant step. By automatically having anytime when \$100 million is at stake be reported and by reducing from 2.5 to 1.5 percent the program outlays, we are catching an unknown amount of greater waste, fraud, and abuse in government. These improper payments will undoubtedly rise, perhaps double, perhaps triple in reporting as a result of this new law, but it is not enough. As this reporting becomes more widespread and we're able to investigate ex-

tremely large but smaller than today programs, I hope that we will see that we must find all, all, improper payments in government and set them right. The American people expect no less.

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

Mr. TOWNS. Mr. Speaker, I yield 5 minutes to the sponsor of the bill, Mr. PATRICK MURPHY, who is really responsible for our being here today. He has worked so hard on this legislation, and, of course, as I have said to many staffers along the way, this makes a whole lot of sense, and I want to thank him, and, of course, Mr. PLATTS and people that have worked on this and kept it going.

Mr. PATRICK J. MURPHY of Pennsylvania. I thank the chairman for yielding.

I would like to start off by thanking my colleague from across the aisle, Congressman BRIAN BILBRAY from California, for partnering with me on this bipartisan bill for the past 2 years. Today is a great day for our country, and I want to also highlight his partnership and his commitment to fiscal responsibility. It's been an honor to work with you, sir.

I also want to thank Senator TOM CARPER for his tireless efforts in advancing this legislation in the Senate.

Mr. Speaker, most of us would be outraged if we realized that our phone company charged twice for last month's bill or that we paid for car repairs that were never made to our car. We would figure out the problem, we would get our money back, and we would make sure that that never happened again.

But every day the Federal Government either overpays or pays twice the amount for products or services it was supposed to. But until now, there was too little action and even less outrage.

□ 1030

According to the Office of Management and Budget, in fiscal year 2009, Federal agencies made nearly \$98 billion in improper payments. Let me repeat that: In 2009, Federal agencies made nearly \$98 billion in improper payments in just 1 fiscal year.

Mr. Speaker, numbers get thrown around in this Chamber all the time. So let me put this number in context. This is more than double the budget for the Department of Homeland Security and triple the budget of the National Institutes of Health. These improper payments occur as a result of fraud or from poor fiscal management systems that do not detect or prevent mistakes before Federal dollars are already out the door. This bill—our bill—the Improper Payments Elimination and Recovery Act, will help better identify, reduce, and eliminate these improper payments. It will cut down on fraud and waste by requiring agencies to develop and implement action plans to avoid improper payments.

Mr. Speaker, no business owner would allow an employee to get away

with these mistakes. American taxpayers should not have to foot the bill when the government mismanages their hard-earned dollars. That is why this legislation has strong measures to hold those accountable for failing to protect taxpayer dollars. Perhaps most importantly, Mr. Speaker, this legislation would force the Federal Government to reclaim more money that was improperly sent.

It's pretty simple. If a family in Bristol, Bucks County, found out that they were getting double billed for their car payments or paying for groceries they never got, they'd fix the problem, get their money back, and would not allow it to happen again. My bill ensures that the Federal Government holds itself to the same standard of fiscal responsibility that will save taxpayers billions of dollars.

Mr. Speaker, there is no question that we must do more to tackle our national debt. While the debate grows increasingly partisan, the solutions seem sometimes out of political reach. But this proposal is not. This commonsense measure is something that Democrats and Republicans have come together to support. Cutting wasteful spending and growing our economy will lead us out of this recession and help put us on a path toward fiscal responsibility. I urge all of my colleagues to vote "yes" and pass this legislation on behalf of the American taxpayer.

Mr. ISSA. At this time I would yield 3 minutes to the coauthor of the bill, the gentleman from California (Mr. BILBRAY).

Mr. BILBRAY. I would like to thank the coauthor of the bill, Mr. MURPHY, and especially Chairman TOWNS and Ranking Member ISSA for bringing this item up today. I appreciate the ability to address it.

Mr. Speaker, all across America, Americans are speaking out loudly. In fact, there's a degree of dismay for those of us in Washington when we go home to see the outrage that is coming out from the average taxpayer in this country. I think we are just now really realizing that there is a justification for the outrage and the strong feelings. Basically, as we tell the American people that they must give more and that we are going to take more, they are saying, No way. You have not earned the right to be trusted with our tax money.

Mr. MURPHY and I have been able to identify one of those items that the American people have been calling for a long time. How do we explain to our constituents that we are giving away inappropriately twice as much money as we spend to defend their neighborhoods from terrorism when it comes to homeland security? How do we have the gall to ask them to trust us with more money when we have this kind of mismanagement of public funds—not just recently, but historically. And I think this is one place we can, in a bipartisan effort, admit that Washington needs to be more respon-

sible, needs to do more and, frankly, demand more from Washington and the bureaucracy and less from the American people when it comes to accountability.

We're talking about the fact that we need now to lower the thresholds of reporting so the problem can be more transparent. We need to make sure that we hold those who are trusted in the Departments with the American taxpayers' money to do more, report more, and be more accountable for the mismanagement of those funds. Frankly, we need to demand more recovery of the money when we detect these funds are being misappropriated.

Frankly, right now, I think the outrage across this country is something that is healthy for all of us—Democrats, Republicans, Independents. We should not be asking, Why are the American people so outraged? We're saying, Why didn't we realize this earlier and sooner so that that outrage did not just show up in screaming town hall meetings and protests around this country?

I want to thank Mr. MURPHY for joining with me at showing the American people there are some of us that hear it loud and clear. We do not blame the American people for being outraged. We blame ourselves and the Washington establishment for not addressing this issue before and not moving forward.

So I, again, thank the chairman and the ranking member. I thank my coauthor on this. And I think, Mr. Speaker, this is more than just money. We're talking about we have taken hard-earned resources from hardworking Americans and we have been trusted in the past; and we have violated that trust.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. ISSA. Mr. Speaker, I yield the gentleman 30 additional seconds.

Mr. BILBRAY. This bill will start on a pattern towards earning the trust back from the American people. But we do not have a right to ask them to trust us with more money until we prove to them that we can correct this problem and take care of the money that we have already been endowed with. So I ask that this body pass this bill and address it. It's a small step in the direction that America has asked us to go to for far too long.

Mr. TOWNS. I yield myself such time as I may consume.

The Improper Payments Elimination and Recovery Act, H.R. 3393, provides the Federal Government with the tools needed to prevent mistakes and overpayments in the first place and recover funds that are paid in error. That's the reason why I'd like to salute Congressman ISSA of California, Congressman BILBRAY, and of course Congressman PLATTS and Congressman MURPHY for the outstanding job that they have done on this legislation.

The bill we are considering today takes the next step and makes Federal

agencies more accountable for properly managing taxpayers' funds. The bill requires agencies to develop and report corrective action plans based on measured error rates and creates incentives for meeting their goals and penalties for failure to meet their goals. Importantly, the bill also gives the agencies the means to go after the funds that they have overpaid, which will make the taxpayers, agencies, programs, and activities which relied on those appropriations whole.

We are living in a time, Mr. Speaker, when our government is under extreme fiscal demands, and we need to do everything possible to ensure that every tax dollar goes to where it is needed. To ensure this takes place, we need to provide our Federal agencies with the tools to properly manage their spending. We also need to give the agencies the ability to follow through with their oversight and provide them with the ability to recover erroneous payments.

However, we cannot stop there. We must do everything that we can to ensure that Federal agencies who make improper payments fix the problem that allows the improper payments to take place. At the end of the day, this bill amends current law to require more accountability through reports, plans, definitions, clarification of responsibility, allocation of funds, and oversight.

Again, I would like to thank my colleagues, Representatives MURPHY, BILBRAY, ISSA, and others, for working together in a truly, truly bipartisan manner to get this piece of important legislation to the House floor. H.R. 3393 is a commonsense, good government bill, and I encourage my colleagues to join me in supporting it.

I reserve the balance of my time.

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

Mr. Speaker, in closing, I'd like to share with you something that happened this morning. I was on C-SPAN and a woman named Betty called in and was very concerned that we were not working on a bipartisan basis; that there was no consensus or compromise; that we were paralyzed. It's sometimes hard to answer somebody on the other end of a telephone line, but I would like to today take note that this is an example of the dozens of times every week that we come together, the chairman and myself, members of the committee, and we find things we can agree on that are good for America, the common good, and they will not usually be noted.

So today I would hope that we all note that—and for Betty who called in this morning—that in fact this is an example where we can find compromise. We can find a win-win for the American people. I would hope that we would do more of it. Chairman TOWNS has been good at looking for those examples, and I pledge to be better at looking for opportunities like this. I'd like to, lastly, thank Leader HOYER and Leader BOEHNER for the help they gave us in expediting this to the floor.

With that, Mr. Speaker, I urge support and passage of the bill and yield back the balance of my time.

Mr. TOWNS. Mr. Speaker, let me just make this statement, and I will yield back as well.

Let me again say how glad I am that we are taking the time to fight waste, fraud, and abuse of our precious tax dollars. With this measure, I want to thank the gentleman from California for his comments and the fact that we are working together to get rid of waste, fraud, and abuse here. This is a classic example. I want to thank him for working with me and the relationship that we have had over the years in terms of doing these kinds of things.

I yield back the balance of my time. The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New York (Mr. TOWNS) that the House suspend the rules and pass the bill, H.R. 3393, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

CLARIFY DECEPTIVE CENSUS MAILINGS LAW

Mr. TOWNS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5148) to amend title 39, United States Code, to clarify the instances in which the term "census" may appear on mailable matter.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 5148

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

SECTION 1. REQUIREMENT FOR MAIL BEARING THE TERM "CENSUS" ON THE ENVELOPE OR OUTSIDE COVER OR WRAPPER.

(a) MATTER SOLICITING THE PURCHASE OF A PRODUCT OR SERVICE.—Section 3001(h) of title 39, United States Code, is amended—

(1) in paragraph (1), by inserting ";; or on which the term 'census' is visible through the envelope or outside cover or wrapper" after "or which bears the term 'census' on the envelope or outside cover or wrapper"; and

(2) in paragraph (2), by inserting "or matter on which the term 'census' is visible through the envelope or outside cover or wrapper" after "In the case of matter bearing the term 'census' on the envelope or outside cover or wrapper".

(b) MATTER SOLICITING INFORMATION OR CONTRIBUTION OF FUNDS.—Section 3001(i) of title 39, United States Code, is amended—

(1) in paragraph (1), by inserting ";; or on which the term 'census' is visible through the envelope or outside cover or wrapper" after "or which bears the term 'census' on the envelope or outside cover or wrapper"; and

(2) in paragraph (2), by inserting "or matter on which the term 'census' is visible through the envelope or outside cover or wrapper" after "In the case of matter bearing the term 'census' on the envelope or outside cover or wrapper".

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from

New York (Mr. TOWNS) and the gentleman from California (Mr. ISSA) each will control 20 minutes.

The Chair recognizes the gentleman from New York.

GENERAL LEAVE

Mr. TOWNS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks.

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

There was no objection.

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

I rise in support of H.R. 5148, the bill to further prohibit deceptive mailings using the word "census." Only a few weeks ago, on March 10 to be exact, the House acted unanimously to deal with the misleading fundraising mail designed to look like it is from the Census Bureau. Congresswoman MALONEY introduced H.R. 4621, the Prevent Deceptive Census Look Alike Mailing Act, which was originally cosponsored by me and Congressman CLAY, chairman of the subcommittee with jurisdiction over the census. Congresswoman MALONEY and Congressman CLAY are longtime supporters of the census, and they have worked hard to make sure we have an accurate count in 2010.

H.R. 4621 was also cosponsored by the ranking member of the committee, Congressman ISSA of California, as well as the ranking member of the subcommittee with jurisdiction over the postal service, Congressman JASON CHAFFETZ. I thank them for their support and for helping us to move it to the floor today.

The goal of the bill was simple. The United States Census, currently under way, is a critical source of information for America's future. Regrettably, scammers and con artists are trying to hijack the word "census" to confuse citizens into opening and responding to mail that is unrelated to the actual U.S. Census. We must protect the U.S. Census from this kind of fraud. H.R. 4621 simply requires mailings which have the term "census" on the envelope or cover to also include an accurate return address and the name of the sender on the envelope.

□ 1045

H.R. 4621 was drafted narrowly to avoid the First Amendment concerns and avoid interfering with the legitimate use of the mail by nonprofit organizations. The bill was intended to prevent the deceptive use of look-alike mailings by requiring transparency and disclosure. The House voted 416-0 to pass H.R. 4621. The Senate passed the same bill by unanimous consent. Not many bills pass this House unanimously, but this one did—both Houses. That's not something that happened real quick around here. You would think the message sent by that law was very clear.

Unfortunately, days after H.R. 4621 was signed into law, the RNC sent a

new mailing which includes the same deceptive practices. The new mailing is also labeled a census, and it does not include a return address or identify the sender as the RNC, as required by law, Mr. Speaker. One of these offensive mailings is dated April 12, only 5 days after the President signed H.R. 4621 into law. Apparently, the RNC cannot even let 1 week go by without deceiving the American public.

Despite the unanimous action of Congress, the RNC continues to act in defiance of Congress and plain common sense and fairness. These mailings continue to mislead citizens, confuse voters, and annoy recipients.

On that note, Mr. Speaker, I reserve the balance of my time.

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

I rise in support of H.R. 5148. Not surprisingly, I'm the author of it. I insisted on being the author because it was the right thing to do and because there needed to be a message sent loud and clear. Deceptive advertising is already bad enough in America today. We often receive things that look like your credit card bill when, in fact, they're an offer to buy or to get something or, in fact, to apply for a credit card. We've all received cards that look like you're already getting a card when, in fact, it's John Doe on the card and it's only the opportunity to spend money to get the real card.

But when it comes to the census, there is no separation between Republicans and Democrats and Independents. There is no separation between the House and the Senate. The sanctity of this constitutional responsibility to get it right, to count everyone, cannot be allowed to be interfered with by anyone's attempt to raise money.

When the earlier bill was passed—authored by CAROLYN MALONEY and cosponsored by many of us—we thought we had ended this. As a matter of fact, for all of us on both sides of the aisle, we believed then that an independent agency, the post office, could have stopped that mail without the law. But we wanted to make the intent of Congress clear. By passing that bill, we made the intent of Congress clear. We all talked about deceptive advertising, about people seeing something, thinking it was from the Census Bureau, thinking that, in fact, it was a census form. We crafted it in a way, as the chairman said, that was intended not to cross over anyone's free speech rights, including that through the mail. We achieved that. But lawyers at the Republican National Committee made a decision that the language of the bill was such that they could continue having a piece of the successful mailing go on.

Let me make something very clear here today: You cannot say we are beyond the letter of the law when you truly are within the intent of the law and tell the American people it's okay. The four squares of the law may or may not have been violated by the

NRCC. Most of us believe, as I said before, the post office could have stopped it before the law and certainly could stop this after the law; and I have sent, along with my ranking subcommittee member, a letter to the Postmaster encouraging him to make that decision, as has Congresswoman MALONEY.

Notwithstanding their eventual action, we're making it clear here today that we will plug any perceived loopholes or any questions about whether or not you can or you cannot. The RNC sent out mailings which certainly violated the spirit of H.R. 4621. The mailings contained text visible from outside the envelope—not printed on the envelope, but effectively the same as printed on the envelope.

I would say to people who raise money, whether it's the Republican National Committee, the Democratic National Committee, other political entities, or nonpolitical entities who simply want to have their envelopes opened for an opportunity to raise money or get a message out, don't use the census. Don't even think about using the census, because it's wrong. If something is deceptive, then it is wrong under the law that we already passed. It is wrong under the law that we expect this bill to represent.

So, Mr. Speaker, I would like to thank the chairman, Congresswoman MALONEY and Congressman JASON CHAFFETZ and, more importantly, the leadership of the House, both Mr. BOEHNER and Mr. HOYER, because they made it possible for us to come to the floor quickly, get it to the Senate quickly, allow the Senate to deal with it quickly so the President can make a statement for the second time in less than a month. He shouldn't have to do it. He does have to do it. We're going to make sure that while the census is underway, that we not have anyone think that this is a time where they can continue to do fundraising that ultimately links itself to the ongoing census.

With that, I reserve the balance of my time.

Mr. TOWNS. Mr. Speaker, I yield 5 minutes to the gentlewoman from New York, CAROLYN MALONEY, who has been very involved in this issue, of course, and to say to my colleague from California, I really appreciate his involvement in this as well, the ranking member of the committee, Congressman ISSA.

Mrs. MALONEY. I thank the gentleman for yielding and for his leadership in so many ways, and I thank my good friend on the other side of the aisle for his leadership on this issue and many others.

We are united today in a bipartisan effort, Republicans and Democrats. We are united in our efforts to stop the RNC from using census mailings for political gain and to fundraise for the RNC.

Mr. Steele, in particular, the head of the RNC, 5 days after this Congress in a bipartisan vote that was unanimous on both sides of the aisle, mailed out

another partisan mailer, raising money for the RNC in an envelope that looked like it was an official document for the Census Bureau. I suggest that Mr. Steele contact the members of his own party before he acts in such a way, because the Republicans supported stopping using the census mailer in any way for partisan gain.

Specifically, this Congress passed legislation to stop mailers, fake mailers, look-alike mailers, that made the document look official, like a census document, to open it up. The RNC and others were mailing fundraisers, acting like they were the census. This is wrong. We passed legislation to stop it. It is now under review by the postal department. I have every bit of confidence that they will report that it violated not only the spirit of the law but that it violated the law.

The ink wasn't even dry from President Obama signing the legislation into law, and 5 days later the RNC leadership sent out another partisan mailer designed to look like the census to mislead people. This is dangerous because the census is important to our country. It is mandated by the Constitution. It must take place every 10 years, and the census numbers are the numbers that we use to decide representation. Practically every funding formula is based on census numbers. So we want people to respond to the census. It's important. To the degree that mock, fake mailers are out there deceiving people, it will drive down the participation.

So today we are united on enforcing the law in a bipartisan way. And I congratulate particularly the leadership on the other side of the aisle that are speaking out against the leadership of their own RNC, knowing that the census is important and should not be used for partisan reasons. So I compliment STENY HOYER and Mr. BOEHNER for moving this to the floor immediately so that another mailer doesn't go out.

This is a critical time for the census. It is in full swing. People are responding to their mail. There will be enumerators. There will be additional mail. To the extent that people are fundraising with fake look-alike documents, it will drive down the participation in the federally mandated, constitutionally required, and federally funded census. It is undercutting tax dollars from the public that are trying to get an accurate count and an accurate picture of where we are from the census data. So this is a very important action, and it's one that we are acting quickly on. And I hope the RNC and anyone else who wants to put out a deceptive, misleading mailing will stop and respect the law, respect the census, and respect this Congress.

I thank my colleagues on both sides of the aisle.

Mr. TOWNS. I reserve the balance of my time.

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

I would like to thank the gentlelady from New York. Her words are our

words; her thoughts are our thoughts. Perhaps as a proud Republican, I can do more than the thought she made.

Mr. Speaker, I want everyone to be counted in the census. I want everyone to open their envelopes from the census. As a Republican, I am particularly sensitive that I don't want Republicans to be undercounted. So I would advise, as I will do, if I receive anything and it looks like it's from the census, I'm going to open it. When I open it, if it's from the census, I'm going to fill it out. If it's not from the census, I'm going to throw it out because, ultimately, all of us, regardless of our party, should be indignant if we receive a request for money and we open it, believing it's from the census, only to find out that it is a request for money.

The census does not ask us for money. They ask us for sensitive information leading to a correct count of the American population, and from that, Congress does its work to allocate resources and, quite personally, to allocate representation here in the House. So I, for one, will open all the mail and encourage all to open all the mail. And when you open it, do the right thing if it's from the census; do the right thing if it's from somebody trying to fundraise. Let there be no doubt, this is important to us in the House. We speak with one voice. We speak today. I suspect that they will speak by tomorrow in the Senate, and we will make sure that this cannot be allowed.

In closing, I did join with the gentlelady from New York and Mr. CHAFFETZ, the gentleman from Utah, and the chairman in calling on the Postmaster to assert any jurisdiction he may believe he can, which we believe he has, to stop mailings even if they're going out today. But certainly within a matter of hours or days, we expect there will be new power without any question that would allow for the holding of that mail and its destruction.

So with that, Mr. Speaker, I encourage passage of the bill.

I yield back the balance of my time.

Mr. TOWNS. Mr. Speaker, I would like to close by saying that we need to send the kind of message that will make certain this stops. However, I do believe the new RNC mailings are illegal under current law. That's number one. This bill will clarify that any use of the word "census" that is visible through the envelope would trigger a requirement to disclose the name and return address of the sender. Congress should not have to act twice to make it clear that it is wrong to imitate the census, which is mandated by our Constitution. Unfortunately, the foolishness of the RNC has forced us to act again.

Mr. Speaker, I want to thank all of my colleagues, especially the ranking member of the committee, Congresswoman MALONEY, and Mr. CHAFFETZ and others, especially their staffs, who understand and recognize how important the census is and that we should

not get involved in any kind of trickery when it comes to the census because there are so many things that depend on the census. Therefore, to play around with it, to me, is so unfair when you're talking about, really, playing around with the lives of people, because so many things are based on the fact that the count, the count is so important. So it's my hope that the RNC will recognize this and stop this trickery, because there is no place, no time do we need that today.

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We need to make certain that everybody fills out their census form, and gets it back in as soon as possible.

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

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New York (Mr. TOWNS) that the House suspend the rules and pass the bill, H.R. 5148.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

AUTHORIZING USE OF CAPITOL GROUNDS FOR NATIONAL PEACE OFFICERS' MEMORIAL SERVICE

Mr. COSTELLO. Mr. Speaker, I move to suspend the rules and agree to the concurrent resolution (H. Con. Res. 264) authorizing the use of the Capitol Grounds for the National Peace Officers' Memorial Service.

The Clerk read the title of the concurrent resolution.

The text of the concurrent resolution is as follows:

H. CON. RES. 264

Resolved by the House of Representatives (the Senate concurring),

SECTION 1. USE OF CAPITOL GROUNDS FOR NATIONAL PEACE OFFICERS' MEMORIAL SERVICE.

(a) IN GENERAL.—The Grand Lodge of the Fraternal Order of Police and its auxiliary (in this resolution referred to as the "sponsor") shall be permitted to sponsor a public event, the 29th Annual National Peace Officers' Memorial Service (in this resolution referred to as the "event"), on the Capitol Grounds, in order to honor the law enforcement officers who died in the line of duty during 2009.

(b) DATE OF EVENT.—The event shall be held on May 15, 2010, or on such other date as the Speaker of the House of Representatives and the Committee on Rules and Administration of the Senate jointly designate.

SEC. 2. TERMS AND CONDITIONS.

(a) IN GENERAL.—Under conditions to be prescribed by the Architect of the Capitol and the Capitol Police Board, the event shall be—

(1) free of admission charge and open to the public; and

(2) arranged not to interfere with the needs of Congress.

(b) EXPENSES AND LIABILITIES.—The sponsor shall assume full responsibility for all expenses and liabilities incident to all activities associated with the event.

SEC. 3. EVENT PREPARATIONS.

Subject to the approval of the Architect of the Capitol, the sponsor is authorized to

erect upon the Capitol Grounds such stage, sound amplification devices, and other related structures and equipment, as may be required for the event.

SEC. 4. ENFORCEMENT OF RESTRICTIONS.

The Capitol Police Board shall provide for enforcement of the restrictions contained in section 5104(c) of title 40, United States Code, concerning sales, advertisements, displays, and solicitations on the Capitol Grounds, as well as other restrictions applicable to the Capitol Grounds, in connection with the event.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Illinois (Mr. COSTELLO) and the gentleman from Wisconsin (Mr. PETRI) each will control 20 minutes.

The Chair recognizes the gentleman from Illinois.

GENERAL LEAVE

Mr. COSTELLO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H. Con. Res. 264.

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

There was no objection.

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

Mr. Speaker, House Concurrent Resolution 264 authorizes use of the Capitol grounds for the 29th annual National Peace Officers' Memorial Service, a solemn and respectful public event in our Nation's capital honoring our heroic civil servants who were killed in the line of duty in the previous year.

Mr. Speaker, 116 brave men and women were killed in the line of duty in 2009, the fewest number since 1959. The total number of officers killed in the line of duty declined 16 percent from 2008. Unfortunately, the number of officers shot and killed had a dramatic rise and increased 22 percent from the previous year. According to the National Law Enforcement Officers' Memorial Fund, the number of incidents where more than one officer was killed by a single gunman accounted for 15 deaths, nearly a third of the officers killed in firearms-related incidents.

There were three peace officers who died in Illinois in 2009, including one from my congressional district in Centreville, Illinois, Gregory Jonas.

The National Peace Officers' Memorial Service is a fitting tribute to all Federal, State and local peace officers who gave their lives in the daily work of protecting our families, our homes and our workplaces.

Consistent with all Capitol Hill events, the memorial service will be free and open to the public. I support the resolution and urge my colleagues to join me in supporting this tribute to our fallen peace officers.

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

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

Mr. Speaker, House Concurrent Resolution 264 authorizes the use of the

Capitol grounds for the 29th annual National Peace Officers' Memorial Service to be held on May 15. The memorial service will be just one event of many planned for Police Week to honor the sacrifices of the men and women who serve in law enforcement and to give special recognition of those who lost their lives in the line of duty.

In 1962, Congress established Peace Officers Memorial Day and Police Week through a joint resolution of Congress. And, in 1982, the first official memorial service took place in Senate Park with 125 people gathered to honor 91 officers. Since that time, law enforcement from around the world have come to D.C. to participate in week-long events to honor the brave service and sacrifice of officers who have fallen in the line of duty.

Today, thousands of people participate in the events, including the memorial service, and over 3,000 law enforcement officers have been honored from around our Nation. Currently, there are approximately 900,000 law enforcement officers in the United States that selflessly risk their lives so that we can be safe and protected.

Unfortunately, on average, 160 officers each year lose their lives in the line of duty. And there are approximately 16,000 assaults on police officers each year, resulting in nearly 60,000 injuries. This year, 324 fallen officers will be honored, including 116 who lost their lives in 2009. Police Week will serve to honor the service and sacrifice law enforcement officers make for us every day.

I support this resolution and encourage my colleagues to do the same.

Mr. OBERSTAR. Mr. Speaker, I rise in strong support of H. Con. Res. 264, authorizing the use of the Capitol Grounds for the National Peace Officers' Memorial Service on May 15, 2010. This memorable event will provide an opportunity to honor the officers who work for States, counties, Federal law enforcement, military police, correction officers, and as peace officers in the United States and its territories and to also honor those officers that have died in the line of duty in 2009.

In October 1962, President Kennedy proclaimed May 15th as National Peace Officers' Memorial Day. Each year on this date, we, as a nation, have an opportunity to honor the commitment with which peace officers perform their daily task of protecting our local communities. Today, the National Peace Officers' Memorial Service on Capitol Hill has become one in a series of well-attended events during the annual Police Week organized by the National Law Enforcement Memorial Fund, the Fraternal Order of Police, and Concerns of Police Survivors.

The 2010 event marks the 29th time the Capitol Grounds will be used for this noteworthy event. According to the National Peace Officers' Memorial Fund, there are approximately 900,000 sworn law enforcement officers serving the American public today. Thirty-five states and Puerto Rico had officers killed in 2009. Of the 116 officers killed, 51 were killed during a traffic-related incident, 49 were killed in a firearms-related incident, and 16

were killed in other types of incidents. Although the 116 peace officers that died in action in 2009 is the lowest number since 1959, each officer's death is a tragedy, and we should honor the sacrifices made by those who have been killed in the line of duty.

Activities on the Capitol Grounds conducted under H. Con. Res. 264 will be coordinated with the Architect of the Capitol, will be free, and open to the public.

It is fitting that we pay tribute the lives, sacrifices, and public service of our brave peace officers and their families today. I urge my colleagues to join me in supporting H. Con. Res. 264.

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

Mr. COSTELLO. Mr. Speaker, I urge support of this resolution, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. COSTELLO) that the House suspend the rules and agree to the concurrent resolution, H. Con. Res. 264.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

AIRPORT AND AIRWAY EXTENSION ACT OF 2010

Mr. COSTELLO. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5147) to amend the Internal Revenue Code of 1986 to extend the funding and expenditure authority of the Airport and Airway Trust Fund, to amend title 49, United States Code, to extend authorizations for the airport improvement program, and for other purposes.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 5147

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 "Airport and Airway Extension Act of 2010".

SEC. 2. EXTENSION OF TAXES FUNDING AIRPORT AND AIRWAY TRUST FUND.

(a) FUEL TAXES.—Subparagraph (B) of section 4081(d)(2) of the Internal Revenue Code of 1986 is amended by striking "April 30, 2010" and inserting "July 3, 2010".

(b) TICKET TAXES.—

(1) PERSONS.—Clause (ii) of section 4261(j)(1)(A) of the Internal Revenue Code of 1986 is amended by striking "April 30, 2010" and inserting "July 3, 2010".

(2) PROPERTY.—Clause (ii) of section 4271(d)(1)(A) of such Code is amended by striking "April 30, 2010" and inserting "July 3, 2010".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on May 1, 2010.

SEC. 3. EXTENSION OF AIRPORT AND AIRWAY TRUST FUND EXPENDITURE AUTHORITY.

(a) IN GENERAL.—Paragraph (1) of section 9502(d) of the Internal Revenue Code of 1986 is amended—

(1) by striking "May 1, 2010" and inserting "July 4, 2010"; and

(2) by inserting "or the Airport and Airway Extension Act of 2010" before the semicolon at the end of subparagraph (A).

(b) CONFORMING AMENDMENT.—Paragraph (2) of section 9502(e) of such Code is amended by striking "May 1, 2010" and inserting "July 4, 2010".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on May 1, 2010.

SEC. 4. EXTENSION OF AIRPORT IMPROVEMENT PROGRAM.

(a) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—Section 48103(7) of title 49, United States Code, is amended to read as follows:

"(7) \$3,024,657,534 for the period beginning on October 1, 2009, and ending on July 3, 2010."

(2) AVAILABILITY OF AMOUNTS.—Sums made available pursuant to the amendment made by paragraph (1) shall remain available until expended.

(3) PROGRAM IMPLEMENTATION.—For purposes of calculating funding apportionments and meeting other requirements under sections 47114, 47115, 47116, and 47117 of title 49, United States Code, for the period beginning on October 1, 2009, and ending on July 3, 2010, the Administrator of the Federal Aviation Administration shall—

(A) first calculate funding apportionments on an annualized basis as if the total amount available under section 48103 of such title for fiscal year 2010 were \$4,000,000,000; and

(B) then reduce by 17 percent—

(i) all funding apportionments calculated under subparagraph (A); and

(ii) amounts available pursuant to sections 47117(b) and 47117(f)(2) of such title.

(b) PROJECT GRANT AUTHORITY.—Section 47104(c) of such title is amended by striking "April 30, 2010," and inserting "July 3, 2010,".

SEC. 5. EXTENSION OF EXPIRING AUTHORITIES.

(a) Section 40117(1)(7) of title 49, United States Code, is amended by striking "May 1, 2010." and inserting "July 4, 2010.".

(b) Section 44302(f)(1) of such title is amended—

(1) by striking "April 30, 2010," and inserting "July 3, 2010,"; and

(2) by striking "July 31, 2010," and inserting "September 30, 2010,".

(c) Section 44303(b) of such title is amended by striking "July 31, 2010," and inserting "September 30, 2010,".

(d) Section 47107(s)(3) of such title is amended by striking "May 1, 2010." and inserting "July 4, 2010.".

(e) Section 47115(j) of such title is amended by striking "May 1, 2010," and inserting "July 4, 2010,".

(f) Section 47141(f) of such title is amended by striking "April 30, 2010," and inserting "July 3, 2010,".

(g) Section 49108 of such title is amended by striking "April 30, 2010," and inserting "July 3, 2010,".

(h) Section 161 of the Vision 100—Century of Aviation Reauthorization Act (49 U.S.C. 47109 note) is amended by striking "May 1, 2010," and inserting "July 4, 2010,".

(i) Section 186(d) of such Act (117 Stat. 2518) is amended by striking "May 1, 2010." and inserting "July 4, 2010.".

(j) The amendments made by this section shall take effect on May 1, 2010.

SEC. 6. FEDERAL AVIATION ADMINISTRATION OPERATIONS.

Section 106(k)(1)(F) of title 49, United States Code, is amended to read as follows:

"(F) \$7,070,158,159 for the period beginning on October 1, 2009, and ending on July 3, 2010."

SEC. 7. AIR NAVIGATION FACILITIES AND EQUIPMENT.

Section 48101(a)(6) of title 49, United States Code, is amended to read as follows:

"(6) \$2,220,252,132 for the period beginning on October 1, 2009, and ending on July 3, 2010."

SEC. 8. RESEARCH, ENGINEERING, AND DEVELOPMENT.

Section 48102(a)(14) of title 49, United States Code, is amended to read as follows:

"(14) \$144,049,315 for the period beginning on October 1, 2009, and ending on July 3, 2010."

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Illinois (Mr. COSTELLO) and the gentleman from Wisconsin (Mr. PETRI) each will control 20 minutes.

The Chair recognizes the gentleman from Illinois.

GENERAL LEAVE

Mr. COSTELLO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and to include extraneous material on H.R. 5147.

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

There was no objection.

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

Mr. Speaker, I rise in support of H.R. 5147, the Airport and Airway Extension Act of 2010. I want to thank Chairman OBERSTAR and Ranking Member MICA, as well as Mr. PETRI for working with me to bring this bill to the floor today.

In both the 110th and 111th Congresses, the House passed comprehensive legislation to reauthorize the FAA and to provide for much-needed modernization of our aviation system. Last month, the other body passed its own FAA reauthorization bill. We look forward to the completion of a final comprehensive bill, and are in the process of working out the differences in both legislation to reconcile and bring a conference report to the floor.

However, the airport and airways trust fund will expire on April 30, 2010, and the bill before us today is needed to extend the aviation taxes and expenditure authority, and the airport improvement program contract authority until July 3, 2010.

Specifically, H.R. 5147 provides \$3 billion in AIP contract authority through early July, which translates to an annualized amount of \$4 billion for fiscal year 2010. This level of funding is consistent with the annual levels provided by the House and Senate reauthorization bills, as well as the fiscal year 2010 concurrent budget resolution.

These additional funds will allow airports to continue critical safety capacity enhancement projects. Additionally, the bill provides \$7 billion for the FAA operations; \$2.2 billion for facility and equipment programs; and \$144 million for research, engineering and development programs.

When translated to yearly amounts, these AIP figures equal the funding levels passed in the Transportation, Housing and Urban Development, and Related Agencies Appropriation Act of 2010. In addition, aviation excise taxes will also be extended through July 3,

2010. These taxes are necessary to support the airport and airways trust fund, which funds a large portion of the FAA's budget. Any lapse in these taxes could drain the trust fund's balance, so it is important that we act now pending the passage of a longer-term reauthorization bill.

Aviation is too important to our Nation's economy, contributing \$1.2 trillion in output and approximately 11.4 million jobs, to allow the taxes or the funding for critical aviation programs to expire. Congress must ensure that this extension passes today to ensure that our aviation system is not disrupted and continues to function safely. I urge my colleagues to support this legislation.

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

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

In May of last year, the House passed H.R. 915, the FAA Reauthorization Act of 2009. Last month, the Senate passed its own FAA reauthorization bill which the House took up, amended and passed, and sent back to the Senate. While a conference has not been called, staff from both Chambers have begun informal discussions to reconcile the two versions of bill.

This process will take time, and given that the current FAA extension expires at the end of this month, we need to again extend the FAA's taxes and authorities to allow time to get a final, conferenced FAA bill.

H.R. 5147 would extend the taxes, programs, and funding of the FAA to July 3 of this year. This bill provides just over \$3 billion in airport improvement program funding; extends the war risk insurance program; and extends other authorities related to small community air service, airport and safety programs.

This bill will ensure that our national airspace system continues to operate and that the FAA continues to fund important airport projects while the Congress completes action on a final reauthorization bill.

Mr. Speaker, I would now like to yield such time as he may consume to the senior Republican on the Public Works and Transportation Subcommittee, the gentleman from Florida (Mr. MICA).

Mr. MICA. Mr. Speaker, I thank Mr. PETRI, our ranking member on the Aviation Subcommittee, for yielding me this time. I am pleased also to recognize the fine work of the current chair of the Aviation Subcommittee, Mr. COSTELLO and our chair of the full committee, Mr. OBERSTAR.

I am here today, Mr. Speaker and my colleagues, and folks, you haven't tuned in here to the comedy hour. In fact, it is almost sort of a sad time. It almost seems like a bit of a sad comedy that we are back here for the 15th time extending FAA authorization, authorization for all of the policy, Federal programs that deal with aviation, the 15th time, and this is the 13th extension.

Mr. PETRI is the ranking member of aviation, Mr. COSTELLO the current chair. When I came to Congress, Mr. OBERSTAR was the chair of the Aviation Subcommittee and I was in the minority but a member of the committee. From 2001 to 2008, I was the chairman of the Aviation Subcommittee. In fact, in 2003, I wrote the current FAA authorization that has been extended some 13 times with the passage of this today. I know I did a great job and a thorough job, but I never intended it to last on and on. And it wasn't intended to last on and on. At that time we did a 4-year bill. We set the policies, the projects. We set all of the safety criteria for aviation in the country.

But what particularly burns me right now is we have a commuter aviation safety piece of legislation that we intend to incorporate in this extension. We have had it done for some time. We worked in a bipartisan fashion; and that sits idle. We sat down in a bipartisan fashion after we had a number of disastrous commuter flights, one up in New York, and our heart aches for those families who have suffered the loss of a loved one. We had a responsibility to pass that legislation; and that legislation, which is part of the extension, is still sitting today undone. But again, 15 times we have been here. This is the 13th extension. This goes on to July of a bill that I authored back in 2003 that expired in 2007.

□ 1115

And it couldn't come at a worse time for the economy. We need in place that policy. We need the funding formula in place. We need the ability to move and expand our airports which are our main transportation hub of today and the future.

The modernization of the air traffic control system and the provisions that we put in this to move that forward are also stalled, it's called NextGen, next-generation air traffic control. This is very sad. When you stop and think about it, 11 percent of the economy of the United States of America deals around the aviation industry. This is big business, it's big jobs, and, unfortunately it's stalled. And that's sad.

I'm not here to point fingers. The House has done due diligence. The other body continues to work on the measure. They've made some progress of late. There are some issues in here, one that's called the FedEx provision, which does expand some unionization provisions if it is passed. Quite frankly, the Senate has said that provision is not going to be accepted. Many on the House oppose this on both sides of the aisle. Let's take the controversial things, put them aside, and move forward with the bill.

Foreign repair stations. We cannot abrogate our obligations under international treaties. We can't leave planes in some foreign location without the ability to repair them. So we have to have a reasonable standard and an

internationally coherent and internationally compliant way to proceed for repair stations. Those controversial provisions need to be put aside.

Move forward. People are crying out for jobs in this country, and one of the best employers that we have in this Nation is the aviation industry. It pays some of the highest salaries, and we have the potential for expanding that. When you expand aviation, you enter global markets with such ease today, but we are leaving that behind. So I am, indeed, deeply saddened that we are not at a point where we are passing this.

Now, I ask Members to support this extension, the 13th extension. This is a very embarrassing moment for the Congress, and I'm sad that our work is not done.

Mr. PETRI. Mr. Speaker, I urge my colleagues to support H.R. 5147, and I yield back the balance of my time.

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

Mr. Speaker, let me concur with the remarks of the ranking member of the full committee, Mr. MICA, and Mr. PETRI in his statement. I do want to make it clear, though, that in this House we have done our job, both in 2007 and in 2009. The committee, and also the full House, passed the reauthorization bill; and on both occasions, in 2007 and 2009, we sent it over to the Senate and waited for the other body to act. Unfortunately, the other body did not act until recently, and as I said in my opening remarks, we are negotiating with them now to resolve our differences so that we can bring a bill to the floor in order to get it to the President.

Mr. MICA is right about the Airline Pilot and Safety Act as well. We did pass that legislation both in the committee and the House. It was a bipartisan bill. It is urgently needed. It is a part of the reauthorization process. And, again, it is my hope that we can work out our differences and quickly bring a conference report to the floor. I urge my colleagues to support this legislation.

Mr. OBERSTAR. Mr. Speaker, I rise in strong support of H.R. 5147, the "Airport and Airway Extension Act of 2010".

H.R. 5147 ensures that aviation programs, taxes, and Airport and Airway Trust Fund expenditure authority will continue without interruption, pending completion of a long-term Federal Aviation Administration, FAA, reauthorization act.

The most recent long-term FAA reauthorization act, the Vision 100—Century of Aviation Reauthorization Act, P.L. 108-176, expired on September 30, 2007. The House passed an FAA reauthorization bill during the 110th Congress, and again last year. I am pleased that the Senate passed its own comprehensive reauthorization bill last month, and I look forward to the passage of final legislation that will provide for the modernization of our aviation system and reauthorize the FAA over the long term.

We must ensure in the meantime that the FAA's programs and authority do not lapse.

Accordingly, H.R. 5147 is the latest short-term extension act. It ensures continuity of funding and program authority beyond April 30, 2010, when the FAA's current extension expires. H.R. 5147 provides a two-month extension of aviation programs, through July 3, 2010.

I thank my Committee colleagues—especially Ranking Member MICA, Aviation Subcommittee Chairman COSTELLO, and Aviation Subcommittee Ranking Member PETRI—as well as Ways and Means Committee Chairman LEVIN and Ranking Member CAMP for working with me on this critical legislation.

I strongly urge my colleagues to join me in supporting H.R. 5147.

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

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. COSTELLO) that the House suspend the rules and pass the bill, H.R. 5147.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

PROVIDING FOR CONSIDERATION OF H.R. 5013, IMPLEMENTING MANAGEMENT FOR PERFORMANCE AND RELATED REFORMS TO OBTAIN VALUE IN EVERY ACQUISITION ACT OF 2010

Ms. SLAUGHTER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1300 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 1300

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 2(b) of rule XVIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 5013) to amend title 10, United States Code, to provide for performance management of the defense acquisition system, and for other purposes. The first reading of the bill shall be dispensed with. All points of order against consideration of the bill are waived except those arising under clause 9 or 10 of rule XXI. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chair and ranking minority member of the Committee on Armed Services. After general debate the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule the amendment in the nature of a substitute recommended by the Committee on Armed Services now printed in the bill. The committee amendment in the nature of a substitute shall be considered as read. All points of order against the committee amendment in the nature of a substitute are waived except those arising under clause 10 of rule XXI. Notwithstanding clause 11 of rule XVIII, no amendment to the committee amendment in the nature of a substitute shall be in order except those printed in the report of the Committee on Rules accompanying this resolution. Each such amendment may be offered only in the order printed in the report, may be offered only by a Member designated in the report, shall be

considered as read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question. All points of order against such amendments are waived except those arising under clause 9 or 10 of rule XXI. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

SEC. 2. The Chair may entertain a motion that the Committee rise only if offered by the chair of the Committee on Armed Services or his designee. The Chair may not entertain a motion to strike out the enacting words of the bill (as described in clause 9 of rule XVIII).

The SPEAKER pro tempore. The gentlewoman from New York is recognized for 1 hour.

Ms. SLAUGHTER. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentlewoman from North Carolina, Dr. Foxx. All time yielded during consideration of the rule is for debate only.

GENERAL LEAVE

Ms. SLAUGHTER. I ask unanimous consent that all Members have 5 legislative days within which to revise and extend their remarks and to insert extraneous materials into the CONGRESSIONAL RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New York?

There was no objection.

Ms. SLAUGHTER. I yield myself such time as I may consume.

Mr. Speaker, the resolution provides a structured rule for consideration of H.R. 5013, the IMPROVE Acquisition Act of 2010. The rule waives all points of order against consideration of the bill except those arising under clause 9 or 10 of rule XXI. It makes in order the committee amendment as an original bill and provides that the bill shall be considered as read.

The rule waives all points of order against the committee amendment except those arising under clause 10 of rule XXI. The rule makes in order the 16 amendments printed in the Rules Committee report and waives all points of order against those amendments except those arising under clause 9 or 10 of rule XXI. The rule provides one motion to recommit with or without instructions.

The rule provides the Chair may entertain a motion that the committee rise only if offered by the Chair of the Committee on Armed Services or a designee. The Chair may not entertain a motion to strike out the enacting words of the bill.

Mr. Speaker, over the years we have watched as countless stories revealed flaws in the military's procurement operation. Disappointment with the way the Department of Defense manages the money we appropriate it reflects

poorly not just on the Pentagon, but on Congress as well. The \$640 toilet seat is now the stuff of legend, but sadly it is often just the tip of the iceberg.

In recent years, excesses stemming from the ill considered rush towards privatization championed by the previous administration have become increasingly common. The push to contract out nearly every part of the military's mission has inevitably led to waste, fraud, and abuse involving some of the biggest corporate names in this country. Sadly, I believe that many years from now historians will associate a significant part of the war in Iraq with wasteful and poorly managed contracts that made private companies millions of dollars, billions of dollars, actually, often at the expense of our own men and women in uniform and certainly of taxpayers.

Two years ago in Congress, I was here on the floor as the House debated H.R. 1362, the Accountability in Contracting Act. That, too, was intended to save taxpayer money. Earlier in the 110th Congress, I worked with my friend, Ms. SCHAKOWSKY, on H.R. 897, the Iraq and Afghanistan Contractor Sunshine Act. I hesitate to say that those and other efforts towards contracting reform have been unsuccessful. Clearly, we have made significant reforms and part of our work in Congress involves regular and diligent oversight. It is a never-ending process.

For my part, one of my proudest efforts during my career in Congress has been to force the Pentagon to acknowledge that some of the testing done on body armor for troops during an early part of the war was deeply flawed. My work on this issue grew out of a 2006 audit that I read about in *The New York Times* that found that 80 percent of marines who had died in Iraq of upper body wounds would have survived with the proper body armor. I waited for other committees to take the lead, but no one came to the floor.

We are still working on this issue, but we have come a very long way. Major changes have been made in testing labs, some of them taken back into the Army rather than contracted out, which in this case did not work. Thankfully, however, the work did accomplish one thing: the military agreed to no more poorly managed deals for outside contractors to test the body armor. All current and future body armor testing will be conducted internally by the Department of Testing and Evaluation within the DOD with strict standards to ensure our troops receive nothing but the highest quality of body armor.

When it comes to the safety of our troops, which we send into battle, it is foolish to put the bid out to the lowest-priced contractor.

But today we have moved into a new chapter of oversight and reform, and I am happy to see it come. This morning we are bringing up an important piece of legislation intended to help the Pentagon reform inefficient procurement

operations. It's called the Implementing Management for Performance and Related Reforms to Obtain Value in Every Acquisition Act of 2010, otherwise known as the IMPROVE Act. This bill will help the Defense Department immediately, once this is signed, to crack down on cost overruns and lax oversight of contractors. Not only that, but the bill should help reduce our dangerous reliance oftentimes on outside companies to do so many varied functions on behalf of the military.

It is hard to overstate how important this bill is. My colleague, Mr. CONAWAY of Texas, who is the ranking member of the House Armed Services Committee Defense Acquisition Panel, offered the following testimonial on how urgent the need is for contracting and acquisition reform. He said: "The Department of Defense is the largest agency in the Federal Government, owning 86 percent of the government's assets, estimated at \$4.6 trillion. Over the last two decades, millions of dollars have been spent by DOD in the quest to obtain auditable financial statements." Yet getting those numbers has proven elusive, if not at times impossible. No more, Mr. Speaker, after this bill is signed.

This bill mandates that the Pentagon consider shifting work away from contractors if they don't meet the cost goals. It will set up a new system of cost objectives and schedules which DOD procurement officers would have to follow. The bill says that by 2017 Pentagon agencies must prepare records that can be audited and draft a new policy that wouldn't reward those who don't meet requirements. These are simple, sensible reforms that the American people can understand and appreciate.

□ 1130

No matter what anyone in Congress thinks of the ongoing wars in Afghanistan and Iraq, all of us know that the men and women who are serving overseas rely on the equipment, and they deserve to know that the funds for their equipment are not being squandered and that they are given equipment of the highest quality.

Another bright note on this legislation is that, when it was approved by the Armed Services Committee, the vote was 56-0. Such bipartisanship is rare in the House these days, and I am happy to speak on a bill that all of us can agree on. Although there is not currently any pending movement on the bill in the Senate, it is my hope a decisive and strong bipartisan vote today on this bill will spur the Senate into action. Billions of taxpayer dollars and the trust of our troops depend on it.

I reserve the balance of my time.

Ms. FOXX. I thank my colleague from New York for yielding time.

Mr. Speaker, I am very concerned that the underlying bill we have before us today is being brought forward under a structured rule, adding to the

record number of structured and closed rules the Democrats have arbitrarily used since they have been in the majority.

Today, the Democrats in charge have rejected nine amendments offered by their colleagues, and they have refused to allow these amendments to be debated and for their colleagues' voices to be heard. Democrats have chosen to stifle and control the debate today, presenting the Congress with another structured rule, eliminating the ability of both the Republicans and the Democrats to offer important amendments affecting their constituents.

After promising to have the most honest and open Congress in history, why has the Speaker consistently gone back on her word? Why are the Democrats in charge shutting off debate and silencing their colleagues on both sides of the aisle? Are they afraid of debate? Are they protecting their Members from tough votes?

Regardless of their motives, one thing is clear: The Democrats in charge are doing the American people an injustice by refusing to allow their Representatives to offer their amendments on the floor of the people's House. Therefore, Mr. Speaker, I urge my colleagues to reject this structured rule.

I reserve the balance of my time.

Ms. SLAUGHTER. I yield myself such time as I may consume.

Mr. Speaker, I need to point out to the gentlewoman that there were 26 amendments offered on this bill. Only one was a Republican amendment. Ten amendments were not allowed, but the Republican amendment was. We are not afraid of debate. We are not afraid of discussion. As a matter of fact, I am somewhat taken aback by your calling for a "no" vote on this rule given that this legislation passed unanimously out of the committee.

I have no further requests for time, so I reserve the balance of my time.

Ms. FOXX. I appreciate the comments of the gentlewoman from New York.

Mr. Speaker, I do realize that the bill passed out of committee unanimously, and I am sure it is going to receive strong support on the floor. Yet we know that providing protection for our Nation is one of the few jobs specifically assigned to the Federal Government by the U.S. Constitution. Indeed, the Federal Government is the only level of government that can provide for the defense of this Nation. However, based on the policies of this administration and the Democrats in charge, who have slashed defense spending even in the midst of ongoing terror threats, only to increase domestic spending and our national debt, you would never know this was true.

I am very concerned about the backward spending priorities of this administration and of the Democrats in charge. While the defense budget proposed by the administration is flat, growing only by 1 percent last year, automatic spending grew by \$77 billion,

or 5 percent. Military spending represents less than one-fifth of the Federal budget and approximately half of the average level of defense spending during the Cold War as a percentage of our economy. Meanwhile, Medicare, Medicaid, Social Security, and the President's new health care takeover are on course to consume the entire Federal budget, including defense. According to the Heritage Foundation, under current projections, it is expected that the Federal Government will spend more on interest payments for the national debt than on defense by the year 2015, if not sooner.

The Obama administration's recently released Nuclear Posture Review and New START agreement will weaken national security, and it will make our Nation less safe. It will cause the U.S. to fall dangerously behind at a time when other countries are seeking to strengthen and to develop their own nuclear weapons. The President seems to believe that the power of New START's example will somehow encourage Iran and North Korea to surrender their ambitions, but there is no evidence to believe this is the case. Since the end of the Cold War, these countries have only increased their attempts to gain nuclear weapons even as the U.S. and Russia have been reducing their supplies.

What would do far more good is a loud and clear declaration that the U.S. and Russia will stop Iran from gaining a nuclear military capability by whatever means necessary. The NPR references existing treaties that our enemies disregard and treaties that have yet to be negotiated, which will take years of diplomatic effort to achieve but will do little to make America more secure.

The threat to international non-proliferation is a nuclear Iran, not the U.S. nuclear arsenal. Nuclear weapons are an inevitable truth in our modern-day world, so, unfortunately, they are essential to our national survival. As long as they exist, we must have the world's most effective nuclear arsenal and possess a missile defense system to protect ourselves against any actor that employs nuclear weapons. This is necessary in order to comply with the Constitution's requirements to provide for our common defense.

The NPR signifies that the Obama administration plans to neglect this responsibility. The administration's NPR provides many carrots but few sticks. It commits the U.S. to unilateral disarmament while hoping that this will give incentives to other nations to do the same, which it will not. It leaves the U.S. with no deterrent against rogue nations, such as North Korea and Iran, which continue to develop nuclear arsenals and to assert they will use nuclear weapons if they so much as feel threatened by the U.S.

A "nuclear zero," which the Obama administration talks eloquently about, cannot be achieved unilaterally or even bilaterally. It will require many countries to make the strategic decision

that nuclear weapons are unnecessary for their security. Yet the rest of the world, including our allies, friends and foes, see the continuing value in nuclear weapons.

Winston Churchill once warned the U.S. to “be careful, above all things, not to let go of the atomic weapon until you are sure and more than sure that other means of preserving peace are in your hands.”

We are not even close to meeting Churchill’s requirement, because we have not yet found an alternative basis for preventing war. Weakening our nuclear arsenal will stop us from being able to follow through on our commitments to our allies. Many of our closest allies see U.S. nuclear weapons as a large component of their security and the reason they remain nonnuclear. Without the U.S. nuclear umbrella, they may fear that they lack security and, thus, will develop their own alternative nuclear deterrent capabilities.

As the late British nuclear expert, Sir Michael Quinlan, stated, “Better a world with nuclear weapons but no major war than one with major war but no nuclear weapons.”

Nuclear weapons have served our Nation as a primary deterrent and are the reason we have not had a world war since their inception. Without them, we will lose our ability to deter rogue nations from attacking us or our allies. Thus, we will lose the ability to lead our world towards peace.

Mr. Speaker, not so long ago, the Democrats in charge were outspoken critics of the Bush administration’s spending. However, it is clear that these same Democrats either have very short memories or their criticism was all for show because, since being in charge, they have not only failed to improve our current economic situation but have undeniably made it worse. While both Republicans and Democrats need to work to hold the line on spending, it is only appropriate that the Democrats in charge be reminded of their criticisms of deficit spending under a Republican Congress, which their own spending under their Democrat Congress now dwarfs.

In 2006, then-Minority Leader PELOSI stated, “When Republicans spend the Federal budget into the red, the U.S. Treasury borrows money from foreign countries. Our national debt is a national security issue. Countries that own our debt will not only be making our toys, our clothes, and our computers, pretty soon, they will be making our foreign policy.”

Actions speak louder than words. If only Speaker PELOSI still held these beliefs today, maybe our fiscal situation would look quite different.

Again in 2006, Minority Leader PELOSI is quoted as saying, “If something is important to you, figure out how to pay for it, but do not make my children and grandchildren have to pay for it or anybody’s children or grandchildren have to pay for it. It is immoral for us to heap these deficits on our children.”

How ironic, Mr. Speaker, to have had those words spoken by now Speaker PELOSI.

In 2006, then-Minority Whip HOYER told Republicans, “You have voted for budgets which have provided the largest deficits in our history. You are in charge of the House; you are in charge of the Senate, and you have the Presidency.”

I would tell the majority leader today to heed his own words and to ask himself if his Democrat Congress is doing the right thing by the American people, by our children, and by our grandchildren.

Mr. Speaker, I urge my colleagues to vote “no” on the rule, and I yield back the balance of my time.

Ms. SLAUGHTER. Mr. Speaker, I urge a “yes” vote on both the previous question and on the rule.

I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

IMPLEMENTING MANAGEMENT FOR PERFORMANCE AND RELATED REFORMS TO OBTAIN VALUE IN EVERY ACQUISITION ACT OF 2010

The SPEAKER pro tempore. Pursuant to House Resolution 1300 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 5013.

□ 1148

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 5013) to amend title 10, United States Code, to provide for performance management of the defense acquisition system, and for other purposes, with Mr. KIND in the chair.

The Clerk read the title of the bill.

The CHAIR. Pursuant to the rule, the bill is considered read the first time.

The gentleman from Missouri (Mr. SKELTON) and the gentleman from California (Mr. MCKEON) each will control 30 minutes.

The Chair recognizes the gentleman from Missouri.

Mr. SKELTON. Mr. Chairman, I yield myself such time as I may consume.

I rise in strong support of H.R. 5013, which is known as the IMPROVE Acquisition Act of 2010. For many years we’ve witnessed waste in the Department of Defense’s acquisition system spiral out of control, placing a heavy burden both on the American taxpayers as well as our men and women in uniform. Less frequently, but still far too often, fraud and abuse have crept into the system, as sadly it happened recently in Iraq. Our troops rely on the acquisition system to buy the

equipment they need to keep them safe on the battlefield as well as to protect our country. And when that system breaks down, they suffer.

In recent years, I and many of my colleagues on the Armed Services Committee have become increasingly concerned that this flawed defense acquisition system was not responsive enough to today’s mission needs, not rigorous enough in protecting the tax dollars of millions of families who are struggling financially, and not disciplined enough in the acquisition of weapons systems for tomorrow’s wars.

We took action. Mr. Chairman, last year we worked with the Senate to enact legislation to reform weapons system acquisition, which covers about 20 percent of all of the military acquisitions. However, weapon systems make up only a small piece of our defense. That bill was a great launching pad; however, we need to do more.

In the House, we continued the effort by creating a Panel on Defense Acquisition Reform, ably led by Congressmen ROB ANDREWS and MIKE CONAWAY to carry out a comprehensive review of the current system and to identify what steps we need to take to make this system work. The panel could not have done a better job scrutinizing the defense acquisition system. It deals with everything from paper clips to boots to food, everything under the acquisition umbrella.

During the course of this past year, this panel held 14 hearings plus two briefings on a broad range of issues dealing with the acquisition system, unearthing everything from contract fraud to simple process errors that led to billions of wasted dollars. They put together an excellent report with suggestions to fix the system. And we are here today, with the good will of the House, to pass legislation that will enact those recommendations as outlined in the panel headed by Mr. ANDREWS and Mr. CONAWAY.

This act will overhaul the defense acquisition system in many respects. Basically, however, requiring the department to set clear objectives for the defense acquisition system and manage performance in achieving those objectives; requiring the department to introduce real accountability into the requirements process, and create a requirements process for the acquisition of services; strengthening and revitalizing the acquisition workforce; requiring the department to develop meaningful consequences for success or failure in financial management; and strengthening the industrial base to enhance competition and gain access to more innovative technology.

In other words, the legislation before us today would require the Department of Defense to adopt the basic management practices that are necessary for anything as complex as the acquisitions system to function properly. These changes will make sure that the men and women who are risking their lives to protect our country are getting

the proper equipment they need to do their jobs and to protect themselves, and that they get it sooner. Additionally, we expect this bill to prevent the waste of billions of taxpayer dollars over the next 5 years.

This is a bipartisan bill. I am very proud of that fact. It passed our Armed Services Committee by a vote of 56-0. A great deal of credit goes to Mr. ROB ANDREWS and Mr. MIKE CONAWAY. And a special thanks to my partner, BUCK MCKEON, the ranking member, the gentleman from California.

I urge my colleagues to join us in sending the strongest possible message to the men and women in uniform, as well as to the American people, that we are serious about protecting the taxpayers' dollars and making the acquisition system work more smoothly. It's really for them as well as for our country.

COMMITTEE ON WAYS AND MEANS,
U.S. HOUSE OF REPRESENTATIVES,
Washington, DC, April 21, 2010.

Hon. IKE SKELTON,
Chairman, Committee on Armed Services,
Washington, DC.

DEAR CHAIRMAN SKELTON: Thank you for working with the Committee on Ways and Means ("Committee") on H.R. 5013, the "Implementing Management for Performance and Related Reforms to Obtain Value in Every Acquisition Act of 2010." As you know, section 403 of H.R. 5013 is of jurisdictional interest to the Committee as it would require tax return information to be supplied by the Internal Revenue Service ("IRS").

Generally, tax return information is confidential. However, Section 6103(c) of the Internal Revenue Code permits the Secretary of the Treasury to disclose the tax return information of a taxpayer to such person as the taxpayer designates. The Committee continues to monitor the expanding IRS workload and remains concerned about programs that greatly increase the agency's workload outside of its core mission. In calendar year 2009, the IRS made nearly 11,000 tax disclosures under section 6103(c). It is unknown how many additional disclosures will be made under H.R. 5013. As such, the Committee worked with the Armed Services Committee to develop a provision that is administrable by the IRS. The Committee remains committed to ensuring that any additional responsibilities imposed on the IRS do not strain agency resources and welcomes the opportunity to re-evaluate this provision in the future.

As we have discussed, this exchange of letters will be placed in the Committee Report on H.R. 5013 and inserted in the Congressional Record as part of the consideration of this legislation in the House. Thank you for the cooperative spirit in which you have worked with the Committee regarding this matter.

Sincerely,
SANDER M. LEVIN,
Chairman.

COMMITTEE ON ARMED SERVICES,
HOUSE OF REPRESENTATIVES,
Washington, DC, April 23, 2010.

Hon. SANDER LEVIN,
Chairman, Committee on Ways and Means,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: Thank you for your letter regarding H.R. 5013, the Implementing Management for Performance and Related Reforms to Obtain Value in Every Acquisition Act of 2010. I agree that the Committee on Ways and Means has valid jurisdictional

claims to certain provisions in this important legislation, and I am most appreciative of your decision not to schedule a mark-up of this bill in the interest of expediting consideration. I agree that by agreeing to waive consideration of certain provisions of the bill, the Committee on Ways and Means is not waiving its jurisdiction over these matters.

This exchange of letters will be included in the committee report of the bill and inserted in the Congressional Record as part of consideration of the bill in the House. Thank you for your cooperation as we work towards enactment of this legislation.

Very truly yours,
IKE SKELTON,
Chairman.

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM, HOUSE OF REPRESENTATIVES,
Washington, DC, April 22, 2010.

Hon. IKE SKELTON,
Chairman, Committee on Armed Services,
Washington, DC.

DEAR CHAIRMAN SKELTON: I am writing about H.R. 5013, the "Implementing Management for Performance and Related Reforms to Obtain Value in Every Acquisition Act of 2010", which the Committee on Armed Services ordered reported on April 21, 2010.

I appreciate your efforts to consult with the Committee on Oversight and Government Reform regarding those provisions of H.R. 5013 that fall within the Oversight Committee's jurisdiction. These provisions involve the federal workforce and federal acquisition policy.

In the interest of expediting consideration of H.R. 5013, the Oversight Committee will not object to its consideration in the House. I would, however, request your support for the appointment of conferees from the Oversight Committee should H.R. 5013 or a similar Senate bill be considered in conference with the Senate. Moreover, this letter should not be construed to prejudice the Oversight Committee's jurisdictional interest or prerogatives in the subject matter of H.R. 5013, or any other similar legislation.

I request that you include our exchange of letters on this matter in the Congressional Record during consideration of this legislation on the House floor.

Sincerely,
EDOLPHUS TOWNS,
Chairman.

COMMITTEE ON ARMED SERVICES,
HOUSE OF REPRESENTATIVES,
Washington, DC, April 23, 2010.

Hon. EDOLPHUS TOWNS,
Chairman, Committee on Oversight and Government Reform, House of Representatives,
Washington, DC.

DEAR MR. CHAIRMAN: Thank you for your letter regarding your Committee's jurisdictional interest in H.R. 5013, the Implementing Management for Performance and Related Reforms to Obtain Value in Every Acquisition Act of 2010.

I appreciate your willingness to support expediting floor consideration of this important legislation. I acknowledge that H.R. 5013 contains provisions under the jurisdiction of the Committee on Oversight and Government Reform. I understand and agree that your willingness to waive further consideration of the bill is without prejudice to your Committee's jurisdictional interests in this or similar legislation in the future. In the event of a House-Senate conference on this or similar legislation is convened, I would support your request for an appropriate number of conferees.

I will include a copy of your letter and this response in the Congressional Record in the

debate on the bill. Thank you for your cooperation as we work towards enactment of this legislation.

Very truly yours,
IKE SKELTON,
Chairman.

I reserve the balance of my time.

Mr. MCKEON. Mr. Chairman, I yield myself such time as I may consume.

Today I rise in support of H.R. 5013, the IMPROVE Acquisition Act of 2010. The very first thing I would like to do is thank my partner across the aisle, Chairman IKE SKELTON. Chairman SKELTON has shown considerable leadership on this front, as well as the tone he has set for our committee throughout this Congress. I want to commend him and his staff for working so closely with us on this bipartisan bill.

Subcommittee Chairman ROB ANDREWS and Ranking Member MIKE CONAWAY deserve special recognition as well. I salute the HASC Defense Acquisition Reform Panel that they have chaired for all of their hard work. Under the leadership of Congressman ANDREWS and Congressman CONAWAY, this panel and its seven members delved into the complex world of defense acquisition. Over the last year, the panel held more than 20 events and supported the drafting and passage of the Weapons System Acquisition Reform Act of 2009. Late last month, based upon their detailed study, the panel released its final report containing recommendations for improvements to defense acquisition. On April 14, I was proud to honor their efforts by cosponsoring H.R. 5013, a bill that implements the panel's recommendations. Moreover, last week's unanimous committee vote on the bill speaks loudly to the hard work that this team put into their task.

Last year's Weapons System Acquisition Reform Act reformed the organization and processes used by the Department of Defense to manage major weapons programs, which account for approximately 20 percent of the Pentagon's procurement spending. This year Congressmen ANDREWS and CONAWAY tackled the other 80 percent. When you consider that over 50 percent of the Pentagon's procurement dollars are for services contracts alone, the legislation we intend to introduce today has the potential to effect major changes at the Department of Defense and save taxpayer dollars.

I believe these reforms are just as important as those implemented by last year's acquisition reform legislation. First, because they address the remaining 80 percent of defense acquisition, but more notably because true reform can only be accomplished by the men and women of the acquisition workforce.

The bill provides tools to enhance the experience and structure of this workforce. Our legislation will help the Department of Defense design better ways to measure value within the defense acquisition system, create a link between financial management and acquisition,

address the acquisition of services, information technology, commodities, and commercial parts, and finally, foster a robust domestic industrial base.

While we may not be able to guarantee a precise level of savings associated with this bill, I will tell you why I think it's important to pursue every avenue we can for savings. I personally believe we should be spending more on our national security. But ultimately, we have a responsibility to ensure that we spend the money we do have as wisely as possible. Nobody argues that the Department of Defense faces rising costs associated with military personnel and health care. When you couple this reality with the fact that the DOD's operating costs are migrating from supplemental spending measures into the base budget, the future for the DOD's investment accounts looks bleak.

I am concerned that the department's ability to invest in technology options for the future and to procure the equipment needed by our warfighters will be curtailed. Therefore, anything we can do to save money and invest that savings back into our top national security priorities should be viewed as an imperative, not just as a good thing.

In closing, I want to give special acknowledgment to the dedicated men and women of the defense acquisition workforce. They hold the key to improving acquisition outcomes and implementing H.R. 5013 without falling victim to bureaucracy. A significant challenge, but one for which that department has our full support.

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

□ 1200

Mr. SKELTON. Mr. Chairman, at this time let me pay tribute to members of our committee. BUCK MCKEON, the ranking member, a gentleman of the first order, is helping so very, very much to achieve end results in a bipartisan manner. National security is an American challenge. It is not a Democrat or a Republican challenge but one that is bipartisan. And I certainly appreciate his efforts.

ROB ANDREWS, MIKE CONAWAY, and all those on the panel, the bipartisan panel, which made the recommendations for this legislation did so unanimously. We had a full hearing, debating the issues that arise in this bill, and it was passed out to this floor with a vote of 56-0. So I want to say a special thanks to the members of the Armed Services Committee, all the members, and especially the gentleman from California (Mr. MCKEON) for his untiring efforts in this regard.

Mr. Chairman, I yield 2 minutes to my friend and my colleague, who is also the chairwoman of the Subcommittee on Military Personnel, the gentlewoman from California (Mrs. DAVIS).

Mrs. DAVIS of California. Mr. Chairman, for a bill designed to increase ef-

iciency, its formal title sure is long, but the acronym gets straight to the point, just like the legislation itself.

Simply put, the IMPROVE Acquisition Act reduces waste, increases efficiency, and encourages innovation in the defense marketplace. It does this by creating a better accountability system, improving the management of the acquisition workforce, and expanding and strengthening the industrial base.

I routinely meet with small businesses in San Diego that have so much to offer the defense world in the form of quality products and efficient services. Yet it has been frustrating to hear from these very capable and resourceful companies that they continually run into barriers.

One example is the negative impact contract bundling has on our industrial base. Contract bundling is when multiple requirements are combined into a single contract. While in theory this practice generates savings and speeds up the procurement cycle, it often forces out small businesses that can't compete for large contracts. Especially now, at the brink of economic recovery, our government needs to help bring more businesses into the DOD procurement system, not push them out.

So that's why I am so pleased that the amendment I offered in committee to reduce contract bundling is included in this bipartisan bill, because smaller firms are hurt when only a select number of companies are able to bid for DOD projects, and I also must say, so is the American taxpayer hurt by that.

Mr. Chairman, I believe the IMPROVE Act will help small businesses and transform the defense acquisition process into a system the American people can trust.

Mr. MCKEON. Mr. Chairman, I am happy to yield such time as he may consume to the gentleman from Colorado (Mr. COFFMAN), a member of the committee.

Mr. COFFMAN of Colorado. Mr. Chairman, I am proud to stand before you today in strong support of H.R. 5013, the IMPROVE Acquisition Act of 2010.

As a member of the House Armed Services Defense Acquisition Reform Panel, I commend Chairman ROB ANDREWS and Ranking Member MIKE CONAWAY for their leadership over the past year as we delved into the complex world of defense acquisition.

Recently, based on our panel's detailed study, we released our final report containing recommendations for improvements to defense acquisition. Today's legislation implements our Defense Acquisition Reform Panel's recommendation, and I am proud to co-sponsor this very important bill. As a result of the panel's efforts, this legislation reforms the remaining 80 percent of the defense acquisition system not addressed by last year's Weapon Systems Acquisition Reform Act. These measures will potentially save billions of taxpayer dollars.

The primary focus of the bill is to reform defense spending by identifying cost-saving techniques at the earliest stages of development. Our goal is to decrease cost overruns exponentially before they spiral out of control.

I am pleased that many of my acquisition reform priorities are included in H.R. 5013. There is no doubt that there is a great need for enhanced accountability within the defense acquisition system. Maintaining our Nation's defense industrial base is paramount. Recruiting, training, and retaining a professional and experienced acquisition workforce within the Department of Defense is crucial to ensuring the best use of taxpayer dollars in the most cost-effective way. We must also reemphasize the need for program stability beginning with realistic requirements and periodic reassessments.

The IMPROVE Acquisition Act of 2010 will cut down on waste, fraud, and abuse, potentially saving billions of tax dollars. It will also get the right equipment to our warfighters sooner.

If Representative GERRY CONNOLLY's amendment regarding the establishment of an Industrial Base Council is adopted today, I strongly urge that the council consider the issue of supply chain vulnerability, especially with respect to rare earth metals.

I urge my colleagues to join me in voting in favor of this important legislation.

Mr. SKELTON. Mr. Chairman, I yield myself such time as I may consume.

Let me point out that this acquisition legislation is based upon a complicated set of facts. You just don't go down to the local store and buy the necessary equipment for the young men and young women in uniform. Many of the issues deal with the production, with the purchase, with the right sizing, and all of the intricacies and technologies of today's high-level type of efforts.

So to explain all of this in much greater detail is the gentleman who is the key sponsor of this legislation, the gentleman who chaired the panel, and I compliment him on the excellent job that he and Mr. CONAWAY and the other members of the panel did. So I yield at this time 5 minutes to my friend, the sponsor, the gentleman from New Jersey (Mr. ANDREWS).

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

Mr. ANDREWS. I thank my chairman and mentor and friend for yielding.

I want to begin by thanking Chairman SKELTON and Mr. MCKEON for their guidance and leadership. The two of them have run the Armed Services Committee as I believe Congress should run, on a factual, nonpartisan basis, and I appreciate very much the leadership they have shown. I also want to specifically thank Congressman MIKE CONAWAY of Texas, who is the senior Republican on the panel, who served

with tremendous diligence and fortitude and made a tremendous contribution to this. I do want to thank some other people later in the debate in detail, and I certainly will.

Here is what this bill is about: The Department of Defense, even after you take away the purchase of aircraft carriers or fighter jets or what have you, is spending almost \$1 billion every day of the week, every week of the year. Almost \$1 billion. And sometimes the people who run that system of buying everything from software to lawn mowing services do a really good job. They provide value to the taxpayer and great tools for our servicemembers. But that's not always the case.

A few years ago the Air Force went to buy a refrigeration unit to put on a plane, and they paid \$13,000 for the refrigeration unit. Less than 24 months later, they bought exactly the same refrigeration unit for the same sort of plane and paid \$32,000 for the same thing. I would not want to go home, Mr. Chairman, to my spouse and explain to her I had done that kind of cost overrun buying anything for our household, and I don't want to have to explain that to the American taxpayer either.

A few years ago there was a contract let, or at least discussed, to provide refined petroleum products to truck them from Kuwait up into Iraq, and it was about a \$220 million contract, and \$201 million was paid for and committed before the contract was even signed. This is a \$220 million contract where \$201 million was paid out before there was a written contract even signed. None of us, Mr. Chairman, would buy a house that way or an automobile that way or have our kitchen remodeled that way. Neither should the taxpayers here.

When the Department of Defense buys software or hardware, when it buys information technology, from the time they think of what they need to the time they actually start to use the technology, it typically takes 81 months. Now, the way computer technologies work these days is about every 18 months, computer power doubles, which means that every 36 months or so what was a cutting-edge product is now obsolete. This would be the equivalent of using a phone that you used in 2003 as the phone you use today.

The phone that most of us used in 2003 just made phone calls, and we were happy that it did. Today the little machines that our children and others carry around can record video, can upload and download video, they can access the Internet, send text message, e-mails, act as a GPS. Imagine using a 2003 phone in 2010. That's the equivalent of what we're doing when it takes us 81 months to go from the idea of a piece of technology to actually fielding it.

This bill changes that and it has a couple of key ideas. The first key idea is that the people who are running

these procurement organizations should be held to very high standards in quality and cost and time, and when they meet these high standards, they should be paid for it. They should be compensated more for doing a good job and saving money for the taxpayer. When they fail to do so, however, there should be significant consequences, and there are.

Another idea in this bill is that if a system would work well for the Marine Corps or the Air Force, then there ought to be one system, not two or three or four. And yet another idea is before we buy services, we ought to think about what we really need before we start spending money.

The second very good idea comes from Mr. CONAWAY, an issue he has pursued his entire time in the Congress, which is that every part of the Defense Department should be auditable, meaning that auditors and accountants ought to be able to look at the books and see if the money is being spent on things it is supposed to be spent on, the way virtually every business and organization in America is today.

The third idea of this bill is our workforce, that we not only enlarge the number of people working in our purchasing organizations—

The SPEAKER pro tempore (Mr. MORAN of Virginia). The time of the gentleman has expired.

Mr. SKELTON. I yield the gentleman an additional 5 minutes.

Mr. ANDREWS. I thank the chair.

Not only do we want to increase the number of people working on solving this problem, we want to increase the quality of their work. So this bill provides for education and training. It provides for diversification of our workforce. It provides for the use of the best and the brightest to get the job done.

The final aspect of this bill is to induce and provide more competition in the provision of goods and services to our Department of Defense. You know, somewhere in America today, there are probably a couple of people who are scientists on a college campus or who are working in a tool and dye shop somewhere in the country who have a much better solution to some problem than a person working for an immense defense contractor. Now, if the immense defense contractor has the best solution, that's what we ought to buy. But if the three people in the college lab or the five people in the tool and dye shop have a better idea, we need to get them into the competition so they can have their idea heard, have their proposal heard, and if it's the best one for the servicemembers and for the taxpayers, that's the one that ought to be chosen. We refer to that as broadening and diversifying the industrial base.

□ 1215

I'm especially gratified, Mr. Chairman, that, by my count, 43 Members of this body will have written a part of this legislation by the time it reaches

final vote later this afternoon. That includes the seven members of the panel; it includes a number of members of the full committee who offered amendments in the committee voting process; and it will include a number of amendments that we will consider here today. So just as we're trying to get the best and the brightest to contribute to the process of buying a billion dollars a day worth of items, we try to get the very best ideas of the Members of this body, Democrat and Republican, on the committee and not on the committee.

So I'd like to conclude by again thanking Chairman SKELTON, Ranking Member MCKEON, and Congressman CONAWAY for their work in making this process work. I believe we have come up with a product that will do very well by our servicemembers and do very well by our taxpayers as well. I would urge careful consideration of the amendments as we go through the afternoon, and I would obviously urge a "yes" vote from both parties for final passage of the bill.

Mr. MCKEON. Mr. Chairman, I'm happy to yield such time as he may consume to the gentleman who has served as the ranking member on the panel, ranking member on the subcommittee that had jurisdiction in this area, the gentleman from Texas (Mr. CONAWAY).

Mr. CONAWAY. I rise today in support of H.R. 5013, the IMPROVE Acquisition Act of 2010. First, I want to thank Chairman SKELTON and Ranking Member MCKEON for the trust and confidence they placed in the Defense Acquisition Reform Panel. I want to give special thanks and commendation to my good friend, ROB ANDREWS, for the hard work he did in leading this effort. He led it very, very well. He proved once and for all that we can start meetings on time and get our work done, even if those meetings start at 8 a.m. in the morning. So I have enjoyed this work with ROB. He and I may not agree on certain things, but in this arena and most things on the Armed Services, we are in pretty good agreement, and on this work, full agreement. I want to tell him thank you very much for the good work and his commitment to making this thing work.

The panel truly did approach its work on a nonpartisan basis. In fact, if you were to read the transcript of the hearings and read the questions without the names attached, you could not tell or distinguish between a Republican question or a Democratic question. I think that speaks volumes for the way most of the work on the Armed Services Committee occurs and in particular the work of our panel. I was very proud to be a part of that and to lend my efforts.

I also want to thank Chairman SKELTON and Ranking Member MCKEON for their generous praise for ROB and me, but I would be remiss if I don't also acknowledge the other dedicated members of the panel: JIM COOPER, DUNCAN

HUNTER, BRAD ELLSWORTH, MIKE COFFMAN, and JOE SESTAK. This bill, as ROB said, bears many fingerprints, but the seven of us have the most fingerprints on it. And I want to thank my colleagues for work they have done.

I also want to thank the staff. They did an outstanding job, Andrew Hunter and Jenness Simler, who made this work—they put this together and did the heavy drafting—as well as the staff from my office, Serge Morosoff, for the great job that they did in making this work product come together as quickly as it did.

As ranking member of the Panel on Defense Acquisition Reform, I can attest that H.R. 5013 will truly be instrumental in reforming the full range of the defense acquisition system. I believe this bill will improve the way we measure value in acquisition, create a more responsive requirements process, sustain the acquisition workforce, and will manage certain elements of the acquisition system.

My colleague, Mr. ANDREWS, has talked at length about the reforms the bill implements, but I would like to speak to one that's a little dearer to my heart that's a little less obvious but no less important, a provision that plays a critical role in improving the financial management practices of the Department of Defense and provides incentives to achieve an unqualified audit opinion for all of the Department of Defense. The publication of a clean audit, an unqualified audit of DOD would finally give the American people the confidence that their tax dollars are, in fact, being accounted for and spent wisely in the defense of this great Nation.

Since 1990, there's been a requirement for the Federal Government to publish audited financial statements, but the Federal Government is not in compliance with that Federal law. A large share of the responsibility for that circumstance rests with the Department of Defense. The Department of Defense is the largest agency in the Federal Government, owning about 68 percent of the government's assets, estimated at \$4.6 trillion.

Over the last two decades, money has been spent by the Department of Defense in an unsuccessful quest to obtain auditable financial statements. There have been good people working very hard on this issue for a long, long time, and good people today in the Department of Defense who are working hard at this issue. But we're not there yet. We have got a lot of work to go. Quite frankly, we cannot allow these past failures and past unsuccessful efforts to deter us from the heavy lift that's ahead of us to get this job done.

I'm a CPA and I used to audit entities. And I'm fully aware how hard this is; it is not an easy task. But it is possible and it's necessary to implement the financial control systems necessary to generate auditable financial statements. This bill ensures that DOD is no longer held to a separate standard from

the public business and the rest of government.

The reliability of financial data is crucial to improve acquisition outcomes. Without understanding where the money is being spent or understanding what assets it owns, there will not be the proper accountability for acquisition costs or new requirements. Perhaps every dime is in fact being well spent. But we don't know that, the Department of Defense doesn't know that, and the taxpayer doesn't know that. Financial accountability must continue to be the high priority. If correctly implemented, this legislation will allow American tax dollars to be stretched further and will have a substantial impact on waste, fraud, and abuse.

I applaud the panel and the House Armed Services Committee for adopting these recommendations and encourage each of the components of the Department of Defense to take full advantage of the incentives provided in this bill to accelerate the auditability of the financial statements of the Department of Defense. Again, I want to thank my colleague, ROB ANDREWS, for the hard work he did in moving this forward by his strength of will.

In closing, I look forward to the progress this legislation will allow, and I encourage my colleagues to vote for this bill later on this afternoon.

Mr. ANDREWS. Mr. Chair, this bill has the potential to save \$135 billion over 5 years. I'm pleased to yield 1 minute to my friend and colleague, someone who has made a career-long commitment to fiscal discipline, the majority leader of the House of Representatives, the gentleman from Maryland (Mr. HOYER).

Mr. HOYER. I thank my friend for yielding. I thank Mr. ANDREWS for his extraordinary work on making sure that our national defense is strong and ready and that our troops are provided for as we put them in harm's way. I thank him for his leadership. I also want to thank Mr. MCKEON for his leadership on the committee in helping to bring this bill to the floor.

America faces a massive budget challenge, and it must be addressed. The consequences of our dangerous budgetary situation are truly wide-ranging. We all know where America's unsustainable path of debt leads. Among other things, it leads to a dramatically diminished American role in the world. History has seen time and time again great powers forced into retreat by unbearable debt. Simply stated, they did not pay attention to the bottom line.

Democrats take that lesson seriously, which is why we made fiscal responsibility such a priority under President Obama. We passed the PAYGO law, which ensures that Congress pays for what it buys. We passed a health insurance reform bill that significantly cuts the deficit. President Obama has proposed a budget that freezes non-security discretionary

spending, cuts the deficit by more than half by 2013, and cuts it by more than \$1 trillion over the next decade.

Americans need to know that every dollar in our budget is spent wisely and that none of them go to waste. We talk a lot about waste, fraud, and abuse. Administration after administration talk about it; and then as soon as they leave, we talk again about waste, fraud, and abuse. Whether it's a Republican administration or Democratic administration, we all talk about it, and then we immediately talk about it after the last administration has left. Americans need to know that their dollars are being spent correctly. That's what this bill is focused on. Defense acquisition reform is part of that work, because defense spending accounts for nearly one-fifth of our Federal budget. We took an important step last year when we passed and the President signed the Weapons Systems Acquisition Reform Act.

I see we have now been rejoined by the chairman of the committee, my good friend, IKE SKELTON. Chairman SKELTON has been an extraordinary chairman of that committee, and there is no person in the Congress who has fought harder to make sure that the quality of life for our members of our armed services is more attended to than Chairman IKE SKELTON of Missouri. I thank him for that.

But he also understands that we need to spend our defense dollars smartly, without waste, and make sure that they are effective in providing our warfighters with the tools that they need but make sure that the dollars we spend to do that are done so effectively. Today, we can go a step further than we went last year toward fiscally responsible defense spending which still ensures that our troops can accomplish their mission, which is our number one objective.

The IMPROVE Acquisition Act contains a number of important provisions, Mr. Chair, to eliminate waste without compromising our military effectiveness. While last year's acquisition reform went a long way towards eliminating waste in major defense acquisition programs, this bill recognizes that more than 50 percent of the Defense Department's procurement budget goes towards service contracts. As a result, the IMPROVE Acquisition Act requires rigorous accountability and clear standards for DOD's acquisition of services. The public expects no less and deserves no less in the care of their dollars. It creates a better-trained and more professional acquisition workforce, which ultimately, of course, saves us money, and it brings more responsible financial management to the Defense Department.

As Chairman SKELTON, who worked so hard on this bill, put it: "This legislation will require DOD to adopt the basic management practices that are necessary for anything as complex as the acquisition system to function properly." I congratulate Chairman

SKELTON on those remarks and on his leadership. Those practices will save taxpayers, as Mr. ANDREWS just said, billions and billions of dollars, while getting our troops the equipment and services they require sooner—and that we want them to have.

Our position in the world is dependent on the brave efforts and sacrifice of our troops. But it also depends on our demonstrating more responsibility here at home. Our long-term security rests, to a great extent, on that challenge. We need a national conversation about balancing our budget, and this bill is an important part of achieving that larger goal. I am pleased that we bring it to the floor with bipartisan support. I'm pleased that we will pass it with bipartisan support. And I congratulate both the Chair, subcommittee Chair, and ranking members for their leadership on this bill and urge my colleagues to strongly support it.

Mr. MCKEON. Mr. Chair, I reserve the balance of my time.

Mr. ANDREWS. At this time I am pleased to yield 1 minute to a new member of the committee who clearly understands the balance Mr. HOYER just spoke of between a strong national defense and fiscal responsibility, my friend, the gentleman from New Mexico (Mr. HEINRICH).

Mr. HEINRICH. Mr. Chairman, there can be no dispute that our Nation's warfighters deserve the most state-of-the-art equipment on the battlefield. They risk their lives in defense of our Nation. In turn, we must protect them with the most innovative technologies available. However, far too often the Department of Defense's acquisition system has been compromised by waste, abuse, and even fraud. I applaud the DOD acquisition panel for working on this problem.

Last week, in the House Armed Services Committee, we unanimously passed H.R. 5013, the IMPROVE Acquisition Act, to put the panel's recommendations into action. The IMPROVE Acquisition Act will bring strategic financial management to the Department's acquisition system and save taxpayers an estimated \$135 billion over the next 5 years.

□ 1230

This bill will ensure that our servicemembers have the most advanced resources while making the most efficient use of taxpayer dollars. Our men and women in uniform deserve no less, and I would urge my colleagues to support this legislation.

Mr. CONAWAY. One comment and then I will reserve, and that is that some of the criticisms about the multitude of defense acquisition reform studies and laws and bills that line the shelves of many offices is that they haven't worked. This one, Mr. Chair, I would argue will have a better chance of working with proper oversight by the Armed Services Committee, which I know the chairman and the ranking

member are committed to, because the matrixes that are laid out for the agencies to abide by are such that we can conduct proper oversight. We will know that the programs have been put in place, and then we will also be able to see that the Department of Defense is using them properly to manage their business. So unlike previous efforts in this regard, I think these improvements are subject to being properly oversights, if that's a proper word, by the Armed Services Committee, and I know that we are committed to do that.

Mr. ANDREWS. Mr. Chairman, I am pleased now to yield 2 minutes to the gentleman from Indiana (Mr. ELLSWORTH), the author of a key provision in this bill regarding tax cheats and defense contracts.

Mr. ELLSWORTH. Mr. Chair, I would like to thank the gentleman for yielding the time.

I rise today in strong support of this critically important defense acquisition reform legislation. Last year, Mr. Chair, Democrats and Republicans in the House and Senate came together to pass bipartisan major weapons system acquisition reform legislation. Last year's reform effort aimed to reel in the cost overruns of approximately \$300 billion in major weapons systems. The bill we are considering today, the IMPROVE Acquisition Act, serves as a worthy companion to the acquisition reform overhaul by focusing on how the Department of Defense procures approximately \$200 billion a year in services.

The ideas included in this bill were realized through a year's worth of hearings held by the Defense Acquisition Reform Panel. I was honored to participate in the seven-member panel which was tasked by Chairman IKE SKELTON to conduct a comprehensive review of the defense acquisition system. Thanks to the focused leadership of Chairman ROB ANDREWS and Ranking Member MIKE CONAWAY, the panel put forward final recommendations that have guided us to this point. Today we will be voting on a reform package that will strengthen the defense acquisition workforce.

I would also like to thank Chairman ANDREWS for working with me to include a commonsense contractor tax compliance provision in this bill. This is an issue I've been working on for approximately 3 years, and I will continue to do so until it's fully enacted. The provision is quite simple. It requires companies seeking a defense contract to prove they are in good standing with the Internal Revenue Service. To do this, a company must certify they carry no serious delinquent tax debt. The Department of Defense will not merely rely on their word. The company must allow the Treasury Department to verify the certification. False certification will be reported to a contractor's integrity database. This is a practical and cost-effective way to ensure all companies

compete on an equal playing field and our tax dollars are being used wisely.

Every year in April, Mr. Chair, Hoosiers play by the rules and pay their taxes. They expect companies who do business with the Federal Government to do the same. It's pretty simple: Bad actors don't just cheat us, they cheat the government of tax revenue, and they also gain an unfair advantage over businesses that are doing the right thing.

With that, I urge my colleagues to support this provision. Vote for the IMPROVE Acquisition Act.

Mr. ANDREWS. Mr. Chair, at this time I yield 2 minutes to the gentlelady from New Hampshire (Ms. SHEA-PORTER), the gentlelady who built on the work Mr. ELLSWORTH just talked about to make sure that same standard applies to subcontractors.

Ms. SHEA-PORTER. I want to thank Chairman SKELTON and everyone who has worked on the IMPROVE Acquisition Act. This bill cleans up defense acquisitions spending, saving taxpayers an estimated \$27 billion a year and expediting the process to get necessary equipment to our troops.

Accountability in the contracting process is critical to protect taxpayer dollars. According to a Government Accountability Office report, 63,000 Federal contractors had total tax debts of \$7.7 billion in 2007. These contractors profit through taxpayer dollars but refuse to pay their own taxes. That is why I am pleased that section 403 of this bill, based on my colleague Mr. ELLSWORTH's Contracting and Tax Accountability Act, requires contractors to disclose seriously delinquent tax debt.

The bill also includes my amendment to hold the first-tier subcontractors accountable by adding a certification requirement to ensure they, too, do not have unpaid taxes. Those who have incurred a significant tax debt and have avoided paying it should not be eligible for defense contracts. There is no reason for the government to pay money through a contract to those who owe money to the government in taxes.

Again, I would like to thank the chairman, ranking member, and Defense Acquisition Panel for their hard work on this bill.

Mr. ANDREWS. Mr. Chairman, I am pleased to yield 2 minutes to my friend and colleague, the gentlelady from Massachusetts (Ms. TSONGAS), who brought the expertise of a technical base in her district to the deliberations on this bill.

Ms. TSONGAS. I thank my colleague Mr. ANDREWS, and I rise today in support of the IMPROVE Acquisition Act of 2010. I applaud the efforts of my colleagues on the House Armed Services Committee and believe we have made a real step forward in improving the acquisition process, a process beset by issues such as cost overruns and ever-changing requirements.

This is good legislation that reflects a bipartisan effort to combat waste, increase efficiency, and get good value

for our taxpayer dollars. It builds on what we started last year when we enacted a bill aimed at weapons systems acquisition reform. This bill addresses systemwide problems that weren't impacted by that law. I'm delighted to report, for example, that this bill requires better communication with and stability for our industrial base. I also applaud legislative mandates that require contracting for best value and provisions that enhance the Defense Department's ability to control costs while, most importantly, protecting our soldiers.

My thanks to the Acquisition Panel members and staff for their hard work, careful study, and dedicated effort to the task at hand, and I urge passage of this landmark legislation.

Mr. MCKEON. Mr. Chairman, we have no further speakers at this time, and we will continue to reserve.

Mr. ANDREWS. Mr. Chairman, the only thing I would like to do in general debate is thank the staff and other Members and read their names into the RECORD. With that, we would close general debate.

Mr. MCKEON. We are willing to concur in the thanks to the staff and to all those who have worked so hard. I encourage our colleagues to vote in support of this bill.

I yield back the balance of my time.

Mr. ANDREWS. Mr. Chairman, again, I want to begin by thanking Chairman SKELTON and Ranking Member MCKEON for their extraordinary efforts. I want to associate myself with the remarks of Mr. CONAWAY in thanking the other panel members—Mr. COOPER, Mr. ELLSWORTH, Mr. SESTAK on our side, and Mr. COFFMAN and Mr. HUNTER on the Republican side. The panel members all worked very hard on this, and we appreciate that.

We obviously want to extend our appreciation to the incredible members of the staff of the committee and the panel. I want to thank Andrew Hunter, who did a tremendous job on this; Cathy Garman, who particularly worked very hard on the issues regarding labor relations; Jenness Simler, who was an all-star on last year's bill and once again proved her impeccable credentials; Zach Steacy; Jennifer Kohl; Paul Arcangeli, who is our brand-new staff director; Bob Simmons; Kevin Gates; Mary Kate Cunningham; Debra Wada; Megan Howard; Matt Bell, who worked very tirelessly on this in my office, and I appreciate his excellent efforts; Phil MacNaughton; and Lara Battles. And if there are any others, I apologize for that, but there was extraordinary work.

Mr. Chairman, did you want to add anything during general debate?

Mr. SKELTON. No. I appreciate the gentleman from New Jersey. I have nothing further to add, except that hopefully this bill will receive a unanimous vote at a later moment.

Ms. CORRINE BROWN of Florida. Thank you, Mr. Chair, for your leadership and hard work on defense acquisition and making sure

that our defense industrial base is working for the national defense and not for profits.

However, there is a serious problem that minority, women and veteran companies are not well represented in the contracting of defense systems and these groups need to be made more of a priority.

The Department of Defense spends billions of taxpayer dollars each year, but minority, women, and veteran-owned businesses are not getting to participate. I often use my grandma's sweet potato pie as an example. We all pay for the ingredients and we should all get a slice. But they can't even get a sliver. These same big companies keep getting all the contracts and make little effort to include smaller companies. This is completely unacceptable.

The Defense Department doesn't need to look any further than the Department of Transportation in seeking a model for including minority participation. The DOT has a strong program for inclusion and I would encourage the Department of Defense to ensure that they develop a system that included minority, women, and veteran-owned businesses. These are their tax dollars we are spending and they deserve to be at the table.

I am pleased to see that Section 401 of the bill expands the industrial base by identifying non-traditional suppliers and using tools and resources available within the Federal Government and in the private sector.

This legislation is a good vehicle to make sure that Congress and the Department of Defense work to minimize discrimination and include all companies in the defense of our nation.

Small and minority businesses are the backbone of our economy. We need to make sure all companies have an opportunity to contribute to our national defense.

Mr. VAN HOLLEN. Mr. Chairman, I want to thank Chairman SKELTON and Ranking Member MCKEON for their efforts in crafting this important, bi-partisan bill to reform the acquisition system of the Department of Defense. I would also like to commend Congressmen ANDREWS and CONAWAY for their leadership and for their many vital contributions to the legislation.

Reports of waste, fraud and abuse in the DoD acquisition system have been the source of great concern for Members of Congress for many years. As a result, a congressional panel was established to carry out a comprehensive review of the DoD acquisition system. Led by Representatives ANDREWS and CONAWAY, this panel held more than a dozen hearings exploring a broad range of issues within the acquisition system. Their findings and recommendations resulted in a report that is the basis of the IMPROVE Acquisition Act of 2010.

The IMPROVE Act is designed to overhaul the entire defense acquisition system. It requires DoD to introduce effective accountability measures into its requirements process to create an acquisition system with clear objectives and meaningful consequences for success or failure. Not only will the bill encourage the development and deployment of improved financial management techniques within the DoD, it will also enhance competition and increase access to more innovative technology.

As our Nation struggles through these difficult economic times, this common sense ini-

tiative will both strengthen our defense and save money for the taxpayer. I commend the members of House Armed Services Committee for their efforts and encourage my colleagues to join me in supporting this bill.

Mr. ANDREWS. Mr. Chairman, again, I would like to thank the Members for their cooperation and for your stewardship of this debate.

I yield back the balance of my time.

The Acting CHAIR. All time for general debate has expired.

Pursuant to the rule, the amendment in the nature of a substitute printed in the bill shall be considered as an original bill for the purpose of amendment under the 5-minute rule and shall be considered read.

The text of the committee amendment in the nature of a substitute is as follows:

H.R. 5013

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 "Implementing Management for Performance and Related Reforms to Obtain Value in Every Acquisition Act of 2010".

SEC. 2. DEFINITION OF CONGRESSIONAL DEFENSE COMMITTEES.

In this Act, the term "congressional defense committees" has the meaning given that term in section 101(a)(16) of title 10, United States Code.

SEC. 3. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

Sec. 1. Short title.

Sec. 2. Definition of congressional defense committees.

Sec. 3. Table of contents.

TITLE I—DEFENSE ACQUISITION SYSTEM

Sec. 101. Performance management of the defense acquisition system.

Sec. 102. Meaningful consideration by Joint Requirements Oversight Council of input from certain officials.

Sec. 103. Performance management for the Joint Capabilities Integration and Development System.

Sec. 104. Requirements for the acquisition of services.

Sec. 105. Joint evaluation task forces.

Sec. 106. Review of defense acquisition guidance.

Sec. 107. Requirement to include references to services contracting throughout the Federal Acquisition Regulation.

Sec. 108. Procurement of military purpose non-developmental items.

TITLE II—DEFENSE ACQUISITION WORKFORCE

Sec. 201. Acquisition workforce excellence.

Sec. 202. Amendments to the acquisition workforce demonstration project.

Sec. 203. Incentive programs for civilian and military personnel in the acquisition workforce.

Sec. 204. Career development for civilian and military personnel in the acquisition workforce.

Sec. 205. Recertification and training requirements.

Sec. 206. Information technology acquisition workforce.

Sec. 207. Definition of acquisition workforce.

Sec. 208. Defense Acquisition University curriculum review.

Sec. 209. Cost estimating internship and scholarship programs.

TITLE III—FINANCIAL MANAGEMENT

Sec. 301. Incentives for achieving auditability.

Sec. 302. Measures required after failure to achieve auditability.

Sec. 303. Review of obligation and expenditure thresholds.

TITLE IV—INDUSTRIAL BASE

Sec. 401. Expansion of the industrial base.

Sec. 402. Commercial pricing analysis.

Sec. 403. Contractor and grantee disclosure of delinquent Federal tax debts.

Sec. 404. Independence of contract audits and business system reviews.

Sec. 405. Blue ribbon panel on eliminating barriers to contracting with the Department of Defense.

Sec. 406. Inclusion of the providers of services and information technology in the national technology and industrial base.

TITLE I—DEFENSE ACQUISITION SYSTEM

SEC. 101. PERFORMANCE MANAGEMENT OF THE DEFENSE ACQUISITION SYSTEM.

(a) PERFORMANCE MANAGEMENT OF THE DEFENSE ACQUISITION SYSTEM.—

(1) IN GENERAL.—Part IV of title 10, United States Code, is amended by inserting after chapter 148 the following new chapter:

“CHAPTER 149—PERFORMANCE MANAGEMENT OF THE DEFENSE ACQUISITION SYSTEM

“Sec.

“2545. Performance assessment of the defense acquisition system.

“2546. Audits of performance assessment.

“2547. Use of performance assessments for managing performance.

“2548. Acquisition-related functions of the Chiefs of Staff of the armed forces.

“§2545. Performance assessment of the defense acquisition system

“(a) PERFORMANCE ASSESSMENTS REQUIRED.—(1) The Secretary of Defense shall ensure that all elements of the defense acquisition system are subject to regular performance assessments—

“(A) to determine the extent to which such elements deliver appropriate value to the Department of Defense; and

“(B) to enable senior officials of the Department of Defense to manage the elements of the defense acquisition system to maximize their value to the Department.

“(2) The performance of each element of the defense acquisition system shall be assessed as needed, but not less often than annually.

“(3) The Secretary shall ensure that the performance assessments required by this subsection are appropriately tailored to reflect the diverse nature of defense acquisition so that the performance assessment of each element of the defense acquisition system accurately reflects the work performed by such element.

“(b) SYSTEMWIDE CATEGORIES.—(1) The Secretary of Defense shall establish categories of metrics for the defense acquisition system, including, at a minimum, categories relating to cost, quality, delivery, workforce, and policy implementation that apply to all elements of the defense acquisition system.

“(2) The Secretary of Defense shall issue guidance for service acquisition executives within the Department of Defense on the establishment of metrics, and goals and standards relating to such metrics, within the categories established by the Secretary under paragraph (1) to ensure that there is sufficient uniformity in performance assessments across the defense acquisition system so that elements of the defense acquisition system can be meaningfully compared.

“(c) METRICS, GOALS, AND STANDARDS.—(1) Each service acquisition executive of the Department of Defense shall establish metrics to be used in the performance assessments required by subsection (a) for each element of the defense acquisition system for which such executive is responsible within the categories established by the Secretary under subsection (b). Such metrics

shall be appropriately tailored pursuant to subsection (a)(3) and may include measures of—

“(A) cost, quality, and delivery;

“(B) contractor performance;

“(C) excessive use of contract bundling and availability of non-bundled contract vehicles;

“(D) workforce quality and program manager tenure (where applicable);

“(E) the quality of market research;

“(F) appropriate use of integrated testing;

“(G) appropriate consideration of long-term sustainment; and

“(H) appropriate acquisition of technical data and other rights and assets necessary to support long-term sustainment.

“(2) Each service acquisition executive within the Department of Defense shall establish goals and standards (including, at a minimum, a threshold standard and an objective goal) for each metric established under paragraph (1) by the executive. In establishing the goals and standards for an element of the defense acquisition system, a service acquisition executive shall consult with the head of the element to the maximum extent practicable, but the service acquisition executive shall retain the final authority to determine the goals and standards established. The service acquisition executive shall update the goals and standards as necessary and appropriate consistent with the guidance issued under subsection (b)(2).

“(3) The Under Secretary of Defense for Acquisition, Technology, and Logistics shall periodically review the metrics, goals, and standards established by service acquisition executives under this subsection to ensure that they are consistent with the guidance issued under subsection (b)(2).

“(d) RESPONSIBILITY FOR OVERSIGHT AND DIRECTION OF PERFORMANCE ASSESSMENTS.—(1) Performance assessments required by subsection (a) shall either be carried out by, or shall be subject to the oversight of, the Director of the Office of Performance Assessment and Root Cause Analysis. The authority and responsibility granted by this subsection is in addition to any other authority or responsibility granted to the Director of the Office of Performance Assessment and Root Cause Analysis by the Secretary of Defense or by any other provision of law. In the performance of duties pursuant to this section, the Director of the Office of Performance Assessment and Root Cause Analysis shall coordinate with the Deputy Chief Management Officer to ensure that performance assessments carried out pursuant to this section are consistent with the performance management initiatives of the Department of Defense.

“(2) A performance assessment may be carried out by an organization under the control of the service acquisition executive of a military department if—

“(A) the assessment fulfills the requirements of subsection (a);

“(B) the organization is approved to carry out the assessment by the Director of the Office of Performance Assessment and Root Cause Analysis; and

“(C) the assessment is subject to the oversight of the Director of the Office of Performance Assessment and Root Cause Analysis in accordance with paragraph (1).

“(e) RETENTION AND ACCESS TO RECORDS OF PERFORMANCE ASSESSMENTS WITHIN THE MILITARY DEPARTMENTS AND DEFENSE AGENCIES.—The Secretary of Defense shall ensure that information from performance assessments of all elements of the defense acquisition system are retained electronically and that the Director of the Office of Performance Assessment and Root Cause Analysis—

“(1) promptly receives the results of all performance assessments conducted by an organization under the control of the service acquisition executive of a military department; and

“(2) has timely access to any records and data in the Department of Defense (including the records and data of each military department

and Defense Agency and including classified and proprietary information) that the Director considers necessary to review in order to perform or oversee performance assessments pursuant to this section.

“(f) DEFINITIONS.—In this section:

“(1) The term ‘defense acquisition system’ means the acquisition workforce; the process by which the Department of Defense manages the acquisition of goods and services, including weapon systems, commodities, commercial and military unique services, and information technology; and the management structure for carrying out the acquisition function within the Department of Defense.

“(2) The term ‘element of the defense acquisition system’ means an organization that operates within the defense acquisition system and that focuses primarily on acquisition.

“(3) The term ‘metric’ means a specific measure that serves as a basis for comparison.

“(4) The term ‘threshold performance standard’ means the minimum acceptable level of performance in relation to a metric.

“(5) The term ‘objective performance goal’ means the most desired level of performance in relation to a metric.

“(6) The term ‘Office of Performance Assessment and Root Cause Analysis’ means the office reporting to the senior official designated by the Secretary of Defense under section 103(a) of the Weapon Systems Acquisition Reform Act of 2009 (Public Law 111–23, 10 U.S.C. 2430 note).

“§2546. Audits of performance assessment

“(a) AUDITS REQUIRED.—The Secretary of Defense shall ensure that the performance assessments of the defense acquisition system required by section 2545 of this title are subject to periodic audits to determine the accuracy, reliability, and completeness of such assessments.

“(b) STANDARDS AND APPROACH.—In performing the audits required by subsection (a), the Secretary shall ensure that such audits—

“(1) comply with generally accepted government auditing standards issued by the Comptroller General;

“(2) use a risk-based approach to audit planning; and

“(3) appropriately account for issues associated with auditing assessments of activities occurring in a contingency operation.

“§2547. Use of performance assessments for managing performance

“(a) IN GENERAL.—The Secretary of Defense shall ensure that the results of performance assessments are used in the management of elements of the defense acquisition system through direct linkages between the results of a performance assessment and the following:

“(1) The size of the bonus pool available to the workforce of an element of the defense acquisition system.

“(2) Rates of promotion in the workforce of an element of the defense acquisition system.

“(3) Awards for acquisition excellence.

“(4) The scope of work assigned to an element of the defense acquisition system.

“(b) ADDITIONAL REQUIREMENTS.—The Secretary of Defense shall ensure that actions taken to manage the acquisition workforce pursuant to subsection (a) are undertaken in accordance with the requirements of subsections (c) and (d) of section 1701a of this title.

“§2548. Acquisition-related functions of the Chiefs of Staff of the armed forces

“(a) ASSISTANCE.—The Secretary of Defense shall ensure, notwithstanding section 3014(c)(1)(A), section 5014(c)(1)(A), and section 8014(c)(1)(A) of this title, that the Chief of Staff of the Army, the Chief of Naval Operations, the Chief of Staff of the Air Force, and the Commandant of the Marine Corps assist the Secretary of the military department concerned in the performance of the following acquisition-related functions of such department:

“(1) The development of requirements relating to the defense acquisition system.

“(2) The development of measures to control requirements creep in the defense acquisition system.

“(3) The development of career paths in acquisition for military personnel (as required by section 1722a of this title).

“(4) The assignment and training of contracting officer representatives when such representatives are required to be members of the armed forces because of the nature of the contract concerned.

“(b) DEFINITIONS.—In this section:

“(1) The term ‘requirements creep’ means the addition of new technical or operational specifications after a requirements document is approved.

“(2) The term ‘requirements document’ means a document produced in the requirements process that is provided for an acquisition program to guide the subsequent development, production, and testing of the program and that—

“(A) justifies the need for a materiel approach, or an approach that is a combination of materiel and non-materiel, to satisfy one or more specific capability gaps;

“(B) details the information necessary to develop an increment of militarily useful, logistically supportable, and technically mature capability, including key performance parameters; or

“(C) identifies production attributes required for a single increment of a program.”

(2) CLERICAL AMENDMENTS.—The table of chapters at the beginning of subtitle A of title 10, United States Code, and at the beginning of part IV of such subtitle, are each amended by inserting after the item relating to chapter 148 the following new item:

“149. Performance Management of the Defense Acquisition System 2545”.

(b) PHASED IMPLEMENTATION OF PERFORMANCE ASSESSMENTS.—The Secretary of Defense shall implement the requirements of chapter 149 of title 10, United States Code, as added by subsection (a), in a phased manner while guidance is issued, and categories, metrics, goals, and standards are established. Implementation shall begin with a cross section of elements of the defense acquisition system representative of the entire system and shall be completed for all elements not later than two years after the date of the enactment of this Act.

SEC. 102. MEANINGFUL CONSIDERATION BY JOINT REQUIREMENTS OVERSIGHT COUNCIL OF INPUT FROM CERTAIN OFFICIALS.

(a) ADVISORS TO THE JOINT REQUIREMENTS OVERSIGHT COUNCIL.—

(1) ADDITIONAL CIVILIAN ADVISORS.—Subsection (d)(1) of section 181 of title 10, United States Code, is amended by striking “The Under Secretary” and all that follows through “and expertise.” and inserting the following: “The following officials of the Department of Defense shall serve as advisors to the Council on matters within their authority and expertise:

“(A) The Under Secretary of Defense for Acquisition, Technology, and Logistics.

“(B) The Under Secretary of Defense (Comptroller).

“(C) The Under Secretary of Defense for Policy.

“(D) The Director of Cost Assessment and Program Evaluation.”

(2) ROLE OF COMBATANT COMMANDERS AS MEMBERS OF THE JROC.—Paragraph (1) of subsection (c) of such section is amended—

(A) by striking “and” at the end of subparagraph (D);

(B) by striking the period at the end of subparagraph (E) and inserting “; and”; and

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

“(F) when directed by the chairman, the commander of any combatant command (or, as directed by that commander, the deputy commander of that command) when matters related

to the area of responsibility or functions of that command will be under consideration by the Council.”

(b) AMENDMENT RELATED TO REPORT.—Paragraph (2) of section 105(c) of the Weapon System Acquisition Reform Act of 2009 (Public Law 111–23; 123 Stat. 1718) is amended to read as follows:

“(2) MATTERS COVERED.—The report shall include, at a minimum, an assessment of—

“(A) the extent to which the Council has effectively sought, and the commanders of the combatant commands have provided, meaningful input on proposed joint military requirements;

“(B) the extent to which the Council has meaningfully considered the input and expertise of the Under Secretary of Defense for Acquisition, Technology, and Logistics in its discussions;

“(C) the extent to which the Council has meaningfully considered the input and expertise of the Director of Cost Assessment and Program Evaluation in its discussions;

“(D) the quality and effectiveness of efforts to estimate the level of resources needed to fulfill joint military requirements; and

“(E) the extent to which the Council has considered trade-offs among cost, schedule, and performance objectives.”

SEC. 103. PERFORMANCE MANAGEMENT FOR THE JOINT CAPABILITIES INTEGRATION AND DEVELOPMENT SYSTEM.

(a) REQUIREMENT FOR PROGRAM.—The Secretary of Defense shall ensure that the Department of Defense develops and implements a program to manage performance in establishing joint military requirements pursuant to section 181 of title 10, United States Code.

(b) LEADERS.—The Secretary of Defense shall designate an officer identified or designated as a joint qualified officer to serve as leader of a joint effort to develop the performance management program required by subsection (a). The Secretary shall also designate an officer from each Armed Force to serve as leader of the effort within the Armed Force concerned. Officers designated pursuant to this section shall have the seniority and authority necessary to oversee and direct all personnel engaged in establishing joint military requirements within the Joint Staff or within the Armed Force concerned.

(c) MATTERS COVERED.—The program developed pursuant to subsection (a) shall:

(1) Measure the following in relation to each joint military requirement:

(A) The time a requirements document takes to receive validation through the requirements process.

(B) The quality of cost information associated with the requirement and the extent to which cost information was considered during the requirements process.

(C) The extent to which the requirements process established a meaningful level of priority for the requirement.

(D) The extent to which the requirements process considered trade-offs between cost, schedule, and performance objectives.

(E) The quality of information on sustainment associated with the requirement and the extent to which sustainment information was considered during the requirements process.

(F) Such other matters as the Secretary shall determine appropriate.

(2) Achieve, to the maximum extent practicable, the following outcomes in the requirements process:

(A) Timeliness in delivering capability to the warfighter.

(B) Mechanisms for controlling requirements creep.

(C) Responsiveness to fact-of-life changes occurring after the approval of a requirements document, including changes to the threat environment, the emergence of new capabilities, or changes in the resources estimated to procure or sustain a capability.

(D) The development of the personnel skills, capacity, and training needed for an effective and efficient requirements process.

(E) Such other outcomes as the Secretary shall determine appropriate.

(d) IMPLEMENTATION.—The program required by subsection (a) shall be developed and initially implemented not later than one year after the date of the enactment of this Act and shall apply to requirements documents entering the requirements process after the date of initial implementation.

(e) INITIAL REPORT.—Not later than 90 days after the initial implementation of the program required by subsection (a), the Secretary shall submit to the congressional defense committees a report on the steps taken to develop and implement the performance management program for joint military requirements. The report shall address the measures specified in subsection (c)(1).

(f) FINAL REPORT.—Not later than four years after the initial implementation of the program required by subsection (a), the Secretary shall submit to the congressional defense committees a report on the effectiveness of the program for joint military requirements in achieving the outcomes specified in subsection (c)(2).

(g) DEFINITIONS.—In this section:

(1) REQUIREMENTS PROCESS.—The term “requirements process” means the Joint Capabilities Integration and Development System (JCIDS) process or any successor to such process established by the Chairman of the Joint Chiefs of Staff to support the statutory responsibility of the Joint Requirements Oversight Council in advising the Chairman and the Secretary of Defense in identifying, assessing, and validating joint military capability needs, with their associated operational performance criteria, in order to successfully execute missions.

(2) REQUIREMENTS DOCUMENT.—The term “requirements document” means a document produced in the requirements process that is provided for an acquisition program to guide the subsequent development, production, and testing of the program and that—

(A) justifies the need for a materiel approach, or an approach that is a combination of materiel and non-materiel, to satisfy one or more specific capability gaps;

(B) details the information necessary to develop an increment of militarily useful, logistically supportable, and technically mature capability, including key performance parameters; or

(C) identifies production attributes required for a single increment of a program.

(3) REQUIREMENTS CREEP.—The term “requirements creep” means the addition of new technical or operational specifications after a requirements document is approved.

(h) DISCRETIONARY IMPLEMENTATION AFTER 5 YEARS.—After the date that is five years after the initial implementation of the performance management program under this section, the requirement to implement a program under this section shall be at the discretion of the Secretary of Defense.

SEC. 104. REQUIREMENTS FOR THE ACQUISITION OF SERVICES.

(a) PROCESS REQUIRED.—The Secretary of Defense shall ensure that each military department establishes a process for identifying, assessing, and approving requirements for the acquisition of services, and that commanders of unified combatant commands and other officers identified or designated as joint qualified officers have an opportunity to participate in the process of each military department to provide input on joint requirements for the acquisition of services.

(b) GUIDANCE AND PLAN REQUIRED.—The Chief of Staff of the Army, the Chief of Naval Operations, the Chief of Staff of the Air Force, and the Commandant of the Marine Corps shall—

(1) issue and maintain guidance relating to each process established under subsection (a); and

(2) develop a plan to implement each process established under subsection (a).

(c) **MATTERS REQUIRED IN GUIDANCE.**—The guidance issued under subsection (b) shall establish, in relation to a process for identifying, assessing, and approving requirements for the acquisition of services, the following:

- (1) Organization of such process.
- (2) The level of command responsibility required for identifying and validating requirements for the acquisition of services in accordance with the categories established under section 2330(a)(1)(C) of title 10, United States Code.
- (3) The composition of billets necessary to operate such process.
- (4) The training required for personnel engaged in such process.
- (5) The relationship between doctrine and such process.
- (6) Methods of obtaining input on joint requirements for the acquisition of services.
- (7) Procedures for coordinating with the acquisition process.
- (8) Considerations relating to opportunities for strategic sourcing.

(d) **MATTERS REQUIRED IN IMPLEMENTATION PLAN.**—Each plan required under subsection (b) shall provide for initial implementation of a process for identifying, assessing, and approving requirements for the acquisition of services not later than 180 days after the date of the enactment of this Act and shall provide for full implementation of such process at the earliest date practicable.

(e) **CONSISTENCY WITH JOINT GUIDANCE.**—Whenever, at any time, guidance is issued by the Chairman of the Joint Chiefs of Staff relating to requirements for the acquisition of services, each process established under subsection (a) shall be revised in accordance with such joint guidance.

(f) **DEFINITION.**—The term “requirements for the acquisition of services” means objectives to be achieved through acquisitions primarily involving the procurement of services.

SEC. 105. JOINT EVALUATION TASK FORCES.

(a) **TASK FORCES REQUIRED.**—For each joint military requirement involving a materiel solution for which the Chairman of the Joint Requirements Oversight Council is the validation authority, the Chairman shall designate a commander of a unified combatant command to provide a joint evaluation task force to participate in such materiel solution. Such task force shall—

- (1) come from a military unit or units designated by the combatant commander concerned;
- (2) be selected based on the relevance of such materiel solution to the mission of the unit; and
- (3) participate consistent with its operational obligations.

(b) **RESPONSIBILITIES.**—A task force provided pursuant to subsection (a) shall, for the materiel solution concerned—

- (1) provide input to the analysis of alternatives;
- (2) participate in testing (including limited user tests and prototype testing);
- (3) provide input on a concept of operations and doctrine;
- (4) provide end user feedback to the resource sponsor; and
- (5) participate, through the combatant commander concerned, in any alteration of the requirement for such solution.

(c) **ADMINISTRATIVE SUPPORT.**—The resource sponsor for the joint military requirement shall provide administrative support to the joint evaluation task force for purposes of carrying out this section.

(d) **DEFINITIONS.**—In this section:

(1) **RESOURCE SPONSOR.**—The term “resource sponsor” means the organization responsible for all common documentation, periodic reporting, and funding actions required to support the capabilities development and acquisition process for the materiel solution.

(2) **MATERIEL SOLUTION.**—The term “materiel solution” means the development, acquisition,

procurement, or fielding of a new item, or of a modification to an existing item, necessary to equip, operate, maintain, and support military activities.

SEC. 106. REVIEW OF DEFENSE ACQUISITION GUIDANCE.

(a) **REVIEW OF GUIDANCE.**—The Secretary of Defense shall review the acquisition guidance of the Department of Defense, including, at a minimum, the guidance contained in Department of Defense Instruction 5000.02 entitled “Operation of the Defense Acquisition System”.

(b) **MATTERS CONSIDERED.**—The review performed under subsection (a) shall consider—

- (1) the extent to which it is appropriate to apply guidance relating to the acquisition of weapon systems to acquisitions not involving weapon systems (including the acquisition of commercial goods and commodities, commercial and military unique services, and information technology);
- (2) whether long-term sustainment of weapon systems is appropriately emphasized;
- (3) whether appropriate mechanisms exist to communicate information relating to the mission needs of the Department of Defense to the industrial base in a way that allows the industrial base to make appropriate investments in infrastructure, capacity, and technology development to help meet such needs;
- (4) the extent to which earned value management should be required on acquisitions not involving the acquisition of weapon systems and whether measures of quality and technical performance should be included in any earned value management system;
- (5) the extent to which it is appropriate to apply processes primarily relating to the acquisition of weapon systems to the acquisition of information technology systems, consistent with the requirement to develop an alternative process for such systems contained in section 804 of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111–84; 123 Stat. 2401; 10 U.S.C. 2225 note); and
- (6) such other matters as the Secretary considers appropriate.

(c) **REPORT.**—Not later than 270 days after the date of the enactment of this Act, the Secretary of Defense shall submit to the Committees on Armed Services of the Senate and of the House of Representatives a report detailing any changes in the acquisition guidance of the Department of Defense identified during the review required by subsection (a), and any actions taken, or planned to be taken, to implement such changes

(d) **REPORT.**—Not later than 270 days after the date of the enactment of this Act, the Secretary of Defense shall submit to the Committees on Armed Services of the Senate and of the House of Representatives a report detailing any changes in the acquisition guidance of the Department of Defense identified during the review required by subsection (a), and any actions taken, or planned to be taken, to implement such changes

(e) **REPORT.**—Not later than 270 days after the date of the enactment of this Act, the Secretary of Defense shall submit to the Committees on Armed Services of the Senate and of the House of Representatives a report detailing any changes in the acquisition guidance of the Department of Defense identified during the review required by subsection (a), and any actions taken, or planned to be taken, to implement such changes

SEC. 107. REQUIREMENT TO INCLUDE REFERENCES TO SERVICES CONTRACTING THROUGHOUT THE FEDERAL ACQUISITION REGULATION.

(a) **FINDINGS.**—Congress finds the following:

- (1) The acquisition of services can be extremely complex, and program management skills, tools, and processes need to be applied to services acquisitions.
- (2) An emphasis on the concept of “services” throughout the Federal Acquisition Regulation would enhance and support the procurement and project management community in all aspects of the acquisition planning process, including requirements development, assessment of reasonableness, and post-award management and oversight.

(b) **REQUIREMENT FOR CHANGES TO FAR.**—The Federal Acquisition Regulation shall be revised to provide, throughout the Regulation, appropriate references to services contracting that are in addition to references provided in part 37 (which relates specifically to services contracting).

(c) **DEADLINE.**—This section shall be carried out within 270 days after the date of the enactment of this Act.

SEC. 108. PROCUREMENT OF MILITARY PURPOSE NONDEVELOPMENTAL ITEMS.

(a) **IN GENERAL.**—

(1) **PROCUREMENT OF MILITARY PURPOSE NON-DEVELOPMENTAL ITEMS.**—Chapter 141 of title 10,

United States Code, is amended by adding at the end the following new section:

“§2410r. Military purpose nondevelopmental items

“(a) **DEFINITIONS.**—In this section:

- “(1) The term ‘military purpose nondevelopmental item’ means an item—
- “(A) developed exclusively at private expense;
- “(B) that meets a validated military requirement and for which the United States has rights in technical data as prescribed in section 2320(a)(2)(B) of this title, as certified in writing by the responsible program manager;
- “(C) for which delivery of an initial lot of production-representative items may be made within nine months after contract award; and
- “(D) for which the unit cost is less than \$10,000,000.

“(2) The term ‘item’ has the meaning provided in section 2302(3) of this title.

“(b) **REQUIREMENTS.**—The Secretary of Defense shall ensure that, with respect to a contract for the acquisition of a military purpose nondevelopmental item, the following requirements apply:

“(1) The contract shall be awarded using competitive procedures in accordance with section 2304 of this title.

“(2) Certain contract clauses, as specified in regulations prescribed under subsection (c), shall be included in each such contract.

“(3) The type of contract used shall be a firm, fixed price type contract.

“(c) **REGULATIONS.**—The Secretary of Defense shall prescribe regulations to carry out this section. Such regulations shall be included in regulations of the Department of Defense prescribed as part of the Federal Acquisition Regulation. At a minimum, the regulations shall include—

- “(1) a list of contract clauses to be included in each contract for the acquisition of a military purpose nondevelopmental item;
- “(2) definitions for the terms ‘developed’ and ‘exclusively at private expense’ that—

“(A) are consistent with the definitions developed for such terms in accordance with 2320(a)(3) of this title; and

“(B) also exclude an item developed in part or in whole with—

- “(i) foreign government funding; or
- “(ii) foreign or Federal Government loan financing at nonmarket rates; and

“(3) standards for evaluating the reasonableness of price for the military purpose nondevelopmental item, in lieu of certified cost or pricing data.”.

(2) **CLERICAL AMENDMENT.**—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“2410r. Military purpose nondevelopmental items.”.

(b) **COST OR PRICING DATA EXCEPTION.**—Section 2306a(b)(1) of title 10, United States Code, is amended—

(1) by striking “or” at the end of subparagraph (B);

(2) by striking the period at the end of subparagraph (C) and inserting “; or”;

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

“(D) for the acquisition of a military purpose nondevelopmental item, as defined in section 2410r of this title, if the contracting officer determines in writing that—

- “(i) the contract, subcontract or modification will be a firm, fixed price type contract; and
- “(ii) the offeror has submitted sufficient information to evaluate, through price analysis, the reasonableness of the price for the military purpose nondevelopmental item.”.

(c) **EFFECTIVE DATE.**—Section 2410r of title 10, United States Code, as added by subsection (a), and the amendment made by subsection (b), shall apply with respect to contracts entered into after the date that is 120 days after the date of the enactment of this Act.

**TITLE II—DEFENSE ACQUISITION
WORKFORCE**

SEC. 201. ACQUISITION WORKFORCE EXCELLENCE.

(a) IN GENERAL.—

(1) ACQUISITION WORKFORCE EXCELLENCE.—Subchapter I of chapter 87 of title 10, United States Code, is amended by inserting after section 1701 the following new section:

“§1701a. Management for acquisition workforce excellence

“(a) PURPOSE.—The purpose of this chapter is to require the Department of Defense to develop and manage a highly skilled professional acquisition workforce—

“(1) in which excellence and contribution to mission is rewarded;

“(2) which has the technical expertise and business skills to ensure the Department receives the best value for the expenditure of public resources;

“(3) which serves as a model for performance management of employees of the Department; and

“(4) which is managed in a manner that complements and reinforces the performance management of the defense acquisition system pursuant to chapter 149 of this title.

“(b) PERFORMANCE MANAGEMENT.—In order to achieve the purpose set forth in subsection (a), the Secretary of Defense shall—

“(1) use the full authorities provided in subsections (a) through (d) of section 9902 of title 5, including flexibilities related to performance management and hiring and to training of managers;

“(2) require managers to develop performance plans for individual members of the acquisition workforce in order to give members an understanding of how their performance contributes to their organization’s mission and the success of the defense acquisition system (as defined in section 2545 of this title);

“(3) to the extent appropriate, use the lessons learned from the acquisition demonstration project carried out under section 1762 of this title related to contribution-based compensation and appraisal, and how those lessons may be applied within the General Schedule system;

“(4) develop attractive career paths;

“(5) encourage continuing education and training;

“(6) develop appropriate procedures for warnings during performance evaluations and due process for members of the acquisition workforce who consistently fail to meet performance standards;

“(7) take full advantage of the Defense Civilian Leadership Program established under section 1112 of the National Defense Authorization Act for Fiscal Year 2010, (Public Law 111–84; 123 Stat. 2496; 10 U.S.C. 1580 note prec.);

“(8) use the authorities for highly qualified experts under section 9903 of title 5, to hire experts who are skilled acquisition professionals to—

“(A) serve in leadership positions within the acquisition workforce to strengthen management and oversight;

“(B) provide mentors to advise individuals within the acquisition workforce on their career paths and opportunities to advance and excel within the acquisition workforce; and

“(C) assist with the design of education and training courses and the training of individuals in the acquisition workforce; and

“(9) use the authorities for expedited security clearance processing pursuant to section 1564 of this title.

“(c) NEGOTIATIONS.—Any action taken by the Secretary under this section, or to implement this section, shall be subject to the requirements of chapter 71 of title 5.

“(d) REGULATIONS.—Any rules or regulations prescribed pursuant to this section shall be deemed an agency rule or regulation under section 7117(a)(2) of title 5, and shall not be deemed

a Government-wide rule or regulation under section 7117(a)(1) of such title.”.

(2) CLERICAL AMENDMENT.—The table of sections at the beginning of such subchapter is amended by inserting after the item relating to section 1701 the following new item:

“1701a. Management for acquisition workforce excellence.”.

(b) AUTHORITY TO APPOINT HIGHLY QUALIFIED EXPERTS ON PART-TIME BASIS.—Section 9903(b)(1) of title 5, United States Code, is amended by inserting “, on a full-time or part-time basis,” after “positions in the Department of Defense” the first place it appears.

SEC. 202. AMENDMENTS TO THE ACQUISITION WORKFORCE DEMONSTRATION PROJECT.

(a) CODIFICATION INTO TITLE 10.—

(1) IN GENERAL.—Chapter 87 of title 10, United States Code, is amended by inserting after section 1761 the following new section:

“§1762. Demonstration project relating to certain acquisition personnel management policies and procedures

“(a) COMMENCEMENT.—The Secretary of Defense is encouraged to carry out a demonstration project, the purpose of which is to determine the feasibility or desirability of one or more proposals for improving the personnel management policies or procedures that apply with respect to the acquisition workforce of the Department of Defense and supporting personnel assigned to work directly with the acquisition workforce.

“(b) TERMS AND CONDITIONS.—(1) Except as otherwise provided in this subsection, any demonstration project described in subsection (a) shall be subject to section 4703 of title 5 and all other provisions of such title that apply with respect to any demonstration project under such section.

“(2) Subject to paragraph (3), in applying section 4703 of title 5 with respect to a demonstration project described in subsection (a)—

“(A) ‘180 days’ in subsection (b)(4) of such section shall be deemed to read ‘120 days’;

“(B) ‘90 days’ in subsection (b)(6) of such section shall be deemed to read ‘30 days’; and

“(C) subsection (d)(1) of such section shall be disregarded.

“(3) Paragraph (2) shall not apply with respect to a demonstration project unless—

“(A) for each organization or team participating in the demonstration project—

“(i) at least one-third of the workforce participating in the demonstration project consists of members of the acquisition workforce; and

“(ii) at least two-thirds of the workforce participating in the demonstration project consists of members of the acquisition workforce and supporting personnel assigned to work directly with the acquisition workforce; and

“(B) the demonstration project commences before October 1, 2007.

“(c) LIMITATION ON NUMBER OF PARTICIPANTS.—The total number of persons who may participate in the demonstration project under this section may not exceed 120,000.

“(d) EFFECT OF REORGANIZATIONS.—The applicability of paragraph (2) of subsection (b) to an organization or team shall not terminate by reason that the organization or team, after having satisfied the conditions in paragraph (3) of such subsection when it began to participate in a demonstration project under this section, ceases to meet one or both of the conditions set forth in subparagraph (A) of such paragraph (3) as a result of a reorganization, restructuring, realignment, consolidation, or other organizational change.

“(e) ASSESSMENT.—(1) The Secretary of Defense shall designate an independent organization to review the acquisition workforce demonstration project described in subsection (a).

“(2) Such assessment shall include:

“(A) A description of the workforce included in the project.

“(B) An explanation of the flexibilities used in the project to appoint individuals to the acquisition workforce and whether those appointments are based on competitive procedures and recognize veteran’s preferences.

“(C) An explanation of the flexibilities used in the project to develop a performance appraisal system that recognizes excellence in performance and offers opportunities for improvement.

“(D) The steps taken to ensure that such system is fair and transparent for all employees in the project.

“(E) How the project allows the organization to better meet mission needs.

“(F) An analysis of how the flexibilities in subparagraphs (B) and (C) are used, and what barriers have been encountered that inhibit their use.

“(G) Whether there is a process for (i) ensuring ongoing performance feedback and dialogue among supervisors, managers, and employees throughout the performance appraisal period, and (ii) setting timetables for performance appraisals.

“(H) The project’s impact on career progression.

“(I) The project’s appropriateness or inappropriateness in light of the complexities of the workforce affected.

“(J) The project’s sufficiency in terms of providing protections for diversity in promotion and retention of personnel.

“(K) The adequacy of the training, policy guidelines, and other preparations afforded in connection with using the project.

“(L) Whether there is a process for ensuring employee involvement in the development and improvement of the project.

“(3) The first such assessment under this subsection shall be completed not later than September 30, 2011, and subsequent assessments shall be completed every two years thereafter until the termination of the project. The Secretary shall submit to the covered congressional committees a copy of the assessment within 30 days after receipt by the Secretary of the assessment.

“(f) COVERED CONGRESSIONAL COMMITTEES.—In this section, the term ‘covered congressional committees’ means—

“(1) the Committees on Armed Services of the Senate and the House of Representatives;

“(2) the Committee on Homeland Security and Governmental Affairs of the Senate; and

“(3) the Committee on Oversight and Government Reform of the House of Representatives.

“(g) TERMINATION OF AUTHORITY.—The authority to conduct a demonstration program under this section shall terminate on September 30, 2017.

“(h) CONVERSION.—Within six months after the authority to conduct a demonstration project under this section is terminated as provided in subsection (g), employees in the project shall convert to the civilian personnel system created pursuant to section 9902 of title 5.”.

(2) CLERICAL AMENDMENT.—The table of sections at the beginning of subchapter V of chapter 87 of title 10, United States Code, is amended by inserting after the item relating to section 1761 the following new item:

“1762. Demonstration project relating to certain acquisition personnel management policies and procedures.”.

(b) CONFORMING REPEAL.—Section 4308 of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104–106; 10 U.S.C. 1701 note) is repealed.

SEC. 203. INCENTIVE PROGRAMS FOR CIVILIAN AND MILITARY PERSONNEL IN THE ACQUISITION WORKFORCE.

(a) IN GENERAL.—Chapter 87 of title 10, United States Code, is amended by inserting after section 1762, as added by section 202, the following new section:

“§1763. Incentive programs for civilian and military personnel in the acquisition workforce

“(a) CIVILIAN ACQUISITION WORKFORCE INCENTIVES.—The Secretary of Defense, acting through the Under Secretary of Defense for Acquisition, Technology, and Logistics, shall provide for an enhanced system of incentives for the encouragement of excellence in the acquisition workforce by providing rewards for employees who contribute to achieving the agency’s performance goals. The system of incentives shall include provisions that—

“(1) relate salary increases, bonuses, and awards to performance and contribution to the agency mission (including the extent to which the performance of personnel in such workforce contributes to achieving the goals and standards established for acquisition programs pursuant to section 2545 of this title;

“(2) provide for consideration, in personnel evaluations and promotion decisions, of the extent to which the performance of personnel in such workforce contributes to achieving such goals and standards;

“(3) use the Department of Defense Civilian Workforce Incentive Fund established pursuant to section 9902(a) of title 5; and

“(4) provide opportunities for career broadening experiences for high performers.

“(b) MILITARY ACQUISITION WORKFORCE INCENTIVES.—The Secretaries of the military departments shall fully use and enhance incentive programs that reward individuals, through recognition certificates or cash awards, for suggestions of process improvements that contribute to improvements in efficiency and economy and a better way of doing business.”

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of subchapter V of chapter 87 of title 10, United States Code, is amended by inserting after the item relating to section 1762, as added by section 202, the following new item:

“1763. Incentive programs for civilian and military personnel in the acquisition workforce.”

SEC. 204. CAREER DEVELOPMENT FOR CIVILIAN AND MILITARY PERSONNEL IN THE ACQUISITION WORKFORCE.

(a) CAREER PATHS.—

(1) AMENDMENT.—Chapter 87 of title 10, United States Code, is amended by inserting after section 1722a the following new section:

“§1722b. Special requirements for civilian employees in the acquisition field

“(a) REQUIREMENT FOR POLICY AND GUIDANCE REGARDING CIVILIAN PERSONNEL IN ACQUISITION.—The Secretary of Defense, acting through the Under Secretary of Defense for Acquisition, Technology, and Logistics, shall establish policies and issue guidance to ensure the proper development, assignment, and employment of civilian members of the acquisition workforce to achieve the objectives specified in subsection (b).

“(b) OBJECTIVES.—Policies established and guidance issued pursuant to subsection (a) shall ensure, at a minimum, the following:

“(1) A career path in the acquisition field that attracts the highest quality civilian personnel, from either within or outside the Federal Government.

“(2) A deliberate workforce development strategy that increases attainment of key experiences that contribute to a highly qualified acquisition workforce.

“(3) Sufficient opportunities for promotion and advancement in the acquisition field.

“(4) A sufficient number of qualified, trained members eligible for and active in the acquisition field to ensure adequate capacity, capability, and effective succession for acquisition functions, including contingency contracting, of the Department of Defense.

“(c) INCLUSION OF INFORMATION IN ANNUAL REPORT.—The Secretary of Defense shall include in the report to Congress required under

section 115b(d) of this title the following information related to the acquisition workforce for the period covered by the report (which shall be shown for the Department of Defense as a whole and separately for the Army, Navy, Air Force, Marine Corps, Defense Agencies, and Office of the Secretary of Defense):

“(1) The total number of persons serving in the Acquisition Corps, set forth separately for members of the armed forces and civilian employees, by grade level and by functional specialty.

“(2) The total number of critical acquisition positions held, set forth separately for members of the armed forces and civilian employees, by grade level and by other appropriate categories (including by program manager, deputy program manager, and division head positions). For each such category, the report shall specify the number of civilians holding such positions compared to the total number of positions filled.

“(3) The number of employees to whom the requirements of subsections (b)(2)(A) and (b)(2)(B) of section 1732 of this title did not apply because of the exceptions provided in paragraphs (1) and (2) of section 1732(c) of this title, set forth separately by type of exception.

“(4) The number of program managers and deputy program managers who were reassigned after completion of a major milestone occurring closest in time to the date on which the person has served in the position for four years (as required under section 1734(b) of this title), and the proportion of those reassignments to the total number of reassignments of program managers and deputy program managers, set forth separately for program managers and deputy program managers. The Secretary also shall include the average length of assignment served by program managers and deputy program managers so reassigned.

“(5) The number of persons, excluding those reported under paragraph (4), in critical acquisition positions who were reassigned after a period of three years or longer (as required under section 1734(a) of this title), and the proportion of those reassignments to the total number of reassignments of persons, excluding those reported under paragraph (4), in critical acquisition positions.

“(6) The number of times a waiver authority was exercised under section 1724(d), 1732(d), 1734(d), or 1736(c) of this title or any other provision of this chapter (or other provision of law) which permits the waiver of any requirement relating to the acquisition workforce, and in the case of each such authority, the reasons for exercising the authority. The Secretary may present the information provided under this paragraph by category or grouping of types of waivers and reasons.”

(2) CLERICAL AMENDMENT.—The table of sections at the beginning of subchapter II of chapter 87 of title 10, United States Code, is amended by inserting after the item relating to section 1722a the following new item:

“1722b. Special requirements for civilian employees in the acquisition field.”

(b) CAREER EDUCATION AND TRAINING.—Chapter 87 of title 10, United States Code, is amended in section 1723 by redesignating subsection (b) as subsection (c) and inserting after subsection (a) the following new subsection:

“(b) CAREER PATH REQUIREMENTS.—For each career path, the Secretary of Defense, acting through the Under Secretary of Defense for Acquisition, Technology, and Logistics shall establish requirements for the completion of course work and related on-the-job training and demonstration of qualifications in the critical acquisition-related duties and tasks of the career path. The Secretary of Defense, acting through the Under Secretary, shall also—

“(1) encourage individuals in the acquisition workforce to maintain the currency of their acquisition knowledge and generally enhance their knowledge of related acquisition manage-

ment disciplines through academic programs and other self-developmental activities; and

“(2) develop key work experiences, including the creation of a program sponsored by the Department of Defense that facilitates the periodic interaction between individuals in the acquisition workforce and the end user in such end user’s environment to enhance the knowledge base of such workforce, for individuals in the acquisition workforce so that the individuals may gain in-depth knowledge and experience in the acquisition process and become seasoned, well-qualified members of the acquisition workforce.”

SEC. 205. RECERTIFICATION AND TRAINING REQUIREMENTS.

(a) CONTINUING EDUCATION.—Section 1723 of title 10, United States Code, as amended by section 204, is further amended by amending subsection (a) to read as follows:

“(a) QUALIFICATION REQUIREMENTS.—(1) The Secretary of Defense shall establish education, training and experience requirements for each acquisition position, based on the level of complexity of duties carried out in the position. In establishing such requirements, the Secretary shall ensure the availability and sufficiency of training in all areas of acquisition, including additional training courses with an emphasis on services contracting, long-term sustainment strategies, information technology, and rapid acquisition.

“(2) In establishing such requirements for positions other than critical acquisition positions designated pursuant to section 1733 of this title, the Secretary may state the requirements by categories of positions.

“(3) The Secretary of Defense, acting through the Under Secretary of Defense for Acquisition, Technology, and Logistics, shall establish requirements for continuing education and periodic renewal of an individual’s certification. Any requirement for a certification renewal shall not require a renewal more often than once every five years.”

(b) STANDARDS FOR TRAINING.—

(1) IN GENERAL.—Subchapter IV of Chapter 87 of title 10, United States Code, is amended by adding at the end the following new section:

“§1748. Guidance and standards for acquisition workforce training

“(a) FULFILLMENT STANDARDS.—The Secretary of Defense, acting through the Under Secretary of Defense for Acquisition, Technology, and Logistics, shall develop fulfillment standards, and implement and maintain a program, for purposes of the training requirements of sections 1723, 1724, and 1735 of this title. Such fulfillment standards shall consist of criteria for determining whether an individual has demonstrated competence in the areas that would be taught in the training courses required under those sections. If an individual meets the appropriate fulfillment standard, the applicable training requirement is fulfilled.

“(b) GUIDANCE AND STANDARDS RELATING TO CONTRACTS FOR TRAINING.—The Secretary of Defense shall develop appropriate guidance and standards to ensure that the Department of Defense will continue, where appropriate and cost-effective, to enter into contracts for the training requirements of sections 1723, 1724, and 1735 of this title, while maintaining appropriate control over the content and quality of such training.”

(2) CLERICAL AMENDMENT.—The table of sections at the beginning of such subchapter is amended by adding at the end the following new item:

“1748. Guidance and standards for acquisition workforce training.”

(3) DEADLINE FOR FULFILLMENT STANDARDS.—The fulfillment standards required under section 1748(a) of title 10, United States Code, as added by paragraph (1), shall be developed not later than 90 days after the date of the enactment of this Act.

(4) CONFORMING REPEAL.—Section 853 of Public Law 105–85 (111 Stat. 1851) is repealed.

SEC. 206. INFORMATION TECHNOLOGY ACQUISITION WORKFORCE.

(a) IN GENERAL.—

(1) INFORMATION TECHNOLOGY.—Subchapter II of chapter 87 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 1725. Information technology acquisition positions

“(a) PLAN REQUIRED.—The Secretary of Defense shall develop and carry out a plan to strengthen the part of the acquisition workforce that specializes in information technology. The plan shall include the following:

“(1) Defined targets for billets devoted to information technology acquisition.

“(2) Specific certification requirements for individuals in the acquisition workforce who specialize in information technology acquisition.

“(3) Defined career paths for individuals in the acquisition workforce who specialize in information technology acquisitions.

(b) DEFINITIONS.—In this section:

“(1) The term ‘information technology’ has the meaning provided such term in section 11101 of title 40 and includes information technology incorporated into a major weapon system.

“(2) The term ‘major weapon system’ has the meaning provided such term in section 2379(f) of this title.”

(2) CLERICAL AMENDMENT.—The table of sections at the beginning of such subchapter is amended by adding at the end the following new item:

“1725. Information technology acquisition positions.”

(b) DEADLINE.—The Secretary of Defense shall develop the plan required under section 1725 of title 10, United States Code, as added by subsection (a), not later than 180 days after the date of the enactment of this Act.

SEC. 207. DEFINITION OF ACQUISITION WORKFORCE.

Section 101(a) of title 10, United States Code, is amended by inserting after paragraph (17) the following new paragraph:

“(18) The term ‘acquisition workforce’ means the persons serving in acquisition positions within the Department of Defense, as designated pursuant to section 1721(a) of this title.”

SEC. 208. DEFENSE ACQUISITION UNIVERSITY CURRICULUM REVIEW.

(a) CURRICULUM REVIEW.—Not later than one year after the date of the enactment of this Act, the Under Secretary of Defense for Acquisition, Technology, and Logistics shall lead a review of the curriculum offered by the Defense Acquisition University to ensure it adequately supports the training and education requirements of acquisition professionals, particularly in service contracting, long term sustainment strategies, information technology, and rapid acquisition. The review shall also involve the service acquisition executives of each military department.

(b) ANALYSIS OF FUNDING REQUIREMENTS FOR TRAINING.—Following the review conducted under subsection (a), the Secretary of Defense shall analyze the most recent future-years defense program to determine the amounts of estimated expenditures and proposed appropriations necessary to support the training requirements of the amendments made by section 205 of this Act, including any new training requirements determined after the review conducted under subsection (a). The Secretary shall identify any additional funding needed for such training requirements in the separate chapter on the defense acquisition workforce required in the next annual strategic workforce plan under 115b of title 10, United States Code.

(c) REQUIREMENT FOR ONGOING CURRICULUM DEVELOPMENT WITH CERTAIN SCHOOLS.—

(1) REQUIREMENT.—Section 1746 of title 10, United States Code, is amended by adding at the end the following new subsection:

“(c) CURRICULUM DEVELOPMENT.—The President of the Defense Acquisition University shall

work with the relevant professional schools and degree-granting institutions of the Department of Defense and military departments to ensure that best practices are used in curriculum development to support acquisition workforce positions.”

(2) AMENDMENT TO SECTION HEADING.—(A) The heading of section 1746 of such title is amended to read as follows:

“§ 1746. Defense Acquisition University”.

(B) The item relating to section 1746 in the table of sections at the beginning of subchapter IV of chapter 87 of such title is amended to read as follows:

“1746. Defense Acquisition University.”

SEC. 209. COST ESTIMATING INTERNSHIP AND SCHOLARSHIP PROGRAMS.

(a) PURPOSE.—The purpose of this section is to require the Department of Defense to develop internship and scholarship programs in cost estimating to underscore the importance of cost estimating, as a core acquisition function, to the acquisition process.

(b) REQUIREMENT.—The Secretary of Defense shall develop intern and scholarship programs in cost estimating for purposes of improving education and training in cost estimating and providing an opportunity to meet any certification requirements in cost estimating.

(c) IMPLEMENTATION.—Such programs shall be established not later than 270 days after the date of the enactment of this Act and shall be implemented for a four-year period following establishment of the programs.

TITLE III—FINANCIAL MANAGEMENT**SEC. 301. INCENTIVES FOR ACHIEVING AUDITABILITY.**

(a) PREFERENTIAL TREATMENT AUTHORIZED.—The Under Secretary of Defense (Comptroller) shall ensure that any component of the Department of Defense that the Under Secretary determines has financial statements validated as ready for audit earlier than September 30, 2017, shall receive preferential treatment, as the Under Secretary determines appropriate—

(1) in financial matter matters, including—
(A) consistent with the need to fund urgent warfighter requirements and operational needs, priority in the release of appropriated funds to such component;

(B) relief from the frequency of financial reporting of such component in cases in which such reporting is not required by law;

(C) relief from departmental obligation and expenditure thresholds to the extent that such thresholds establish requirements more restrictive than those required by law; or

(D) such other measures as the Under Secretary considers appropriate; and

(2) in the availability of personnel management incentives, including—

(A) the size of the bonus pool available to the financial and business management workforce of the component;

(B) the rates of promotion within the financial and business management workforce of the component;

(C) awards for excellence in financial and business management; or

(D) the scope of work assigned to the financial and business management workforce of the component.

(b) INCLUSION OF INFORMATION IN REPORT.—The Under Secretary shall include information on any measure initiated pursuant to this section in the next semiannual report pursuant to section 1003(b) of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111–84; 123 Stat. 2439; 10 U.S.C. 2222 note) after such measure is initiated.

(c) EXPIRATION.—This section shall expire on September 30, 2017.

(d) DEFINITION.—In this section, the term “component of the Department of Defense” means any organization within the Department of Defense that is required to submit an

auditable financial statement to the Secretary of Defense.

SEC. 302. MEASURES REQUIRED AFTER FAILURE TO ACHIEVE AUDITABILITY.

(a) IN GENERAL.—The Secretary of Defense shall ensure that corrective measures are immediately taken to address the failure of a component of the Department of Defense to achieve a financial statement validated as ready for audit by September 30, 2017.

(b) MEASURES REQUIRED.—Not later than 180 days after the date of the enactment of this Act, the Secretary shall develop and issue guidance detailing measures to be taken in accordance with subsection (a). Such measures shall include—

(1) the development of a remediation plan to ensure the component can achieve a financial statement validated as ready for audit within one year;

(2) additional reporting requirements that may be necessary to mitigate financial risk to the component;

(3) delaying the release of appropriated funds to such component, consistent with the need to fund urgent warfighter requirements and operational needs, until such time as the Secretary is assured that the component will achieve a financial statement validated as ready for audit within one year;

(4) specific consequences for key personnel in order to ensure accountability within the leadership of the component; and

(5) such other measures as the Secretary considers appropriate.

(c) DEFINITION.—The term “component” of the Department of Defense means any organization within the Department of Defense that is required to submit an auditable financial statement to the Secretary of Defense.

SEC. 303. REVIEW OF OBLIGATION AND EXPENDITURE THRESHOLDS.

(a) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) Department of Defense program managers should be encouraged to place a higher priority on seeking the best value for the Government than on meeting arbitrary benchmarks for spending; and

(2) actions to carry out paragraph (1) should be supported by the Department’s leadership at every level.

(b) POLICY REVIEW.—Not later than 180 days after the date of the enactment of this Act, the Chief Management Officer of the Department of Defense, in coordination with the Chief Management Officer of each military department, shall review and update as necessary all relevant policy and instruction regarding obligation and expenditure benchmarks to ensure that such guidance does not inadvertently prevent achieving the best value for the Government in the obligation and expenditure of funds.

(c) PROCESS REVIEW.—Not later than one year after the date of the enactment of this Act, the Chief Management Officer, in coordination with the Chief Management Officer of each military department, the Director of the Office of Performance Assessment and Root Cause Analysis, the Under Secretary of Defense (Comptroller), and the Comptrollers of the military departments, shall conduct a comprehensive review of the use and value of obligation and expenditure benchmarks and propose new benchmarks or processes for tracking financial performance, including, as appropriate—

(1) increased reliance on individual obligation and expenditure plans for measuring program financial performance;

(2) mechanisms to improve funding stability and to increase the predictability of the release of funding for obligation and expenditure; and

(3) streamlined mechanisms for a program manager to submit an appeal for funding changes and to have such appeal evaluated promptly.

(d) TRAINING.—The Under Secretary of Defense for Acquisition, Technology, and Logistics

and the Under Secretary of Defense (Comptroller) shall ensure that as part of the training required for program managers and business managers, an emphasis is placed on obligating and expending appropriated funds in a manner that achieves the best value for the Government and that the purpose and limitations of obligation and expenditure benchmarks are made clear.

TITLE IV—INDUSTRIAL BASE

SEC. 401. EXPANSION OF THE INDUSTRIAL BASE.

(a) PROGRAM TO EXPAND INDUSTRIAL BASE REQUIRED.—The Secretary of Defense shall establish a program to expand the industrial base of the Department of Defense to increase the Department's access to innovation and the benefits of competition.

(b) IDENTIFYING AND COMMUNICATING WITH NONTRADITIONAL SUPPLIERS.—The program established under subsection (a) shall use tools and resources available within the Federal Government and available from the private sector, to provide a capability for identifying and communicating with nontraditional suppliers, including commercial firms and firms of all business sizes, that are engaged in markets of importance to the Department of Defense.

(c) INDUSTRIAL BASE REVIEW.—The program required by subsection (a) shall include a continuous effort to review the industrial base supporting the Department of Defense, including the identification of markets of importance to the Department of Defense.

(d) DEFINITION.—In this section:

(1) NONTRADITIONAL SUPPLIERS.—The term “nontraditional suppliers” means firms that have received contracts from the Department of Defense with a total value of not more than \$100,000 in the previous 5 years.

(2) MARKETS OF IMPORTANCE TO THE DEPARTMENT OF DEFENSE.—The term “markets of importance to the Department of Defense” means industrial sectors in which the Department of Defense spends more than \$500,000,000 annually.

SEC. 402. COMMERCIAL PRICING ANALYSIS.

Section 803(c) of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Public Law 105–261; 10 U.S.C. 2306a note) is amended to read as follows:

“(c) COMMERCIAL PRICE TREND ANALYSIS.—

“(1) The Secretary of Defense shall develop and implement procedures that, to the maximum extent practicable, provide for the collection and analysis of information on price trends for categories of exempt commercial items described in paragraph (2).

“(2) A category of exempt commercial items referred to in paragraph (1) consists of exempt commercial items that are in a single Federal Supply Group or Federal Supply Class, are provided by a single contractor, or are otherwise logically grouped for the purpose of analyzing information on price trends.

“(3) The analysis of information on price trends under paragraph (1) shall include, in any category in which significant escalation in prices is identified, a more detailed examination of the causes of escalation for such prices within the category and whether such price escalation is consistent across the Department of Defense.

“(4) The head of a Department of Defense agency or the Secretary of a military department shall take appropriate action to address any unjustified escalation in prices being paid for items procured by that agency or military department as identified in an analysis conducted pursuant to paragraph (1).

“(5) Not later than April 1 of each year, the Secretary of Defense shall submit to the Committee on Armed Services of the Senate and the Committee on Armed Services of the House of Representatives a report on the analyses of price trends that were conducted for categories of exempt commercial items during the preceding fiscal year under the procedures prescribed pursuant to paragraph (1). The report shall include a

description of the actions taken to identify and address any unjustified price escalation for the categories of items.

“(6) This subsection shall not be in effect on and after April 1, 2013.”.

SEC. 403. CONTRACTOR AND GRANTEE DISCLOSURE OF DELINQUENT FEDERAL TAX DEBTS.

(a) REQUIREMENT.—

(1) IN GENERAL.—Chapter 37 of title 31, United States Code, is amended by adding at the end of subchapter II the following new section:

“§3720F. Contractor and grantee disclosure of delinquent Federal tax debts

“(a) REQUIREMENT RELATING TO CONTRACTS.—The head of any executive agency that issues an invitation for bids or a request for proposals for a contract in an amount greater than the simplified acquisition threshold shall require each person that submits a bid or proposal to submit with the bid or proposal a form—

“(1) certifying that the person does not have a seriously delinquent tax debt; and

“(2) authorizing the Secretary of the Treasury to disclose to the head of the agency information strictly limited to verifying whether the person has a seriously delinquent tax debt.

“(b) REQUIREMENT RELATING TO GRANTS.—The head of any executive agency that offers a grant in excess of an amount equal to the simplified acquisition threshold may not award such grant to any person unless such person submits with the application for such grant a form—

“(1) certifying that the person does not have a seriously delinquent tax debt; and

“(2) authorizing the Secretary of the Treasury to disclose to the head of the executive agency information strictly limited to verifying whether the person has a seriously delinquent tax debt.

“(c) FORM FOR RELEASE OF INFORMATION.—The Secretary of the Treasury shall make available to all executive agencies a standard form for the certification and authorization described in subsections (a) and (b).

“(d) DEFINITIONS.—In this section:

“(1) CONTRACT.—The term ‘contract’ means a binding agreement entered into by an executive agency for the purpose of obtaining property or services, but does not include—

“(A) a contract for property or services that is intended to be entered into through the use of procedures other than competitive procedures by reason of section 2304(c)(2) of this title; or

“(B) a contract designated by the head of the agency as necessary to the national security of the United States.

“(2) EXECUTIVE AGENCY.—The term ‘executive agency’ has the meaning given that term in section 4(1) of the Office of Federal Procurement Policy Act (41 U.S.C. 403(1)).

“(3) PERSON.—The term ‘person’ includes—

“(A) an individual;

“(B) a partnership; and

“(C) a corporation.

“(4) SERIOUSLY DELINQUENT TAX DEBT.—The term ‘seriously delinquent tax debt’—

“(A) means any Federal tax liability—

“(i) that exceeds \$3,000;

“(ii) that has been assessed by the Secretary of the Treasury and not paid; and

“(iii) for which a notice of lien has been filed in public records; and

“(B) does not include any Federal tax liability—

“(i) being paid in a timely manner under an offer-in-compromise or installment agreement;

“(ii) with respect to which collection due process proceedings are not completed; or

“(iii) with respect to which collection due process proceedings are completed and no further payment is required.

“(5) SIMPLIFIED ACQUISITION THRESHOLD.—The term ‘simplified acquisition threshold’ has the meaning given that term in section 4(11) of the Office of Federal Procurement Policy Act (41 U.S.C. 403(11)).

“(e) REGULATIONS.—The Administrator for Federal Procurement Policy, in consultation with the Secretary of the Treasury, shall promulgate regulations that—

“(1) treat corporations and partnerships as having a seriously delinquent tax debt if such corporation or partnership is controlled (directly or indirectly) by persons who have a seriously delinquent tax debt;

“(2) provide for the proper application of subsections (a)(2) and (b)(2) in the case of corporations and partnerships; and

“(3) provide for the proper application of subsection (a) to first-tier subcontractors that are identified in a bid or proposal and are a significant part of a bid or proposal term.”.

(2) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 37 of such title is amended by adding after the item relating to section 3720E the following new item:

“3720F. Contractor and grantee disclosure of delinquent Federal tax debts.”.

(b) REVISION OF FEDERAL ACQUISITION REGULATION.—Not later than 90 days after the final promulgation of regulations under section 3720F(e) of title 31, United States Code, as added by subsection (a), the Federal Acquisition Regulation shall be revised to incorporate the requirements of section 3720F of such title.

SEC. 404. INDEPENDENCE OF CONTRACT AUDITS AND BUSINESS SYSTEM REVIEWS.

(a) DEFENSE CONTRACT AUDIT AGENCY GENERAL COUNSEL.—

(1) IN GENERAL.—Subchapter II of chapter 8 of title 10, United States Code, is amended by adding at the end the following new section:

“§204. Defense Contract Audit Agency general counsel

“(a) GENERAL COUNSEL.—The Director of the Defense Contract Audit Agency shall appoint a General Counsel of the Defense Contract Audit Agency.

“(b) DUTIES.—(1) The General Counsel shall perform such functions as the Director may prescribe and shall serve at the discretion of the Director.

“(2) Notwithstanding section 140(b) of this title, the General Counsel shall be the chief legal officer of the Defense Contract Audit Agency.

“(3) The Defense Contract Audit Agency shall be the exclusive legal client of the General Counsel.

“(c) OFFICE OF THE GENERAL COUNSEL.—There is established an Office of the General Counsel within the Defense Contract Audit Agency. The Director may appoint to the Office to serve as staff of the General Counsel such legal counsel as the Director determines is appropriate.”.

(2) CLERICAL AMENDMENT.—The table of sections at the beginning of subchapter II of chapter 8 of such title is amended by adding at the end the following new item:

“204. Defense Contract Audit Agency general counsel.”.

(b) CRITERIA FOR BUSINESS SYSTEM REVIEWS.—

(1) IN GENERAL.—Chapter 131 of title 10, United States Code, is amended by inserting after section 2222 the following new section:

“§2222a. Criteria for business system reviews

“(a) CRITERIA FOR BUSINESS SYSTEM REVIEWS.—The Secretary of Defense shall ensure that any contractor business system review carried out by a military department, a Defense Agency, or a Department of Defense Field Activity—

“(1) complies with generally accepted government auditing standards issued by the Comptroller General;

“(2) is performed by an audit team that does not engage in any other official activity (audit-related or otherwise) involving the contractor concerned;

“(3) is performed in a time and manner consistent with a documented assessment of the risk to the Federal Government; and

“(4) involves testing on a representative sample of transactions sufficient to fully examine the integrity of the contractor business system concerned.

“(b) **CONTRACTOR BUSINESS SYSTEM REVIEW DEFINED.**—In this section, the term ‘contractor business system review’ means an audit of policies, procedures, and internal controls relating to accounting and management systems of a contractor.”.

(2) **CLERICAL AMENDMENT.**—The table of sections at the beginning of chapter 131 of such title is amended by inserting after the item relating to section 2222 the following new item:

“2222a. Criteria for business system reviews.”.

(c) **CONTRACT AUDIT GUIDANCE.**—Not later than 180 days after the date of the enactment of this Act, the Secretary of Defense shall issue guidance relating to contract audits carried out by a military department, a defense agency, or a Department of Defense field activity that are not contractor business system reviews, as described under section 2222a of title 10, United States Code, that—

(1) requires that such audits comply with generally accepted government auditing standards issued by the Comptroller General and are performed in a time and manner consistent with a documented assessment of risk to the Federal Government;

(2) establishes guidelines for discussions of the scope of the audit with the contractor concerned that ensure that such scope is not improperly influenced by the contractor;

(3) provides for withholding of contract payments when necessary to compel the submission of documentation from the contractor; and

(4) requires that the results of contract audits performed on behalf of an agency of the Department of Defense be shared with other Federal agencies upon request, without reimbursement.

(d) **EFFECTIVE DATES.**—

(1) **SECTION 204.**—Section 204 of title 10, United States Code, as added by subsection (a), shall take effect on the date of the enactment of this Act.

(2) **SECTION 2222A.**—Section 2222a of title 10, United States Code, as added by subsection (b), shall take effect 180 days after the date of the enactment of this Act.

SEC. 405. BLUE RIBBON PANEL ON ELIMINATING BARRIERS TO CONTRACTING WITH THE DEPARTMENT OF DEFENSE.

(a) **REQUIREMENT TO ESTABLISH.**—The Secretary of Defense shall establish a panel consisting of owners of large and small businesses that are not traditional defense suppliers, for purposes of creating a set of recommendations on eliminating barriers to contracting with the Department of Defense and its defense supply centers.

(b) **MEMBERS.**—The panel shall consist of nine members, of whom—

(1) three shall be appointed by the Secretary of the Army;

(2) three shall be appointed by the Secretary of the Navy; and

(3) three shall be appointed by the Secretary of the Air Force.

(c) **APPOINTMENT DEADLINE.**—Members shall be appointed to the panel not later than 180 days after the date of the enactment of this Act.

(d) **DUTIES.**—The panel shall be responsible for developing a set of recommendations on eliminating barriers to contracting with the Department of Defense and its defense supply centers.

(e) **REPORT.**—Not later than one year after the date of the enactment of this Act, the panel shall submit to Congress a report containing its recommendations.

SEC. 406. INCLUSION OF THE PROVIDERS OF SERVICES AND INFORMATION TECHNOLOGY IN THE NATIONAL TECHNOLOGY AND INDUSTRIAL BASE.

(a) **REVISED DEFINITIONS.**—Section 2500 of title 10, United States Code, is amended—

(1) in paragraph (1), by striking “or maintenance” and inserting “integration, services, or information technology”;

(2) in paragraph (4), by striking “or production” and inserting “production, integration, services, or information technology”;

(3) in paragraph (9)(A), by striking “and manufacturing” and inserting “manufacturing, integration, services, and information technology”;

(4) by adding at the end the following new paragraph:

“(15) The term ‘integration’ means the process of providing systems engineering and technical direction for a system for the purpose of achieving capabilities that satisfy contract requirements.”.

(b) **REVISED OBJECTIVES.**—Section 2501(a) of such title is amended—

(1) in paragraph (1), by striking “Supplying and equipping” and inserting “Supplying, equipping, and supporting”;

(2) in paragraph (2), by striking “and logistics for” and inserting “logistics, and other activities in support of”;

(3) in paragraph (4), by striking “and produce” and inserting “, produce, and support”;

(4) by redesignating paragraph (6) as paragraph (8) and inserting after paragraph (5) the following new paragraphs:

“(6) Providing for the generation of services capabilities that are not core functions of the armed forces and that are critical to military operations within the national technology and industrial base.

“(7) Providing for the development, production, and integration of information technology within the national technology and industrial base.”.

(c) **REVISED ASSESSMENTS.**—Section 2505(b)(4) of such title is amended by inserting after “of this title” the following “or major automated information systems (as defined in section 2445a of this title)”.

(d) **REVISED POLICY GUIDANCE.**—Section 2506(a) of such title is amended by striking “budget allocation, weapons” and inserting “strategy, management, budget allocation.”.

The Acting CHAIR. No amendment to the committee amendment is in order except those printed in House Report 411–467. Each amendment may be offered only in the order printed in the report, by a Member designated in the report, shall be considered read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question.

AMENDMENT NO. 1 OFFERED BY MR. SKELTON

The Acting CHAIR. It is now in order to consider amendment No. 1 printed in House Report 111–467.

Mr. SKELTON. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 1 offered by Mr. SKELTON: Page 3, in the table of contents, strike the item relating to section 107 and insert the following:

Sec. 107. Requirement to include references to services acquisition throughout the Federal Acquisition Regulation.

Page 4, after line 12, strike the items relating to sections 2545 and 2546 and insert the following:

“2545. Performance assessments of the defense acquisition system.

“2546. Audits of performance assessments.

Page 5, line 1, strike “assessment” and insert “assessments”.

Page 8, line 12, strike “analysis” and insert “Analysis”.

Page 11, line 1, strike “assessment” and insert “assessments”.

Page 16, line 9, strike “System” and insert “Systems”.

Page 26, line 10, insert “primarily” after “guidance”.

Page 27, line 22, strike “CONTRACTING” and insert “ACQUISITION”.

Page 28, line 14, strike “contracting” and insert “acquisition”.

Page 28, lines 15 and 16, strike “contracting” and insert “acquisition”.

Page 29, beginning on line 8, strike “and for which” and all that follows through “title” on line 10.

Page 30, insert after line 5 the following:

“(4) Nothing in the contract shall further restrict or otherwise affect the rights in technical data of the Government, the contractor, or any subcontractor of the contractor for items developed by the contractor or any such subcontractor exclusively at private expense, as prescribed in regulations implementing section 2320(a)(2)(B) of this title.

Page 69, line 17, strike “of the risk” and insert “of risk”.

Page 73, line 12, strike “contract” and insert “program”.

The Acting CHAIR. Pursuant to House Resolution 1300, the gentleman from Missouri (Mr. SKELTON) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Missouri.

Mr. SKELTON. Mr. Chairman, the amendment before us is one that is technical in nature. It merely seeks to clarify certain technical errors and inconsistencies that arose during the process of drafting the bill. It conforms the bill to the intent of the Armed Services Committee in its markup. It makes no substantive changes, is non-controversial, and I would certainly hope that we could adopt the amendment.

Mr. ANDREWS. Mr. Chairman, I rise to claim the time in opposition to the amendment, although I will not oppose the amendment.

The Acting CHAIR. Without objection, the gentleman from New Jersey is recognized for 5 minutes.

There was no objection.

Mr. ANDREWS. We find it completely acceptable to yield to the minority if they have any comments. Otherwise, we support the amendment.

I yield back the balance of my time.

Mr. SKELTON. At this time, Mr. Chairman, I yield 2 minutes to the gentleman from New York (Mr. ARCURI).

Mr. ARCURI. Mr. Chairman, thank you for yielding me this time, and I ask that we enter a colloquy to discuss the Arcuri-Shuler-Davis amendment and the health of the titanium industrial base.

As this bill recognizes, providing high technology equipment to the Department of Defense is a major source of high-paying, high-skilled jobs throughout this country. Although it is easy to think of the industrial base in terms of big aerospace companies, the

real guts of these systems are mostly built by small parts assembly suppliers located throughout this country. I represent a number of those firms in my district.

Congress has long recognized that certain industrial capacities important to the Department of Defense are critical to maintain in this country; among these are the ability to produce titanium parts made from titanium. Section 2533(b) of Title 10 of the United States Code requires the products procured by the Department of Defense which contain titanium must use titanium metal and titanium parts produced in the United States. The law contains a number of exceptions, however, that allow for metal and parts produced overseas to enter the supply chain. I am concerned that the use of these exceptions has expanded far beyond Congress' original intent and may be undermining the law.

I, along with my colleagues HEATH SHULER and GEOFF DAVIS, filed an amendment with the Rules Committee requiring the Department of Defense to prepare a report on the impact that these exceptions are having on the domestic industrial base. However, it was brought to our attention that your committee is working on this issue as part of the National Defense Authorization Act for fiscal year 2011 and that this matter will be addressed in a few weeks.

Mr. Chairman, is that correct?

Mr. SKELTON. Will the gentleman yield?

Mr. ARCURI. I yield to the gentleman from Missouri.

Mr. SKELTON. The gentleman is correct. The Armed Services Committee has under consideration a number of requests from Members of the House related to the impacts of current law regarding titanium and other specialty metals on the industrial base. We will consider these requests when we mark up the National Defense Authorization Act for fiscal year 2011.

I look forward to working with Mr. ARCURI, Mr. SHULER, and Mr. DAVIS on the issue in the coming weeks so that these important concerns are addressed. I thank the gentleman for his efforts on this bill, H.R. 5013, and for agreeing to assist the committee in putting together our authorization bill.

The Acting CHAIR. The time of the gentleman has expired.

Mr. SKELTON. Mr. Chairman, I yield 1 minute to the gentleman from North Carolina (Mr. ETHERIDGE).

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

Mr. ETHERIDGE. Mr. Chair, I rise in support of the amendment and thank the gentleman for yielding.

This bill really reflects two major responsibilities of our government—keeping America safe and restoring discipline to our budget by eliminating unnecessary government spending—and I commend them.

For too long, the unscrupulous defense contractors have been taking ad-

vantage of American taxpayers, which not only costs us money but restricts our ability to get our soldiers the equipment they need in a timely manner. This bill ends waste, fraud, and abuse and makes sure that we get five cents of value for every nickel spent.

As a former small business owner in North Carolina, I know what it takes to balance the books and get value for the dollar invested.

□ 1245

This bill and amendment modernizes the Defense Department's acquisitions by practices that are proven in business. More broadly, this bill makes sure that our men and women in harm's way can get the tools they need to protect our Nation quickly and efficiently. Simply put, this reform saves lives and saves money, Mr. Chairman. I thank the gentlemen for this legislation.

I rise today in support of H.R. 5013, the IMPROVE Act for defense acquisition reform.

This bill reflects two major responsibilities of our government: keeping Americans safe and restoring discipline to our budget by eliminating unnecessary government spending.

For too long, unscrupulous defense contractors have been taking advantage of the American taxpayer, which not only costs us money but restricts our ability to get our soldiers the equipment they need.

This bill ends waste, fraud, and abuse and makes sure that we get five cents of value for every nickel spent.

As a former small business owner in North Carolina, I know what it takes to balance the books and get value from purchases. This bill modernizes Department of Defense acquisition using practices that have been proven to work in business. The IMPROVE Acquisition Act will boost DOD transparency and accountability, increase innovation and competitiveness in the acquisition process, and modernize the DOD workforce and financial management system. It reforms the business of our national defense, providing the military with the power to tackle greed, corruption and self-serving business practices that threaten our safety and waste our money.

This reform provides a fair and level playing field. Businesses that play by the rules should not be disadvantaged by those who don't. Businesses that have been giving fair value should be rewarded, and contractors that fail should not get another dime. This reform restores common sense to a system that should reward patriotic businesses who are trying to serve our nation.

This acquisition reform provides incentives for acquisition managers to protect our investment, proud and certain that they can say "No!" to cynical manipulation of contracts.

The bill also sets reasonable expectations for contractors, that, my North Carolina neighbors would be surprised aren't already in place. For example, if you owe taxes you should not be planning to be paid by the government. That is basic fairness and judgment, straight out common sense, and this reform provides more of that.

More broadly, this bill makes sure that our men and women in harm's way can get the tools they need to protect our nation quickly and efficiently. Service men and service

women commit their very lives to the service of the Nation. They deserve the best equipment, the best materials, and the best possible support. Bringing together all the materiel that makes the world's greatest military possible has been a continuous challenge. In addition to the process and business reforms in the bill, H.R. 5013 brings the commanders into the loop, so they can be confident that they will get the right tools to their soldiers in the field. The progress we have made in this bill will empower the Armed Forces to better meet the many challenges faced by our military.

Simply put, this reform saves lives and saves money. Mr. Chair, I support this legislation, and I urge my colleagues to join me in passing H.R. 5013.

Mr. SKELTON. Mr. Chairman, I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentleman from Missouri (Mr. SKELTON).

The amendment was agreed to.

AMENDMENT NO. 2 OFFERED BY MR. SESSIONS

The Acting CHAIR. It is now in order to consider amendment No. 2 printed in House Report 111-467.

Mr. SESSIONS. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 2 offered by Mr. SESSIONS: At the end of title IV, add the following new section:

SEC. 407. CONSTRUCTION OF ACT ON COMPETITION REQUIREMENTS FOR THE ACQUISITION OF SERVICES.

Nothing in this Act or the amendments made by this Act shall be construed to affect the competition requirements of section 2304 of title 10, United States Code, with respect to the acquisition of services.

The Acting CHAIR. Pursuant to House Resolution 1300, the gentleman from Texas (Mr. SESSIONS) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Texas.

Mr. SESSIONS. Mr. Chairman, my amendment to the IMPROVE Act sets the record straight on the importance of competition in Federal contracting. My amendment simply clarifies that nothing in this bill restricts the current public-private competition requirements that already exist in title 10 of the United States Code.

Competing contracts help the government to be a "smarter shopper." This process simply compares costs and performance currently being used by the Federal Government to alternatives available in the private and nonprofit organizations. Whether the benefits are produced by keeping the work within the agency, or from contracting out, the best deal for the taxpayer and our national defense should win every single time.

The Office of Management and Budget Report on Competitive Sourcing Results for fiscal year 2007 showed that competitions between year 2003 and 2007 have saved the taxpayer \$7.2 billion. Expected savings from competition are approximately \$1 billion a

year. Taxpayers will receive a return of about \$30 for every dollar spent on competition. Competition simply gives the taxpayer the opportunity to be a smarter shopper and to get the best products available for the very best price.

I not only encourage my colleagues to support this amendment, but also to adopt competitive sourcing procedures in all of our Federal agencies. What is good for the Department of Justice and the Department of Defense and all across this government is certainly good enough for the Department of Labor and all agencies.

This IMPROVE Act is one step toward combating the waste, fraud and abuse of contracting within the Federal Government. I support this legislation and believe it is not only intended for the right purposes, but will also achieve that. I ask that all of my colleagues support passage of this amendment.

I reserve the balance of my time.

Mr. ANDREWS. Mr. Chairman, I rise to claim the time in opposition to the amendment, although I do not oppose the amendment.

The Acting CHAIR. Without objection, the gentleman from New Jersey is recognized for 5 minutes.

There was no objection.

Mr. ANDREWS. Mr. Chairman, I would like to thank my friend from Texas for offering this amendment. I think it makes a very significant contribution to this legislation.

What it effectively says is that competition should always be the general rule. Only when there is a compelling reason for an exception should there be one. So, for example, if there is a national emergency or there truly is only one entity that could provide a good or service, then in those exceptional circumstances, but only in those exceptional circumstances, should there be no competition before rewarding of a contract.

Again, I think the amendment is very much consistent with the purpose, spirit and letter of the bill, and I would urge my colleagues to support it.

I reserve the balance of my time.

Mr. SESSIONS. Mr. Chairman, I do want to thank the gentleman from New Jersey (Mr. ANDREWS) not only for his testimony before the Rules Committee yesterday, but also that of Mr. CONAWAY.

With the intent of their legislation, they are trying to streamline the government, save money, produce a better product, and perhaps more importantly, to make sure that the American people have confidence in the money that they are spending that goes for the intended reasons. For that I not only appreciate you, Mr. Chairman, but also the hard work and the thoughtfulness that the gentleman from New Jersey (Mr. ANDREWS) has put into this.

I yield back the balance of my time.

Mr. ANDREWS. I urge support of the amendment, and I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentleman from Texas (Mr. SESSIONS).

The amendment was agreed to.

AMENDMENT NO. 3 OFFERED BY MR. ANDREWS

The Acting CHAIR. It is now in order to consider amendment No. 3 printed in House Report 111-467.

Mr. ANDREWS. I have an amendment at the desk as the designee of the author, Mr. HASTINGS.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 3 offered by Mr. ANDREWS: Page 44, after line 17, insert the following:

“(5) A deliberate workforce development strategy that ensures diversity in promotion, advancement, and experiential opportunities commensurate with the general workforce outlined in this section.

The Acting CHAIR. Pursuant to House Resolution 1300, the gentleman from New Jersey (Mr. ANDREWS) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from New Jersey.

Mr. ANDREWS. Mr. Chairman, Mr. HASTINGS makes a very valid amendment to this bill that acknowledges that when we want to build the best workforce and brightest workforce, we should reach for diversity of the workforce. Mr. HASTINGS’ amendment acknowledges the fact that we are living in a global economy, and one of the principal assets of our country is the diversity of our population in understanding literally every corner of the world because our people come from every corner of the world.

Mr. HASTINGS’s amendment directs that the Department of Defense, in its efforts under Title II of this bill, to improve the quality of our workforce, take into account the diversity of life experiences and backgrounds of those who apply for those positions. It is a very worthy amendment, entirely consistent with the purposes of the bill. I urge its adoption.

Mr. ANDREWS. I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentleman from New Jersey (Mr. ANDREWS).

The amendment was agreed to.

AMENDMENT NO. 4 OFFERED BY MR. HALL OF NEW YORK

The Acting CHAIR. It is now in order to consider amendment No. 4 printed in House Report 111-467.

Mr. HALL of New York. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 4 offered by Mr. HALL of New York:

Page 9, after line 22, insert the following:

“(f) INCLUSION IN ANNUAL REPORT.—The Director of the Office of Performance Assessment and Root Cause Analysis shall include information on the activities undertaken by the Director under this section in the annual

report of the Director required under section 103(f) of the Weapon Systems Acquisition Reform Act of 2009 (Public Law 111-23; 123 Stat. 1716), including information on any performance assessment required by subsection (a) with significant findings. In addition, if a performance assessment uncovers particularly egregious problems, as identified by the Director, the Director shall submit to the Committees on Armed Services of the Senate and the House of Representatives a report on such problems within 30 days after the problems are identified.

Page 9, line 23, strike “(f)” and insert “(g)”.

The Acting CHAIR. Pursuant to House Resolution 1300, the gentleman from New York (Mr. HALL) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from New York.

Mr. HALL of New York. Mr. Chairman, I thank Mr. ANDREWS for supporting this amendment and offering me the time to rise in support of increasing reporting requirements and Congressional oversight of defense acquisition systems. I thank Chairwoman SLAUGHTER of the Rules Committee for making this amendment in order, and also to Chairman SKELTON and Mr. ANDREWS for bringing H.R. 5013 forward and supporting the amendment. I would also like to thank the staff of the House Armed Services Committee and the Office of Legislative Counsel for helping draft this amendment.

I am pleased that we are addressing this critical issue. Last year when Congress reformed defense weapons procurement, we tackled only about 20 cents of each dollar that this Nation spends on defense contracting. The other 80 percent is on non-weapons system contracts. This amounts to more than \$1 billion a day.

Today’s bill may seem to address the less glamorous side of defense spending until you remember our men and women in uniform rely every day on contractors to provide them with meals, equipment, and even health care. Increased accountability for these service contracts is critical to the well-being of our soldiers and to ensuring that the taxpayers are not on the hook for wasteful spending.

As the Representative for New York’s 19th Congressional District, I am also well aware of importance of this sort of defense spending since I have the honor and privilege of representing the United States military academy at West Point and serving on its board of visitors.

West Point does not develop major weapons systems, but it does develop the Army’s next generation of leaders. The cadets at West Point rely on exactly the services and products covered by this bill. They, and all service men and women, deserve to know that they are getting the best.

This amendment would require the DOD to include the performance assessments required by H.R. 5013 in an annual report to Congress, similar to provisions in last year’s weapons systems

procurement bill. It also requires that DOD report to Congress when it uncovers a particularly egregious problem.

When I visited Afghanistan last April, I talked to soldiers from all over New York and asked them what they needed, what Congress could do to improve their lives. I expected to hear more about MRAPs or shorter tours of duty. Instead, they told me they wanted more shower facilities with more hot water that works, and faster Internet broadband connections so they could talk with their families. These services which we take for granted provide a slice of home life and comfort to our troops serving in the most difficult of circumstances.

This amendment will help ensure Congress is made aware of defense acquisition systems that are not delivering a useful service to our men and women in uniform, or are wasting taxpayer funds. Prompt knowledge of the worst offenders will help Congress better address these issues. Our soldiers serving overseas and here at home and the cadets at West Point deserve no less. Their safety, comfort and health depend on it, and I urge my colleagues to support this amendment and the underlying bill.

I reserve the balance of my time.

Mr. ANDREWS. Mr. Chairman, I rise to claim the time in opposition to the amendment, although we do not oppose the amendment.

The Acting CHAIR. Without objection, the gentleman from New Jersey is recognized for 5 minutes.

There was no objection.

Mr. ANDREWS. We support Mr. HALL's amendment. He has been an advocate for government transparency since his first day in this institution. This amendment is a significant stride forward for transparency.

Last year's major weapons system bill and this bill vests significant authority in the PARCA office, which is the review office or the auditing office of the Secretary of Defense. This office, under this bill, will compile annual reports judging the quality of the work by procurement organizations throughout the Department of Defense.

Mr. HALL's amendment ensures that those reports become public documents so the taxpayer can understand with great specificity the quality or lack thereof by which their tax dollars are being spent. Mr. HALL is providing a valuable tool for oversight. Future Congresses will be able to understand those reports and act efficiently in terms of their oversight responsibilities.

I think even more importantly what Mr. HALL has done is given the public an opportunity for that oversight. Some of the very best work on ferreting out wasteful government spending has come as a result of the First Amendment, from the press and from the public.

So Mr. HALL's amendment will give the press and the public, as well as the Members of this body, an opportunity

to understand the quality or lack thereof of procurement activities. I commend him for that, and urge support of his amendment.

I reserve the balance of my time.

□ 1300

Mr. HALL of New York. Once again, I urge my colleagues to support the amendment and yield back the balance of my time.

Mr. ANDREWS. Mr. Chairman, I yield back the time in opposition and urge a "yes" vote.

The Acting CHAIR. The question is on the amendment offered by the gentleman from New York (Mr. HALL).

The question was taken; and the Acting Chair announced that the ayes appeared to have it.

Mr. HALL of New York. Mr. Chair, I demand a recorded vote.

The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from New York will be postponed.

AMENDMENT NO. 5 OFFERED BY MS. EDWARDS OF MARYLAND

The Acting CHAIR. It is now in order to consider amendment No. 5 printed in House Report 111-467.

Ms. EDWARDS of Maryland. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 5 offered by Ms. EDWARDS of Maryland:

Page 61, line 3, strike "(c)" and insert "(d)".

Page 61, line 8, strike "(d)" and insert "(e)".

Page 61, insert after line 2 the following new subsection:

(c) OUTREACH TO LOCAL FIRMS NEAR DEFENSE INSTALLATIONS.—The program established under subsection (a) shall include outreach, using procurement technical assistance centers, to notify firms of all business sizes in the vicinity of Department of Defense installations of opportunities to obtain contracts and subcontracts to perform work at such installations.

Page 61, insert after line 18 the following new paragraph:

(3) PROCUREMENT TECHNICAL ASSISTANCE CENTER.—The term "procurement technical assistance center" means a center operating under a cooperative agreement with the Defense Logistics Agency to provide procurement technical assistance pursuant to the authority provided in chapter 142 of title 10, United States Code.

The Acting CHAIR. Pursuant to House Resolution 1300, the gentleman from Maryland (Ms. EDWARDS) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Maryland.

Ms. EDWARDS of Maryland. Mr. Chairman, I yield myself such time as I may consume.

I want to first thank Representative ANDREWS for introducing the IMPROVE Act, H.R. 5013, and to Chairman SKELTON for all their hard work on this legislation and really steadfast support of our armed services.

My amendment will help businesses that are in the vicinity of defense installations, especially small, minority and women-owned businesses and veteran-owned businesses, access defense contracting opportunities.

I have heard the frustration of my constituent small businesses that are unable to access the complex system of defense acquisition and procurement. For example, one company located just across the street from Andrews Air Force Base in Camp Springs, Maryland, in my congressional district has repeatedly attempted to access on-base business opportunities. This company has the capacity, as indicated by contracts they have with other government entities, but they have been stymied on every attempt at Andrews. With this amendment, this company will receive the technical assistance necessary to compete.

In my conversations with the base leadership at Andrews—and I want to thank them for their hard work—I hear their desire to work with the surrounding community and the businesses in it. With this amendment, they will receive the authority they need to engage in outreach to drive economic development activity directly around the base with entities such as the company I referenced in Camp Springs. This is true all across the country where we have installations located.

I am encouraged that through this provision this scenario can really play out in Maryland, from Andrews to Fort Meade and all across the country; and in some regions this is particularly important. This provision will help build communities around our defense installations by directly including the businesses which are oftentimes right along the fence line but are currently left out of the contracting opportunity. By including these community businesses, capable community businesses, small businesses, the installations will strengthen their bonds to the community and these areas will receive a much needed economic boost. It is as important for those communities as it is for our installations. We want there to be a bond with the local community because we want them to embrace the installations that surround them.

In the Fourth Congressional District of Maryland, I have so many competent and capable businesses that provide products and services that could really be used by the Department of Defense; but due to a lack of knowledge and a lack of communication and a lack of outreach, these companies often don't even hear about the opportunities until it's way too late. This amendment takes a step toward ensuring our businesses are aware of those opportunities and then supports competing for them.

This amendment is a powerful tool for the Defense Department to use to be more inclusive of our businesses that all too often watch competitors

from other States, regions, and sometimes even other nations receive contracting opportunities right in those communities.

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

Mr. ANDREWS. Mr. Chairman, I claim time in opposition, although I do not oppose the amendment. Again, I would yield to the minority at any time it wishes.

The Acting CHAIR. Without objection, the gentleman from New Jersey is recognized for 5 minutes.

There was no objection.

Mr. ANDREWS. I want to strongly support the gentlady's amendment. I think there is scarcely a Member of this body who has not encountered a situation where a strong, viable business just outside the gate of a military establishment finds frustration that it cannot fairly compete for business opportunities, and the gentlady has well described the situation.

I have never heard a constituent say they want a special deal or they want to have special rules under the competition. What I've heard them say, Mr. Chairman, is that they want a fair and even chance to compete, but they want to be able to show there is some benefit to shopping locally. I think this is true in each of the districts that we all represent.

I think the gentlady has struck exactly the right balance between the need for true competition, so if the best deal is further away, you take it; but where there is careful and deliberate consideration of the companies and vendors that already exist in the community in which the military base is located, not only does this have the benefit of offering better value for the tax dollar, it also, I think, will build better community relations for our bases throughout the country.

So I think she has done a great service by offering this amendment.

I would urge a "yes" vote on it and reserve the balance of my time in opposition.

Ms. EDWARDS of Maryland. Let me just conclude—and I thank you, Mr. ANDREWS, for your comments because it's so true that as a Nation we have already seen the beginnings of an economic recovery, what looks to be a strong economic recovery, but we need to make sure that our constituents and that communities and businesses throughout this country, especially the ones that are located in proximity and vicinity to defense installations, also enjoy the benefits of this economic recovery.

And so it is true, it is my goal that, with this amendment, no more of my constituents will drive by an on-base construction job and look at that job in progress or see a delivery truck going into that base and through the gates of the installation and say to themselves, I wish I knew how to get business with the Defense Department. I understand that frustration, and I understand why we must address it; and I

believe that this amendment does exactly that.

Again, as Mr. ANDREWS has pointed out, the gentleman from New Jersey has pointed out, in fact this is about enhancing competition. It's not about getting in the way of it. And it's about giving the Department of Defense the kind of tools that it needs to engage in that kind of community outreach. And so no more will there be an excuse of not understanding how to reach those businesses, but they will have a tool to make sure that they get to them.

Mr. Chairman, I urge the passage of this amendment and yield back the balance of my time.

Mr. ANDREWS. Mr. Chairman, I urge a "yes" vote and yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentlewoman from Maryland (Ms. EDWARDS).

The amendment was agreed to.

AMENDMENT NO. 6 OFFERED BY MS. MOORE OF WISCONSIN

The Acting CHAIR. It is now in order to consider amendment No. 6 printed in House Report 111-467.

Ms. MOORE of Wisconsin. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 6 offered by Ms. MOORE of Wisconsin:

Page 6, line 21, insert after "performance" the following: "including compliance with the Department of Defense policy regarding the participation of small business concerns owned and controlled by socially and economically disadvantaged individuals, veteran-owned small businesses, service-disabled, veteran-owned small businesses, and women-owned small businesses".

The Acting CHAIR. Pursuant to House Resolution 1300, the gentlewoman from Wisconsin (Ms. MOORE) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from Wisconsin.

Ms. MOORE of Wisconsin. Mr. Chairman, my amendment addresses the role that small businesses can play in helping our Defense Department and the men and women in uniform who ultimately are benefited by a properly functioning acquisition process.

Now, there is not an elected official anywhere who won't tell you that small businesses are the key engines of economic growth for communities across our country, including Milwaukee, which I have the honor to represent. We've heard this statement countless times.

According to the Department of Defense, small business is the key to sustaining and improving our industrial base and to maintain competition and innovation. Yet despite congressional efforts to encourage the participation of small economically and socially disadvantaged businesses, including those owned by veterans, small businesses, in Defense Department acquisitions, con-

cerns remain about bundled contracts and the ability of those businesses to fully participate on a level playing field against larger defense contractors.

I know I have heard these concerns from businesses in my district, including just this morning. I'm sure that my colleagues can share similar stories. When the rubber hits the road at the Department of Defense, small businesses find a giant pothole waiting for them in pursuing contracts.

If we are to reform this broken acquisition system, which is the goal of this bipartisan bill, we need to ensure that it is working for small businesses as well. We can't do that without assessing how well it is working for those businesses now, and that's what my amendment intends to do.

My amendment calls upon the Department, when developing measures to assess contractor performance as called for in this bill before us, to specifically measure how the prime contractors themselves are involving small businesses, including those owned by veterans, women, and socially and economically disadvantaged individuals, as well as subcontractors. If I'm not mistaken, Federal law requires that large Federal prime contractors receiving Federal contracting exceeding \$550,000—and \$1 million in the case of construction—on a contract which offers subcontracting opportunities must have subcontracting plans with goals that provide maximum opportunities to these small businesses.

I am so pleased that the bill already would require the Department to look at the excessive use of contract bundling which has previously been identified as an obstacle for small businesses competing for DOD contracts. And I also know that in the report accompanying this bill, the House Armed Services Committee urged the Department to develop a metric for small business utilization as part of the new assessment tools the bill requires. My amendment supports that goal.

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

Mr. ANDREWS. Mr. Chairman, I rise to claim time in opposition, although I do not oppose the amendment.

The Acting CHAIR. Without objection, the gentleman from New Jersey is recognized for 5 minutes.

There was no objection.

Mr. ANDREWS. Mr. Chairman, I would like to thank the gentlady for offering this amendment and for her fierce advocacy for the people not only of the Milwaukee area, but small businesses across the country.

The gentlady is correct that one of the underlying ideas in this bill is that defense procurement organizations within the Department of Defense will be evaluated by measurements of how well they are doing their job. They in turn will measure contractors, prime contractors, on how well they are doing their job for the servicemember and for the taxpayer.

One of the criteria by which the procurement organization should be measured and by which the prime contractors should be measured is their compliance with the law with respect to inclusion of small businesses. That is what the gentlelady's amendment does. We strive to include small businesses not only because we acknowledge on both sides of the aisle that small businesses are the economic generator of three-quarters of the private sector jobs created in our country, but also because we understand that competition that is engendered by the inclusion of more small businesses improves the quality and value of the contracting process, it improves the quality of what we're buying for the servicemembers and their families, and value for the taxpayer as well.

So the gentlelady's amendment, I believe, institutionalizes the practice of evaluating inclusion of small business competition, not in lieu of a better deal, but to create a better deal for the servicemembers and for the taxpayer. So I thank her very much for her contribution to this bill.

I would urge a "yes" vote in favor of her amendment, and I reserve the balance of my time in opposition.

Ms. MOORE of Wisconsin. It is time that the rhetoric meets reality. Small business is the key to economic growth in our country and ensuring that small businesses can compete and that the Defense Department gets the products, services and goods it needs on time and on budget, which are not mutually exclusive goals. But unfortunately for small businesses, business as usual at the DOD and too many other Federal agencies means little or no business for them.

Innovation is not the exclusive domain of large companies. Small businesses are innovative. In fact, they may have a greater incentive to be innovative because that innovation is what may allow them to successfully compete against larger firms. When we put all of America's ingenuity to work, it benefits our military, our taxpayers, and our communities.

I urge a "yes" vote on my amendment and yield back the balance of my time.

Mr. ANDREWS. I yield back the balance of my time in opposition and urge a "yes" vote.

The Acting CHAIR. The question is on the amendment offered by the gentlewoman from Wisconsin (Ms. MOORE).

The amendment was agreed to.

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AMENDMENT NO. 7 OFFERED BY MR. MURPHY OF CONNECTICUT

The Acting CHAIR. It is now in order to consider amendment No. 7 printed in House Report 111-467.

Mr. MURPHY of Connecticut. Mr. Chairman, I have an amendment at the desk made in order under the rule.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 7 offered by Mr. MURPHY of Connecticut:

Page 60, line 19, insert after the period the following: "The program shall be limited to firms within the national technology and industrial base (as defined in section 2500(1) of title 10, United States Code)."

The Acting CHAIR. Pursuant to House Resolution 1300, the gentleman from Connecticut (Mr. MURPHY) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Connecticut.

Mr. MURPHY of Connecticut. Mr. Chairman, first, let me express my thanks to Mr. ANDREWS, to the committee, and to the ranking members for all of their work by bringing this bipartisan bill to the floor today.

My amendment is similar, but I think it adds a very important clarification to the bill. There is a really important program in title IV of this legislation which seeks to have the Department of Defense do outreach to nontraditional suppliers, to nontraditional manufacturers, throughout the country.

With a little bit of outreach and with a little bit of contracting help, those small manufacturers, by and large, which may have very small numbers of contracts with the Department of Defense or which may have no contracts at all, can be future suppliers and future members of our industrial military base in this country.

This amendment simply seeks to make sure that that program is operational for firms here in the United States of America, specifically targeting the help to the national technology and industrial base, which is defined as those companies in the United States and Canada.

We know why it is so important to spend our military acquisition dollars here at home. First, we need to be using taxpayer dollars to grow jobs right here in our backyard. By better targeting U.S. taxpayer dollars, 70 percent of which are used to purchase goods through the military budget here in the United States, we are growing the American workforce.

We also have national security reasons we should be purchasing here at home. By making sure that we have American manufacturers building for our military and that we are securing a long-term industrial manufacturing base for our military equipment, we further protect the security of this Nation.

This is a great program, and I am so thankful to both parties here for bringing it before us for a vote today. I think that you will find a myriad of companies throughout the country which, with a little bit of help and with a little bit of outreach, can be part of this industrial base.

I can think of one company in Meriden, Connecticut, DI-EL Tool, which is a small manufacturing firm with only about six or seven employees. They've got a small number of military contracts as a subcontractor today. They

came to me, and they said, Listen, Representative MURPHY. We could do more, but we just don't have the capacity to compete with some of these traditional, large manufacturers.

This is the type of program that can help DI-EL Tool, and it could probably help thousands of others across this country. This amendment simply seeks to clarify that this program will be operational here at home.

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

Mr. ANDREWS. Mr. Chairman, I rise to claim time in opposition, although I am not opposed to the amendment.

The Acting CHAIR. Without objection, the gentleman from New Jersey is recognized for 5 minutes.

There was no objection.

Mr. ANDREWS. Mr. Chairman, I would like to thank my friend from Connecticut for offering this very important amendment which clarifies the legislation and which, I think, drives home a very important point.

He has been very focused, as many of us have, on protecting and on expanding the industrial base of our country to create jobs and national security. He tells the story of his visit to the firm in Connecticut that has six or seven employees. That is precisely the firm that title IV of this bill wants the Department of Defense to reach out to, not simply because we understand the job creation benefits of it but because we understand the ingenuity and the creativity of small firms like the ones that Mr. MURPHY just mentioned. Some of the very best solutions—engineering solutions, software solutions, logistical solutions—have come from very small organizations that are agile enough and creative enough to solve very big problems.

In his careful reading of this bill, Mr. MURPHY realized that there was some question as to whether or not that outreach would occur to firms based in the United States or in Canada under the terms of the statute to which he referred, and I think he has made a very important contribution in making sure that that outreach is targeted to those firms as this is not only a mechanism for creating jobs in our country and for assisting the national security of our country but for inviting ingenuity and competition into the defense procurement process, therefore, saving the taxpayers money.

So I very much appreciate his efforts in bringing forth this amendment, and I would urge its adoption.

I reserve the balance of my time.

Mr. MURPHY of Connecticut. Again, thank you, Mr. ANDREWS, for working with us on this.

Mr. Chair, all of us who represent small manufacturers have heard the stories as they seek to compete with companies that are underpricing them from China, Asia, and across the globe. The defense dollars that we spend here on acquisition better targeted to help those small firms is part of their future salvation. Overall, I think this bill represents a tremendous opportunity for

the U.S. taxpayers and for U.S. manufacturers alike.

I yield back the balance of my time.

Mr. ANDREWS. I urge a “yes” vote on the amendment, and I yield back the balance of my time in opposition.

The Acting CHAIR. The question is on the amendment offered by the gentleman from Connecticut (Mr. MURPHY).

The amendment was agreed to.

AMENDMENT NO. 8 OFFERED BY MR. QUIGLEY

The Acting CHAIR. It is now in order to consider amendment No. 8 printed in House Report 111-467.

Mr. QUIGLEY. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 8 offered by Mr. QUIGLEY: Page 7, line 4, insert after “sustainment” the following: “and energy efficiency”.

Page 26, line 15, insert “and energy efficiency” after “sustainment”.

The Acting CHAIR. Pursuant to House Resolution 1300, the gentleman from Illinois (Mr. QUIGLEY) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Illinois.

Mr. QUIGLEY. Mr. Chairman, I rise today in strong support of H.R. 5013, and I want to commend Mr. ANDREWS and all of his colleagues who have worked so diligently on this important piece of legislation.

I have offered an amendment, along with Congresswoman GIFFORDS and Congressman BARTLETT, which seeks to make the Department of Defense more energy efficient. This goal is absolutely essential to improving defense acquisition.

The Department of Defense accounts for 80 percent of the U.S. Government’s energy consumption, including 330,000 barrels of oil each day. Just petroleum products cost the DOD \$13 billion per year. Passing my amendment will save money and will conserve energy by including energy efficiency as a metric in performance assessment of defense acquisitions. It will also make weapon systems more energy efficient, which is a critical reform that can save lives.

In Afghanistan, consider that the Marines alone consume 800,000 gallons of fuel each day. These 800,000 gallons of fuel must cross from Pakistan into Afghanistan through a lawless border region. During this 400-mile trip from Karachi, convoys are extremely vulnerable to IEDs, but energy-efficient weapons systems reduces fuel use, which reduces the number of convoys, which reduces the number of troops in harm’s way.

I urge you to support my amendment and to support energy efficiency in the defense acquisition process, and I yield back the balance of my time.

Mr. ANDREWS. Mr. Chairman, I rise to claim time in opposition, although I am not opposed to the amendment.

The Acting CHAIR. Without objection, the gentleman from New Jersey is recognized for 5 minutes.

There was no objection.

Mr. ANDREWS. I yield myself such time as I may consume.

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

Mr. ANDREWS. Mr. Chairman, I would like to thank Mr. QUIGLEY for offering this amendment, as well as Ms. GIFFORDS and Mr. BARTLETT for their joint authorship of this amendment.

As I stated earlier, the basic mechanism in this bill is to provide performance criteria for the purchasing organizations within the Department of Defense. This amendment says that one criterion may be energy-efficiency standards in the purchasing.

Now, what does this mean?

It means that the procurement organization should get the very best deal from the point of view of the servicemember as well as of the taxpayer and that one of the factors that should be taken into account is energy efficiency. For example, if under this bill the procurement organization is purchasing landscaping services and if, all other things being equal for the quality of the landscaping services and the price, one of the organizations uses more energy-efficient lawnmowers or other gardening machines, that purchase would be favored under this mechanism to encourage but not to require energy efficiency.

This goes to a much broader question in our country that obviously involves the fact that we are buying nearly \$300 billion a year worth of imported oil from countries around the world which may or may not be friendly to us.

The largest consumer of energy in the United States’ economy is the Department of Defense. Commendably, the Department under Republican and Democratic administrations has adopted, as a matter of policy, a methodical increase in the amount of renewable energy the Department is using. One of the ways it can reduce consumption toward that goal is by implementing energy efficiency.

The amendment the gentleman from Illinois is offering is entirely consistent with that purpose because what it does is integrates into the procurement decisionmaking process a set of ideas which says that the procurement organization will look at the energy-efficiency ideas of a given competitor for a given contract.

We support this amendment because we believe it will save the taxpayers money, that it will add value to our efforts to protect the environment, and that it will provide inducements to the ability to promote renewable energy, so we would urge a “yes” vote.

Mr. Chairman, I yield the balance of my time to one of the coauthors of the amendment, the gentleman from Maryland (Mr. BARTLETT).

The Acting CHAIR. The gentleman from Maryland is recognized for the 2 minutes remaining.

Mr. BARTLETT. Mr. Chairman, I am very pleased and proud to rise today in strong support of H.R. 5013.

I join my colleagues on the Armed Services Committee, and I especially want to thank the bill managers—Mr. ANDREWS, Mr. CONAWAY, Mr. SKELTON, Mr. MCKEON, Mr. ELLSWORTH, Mr. COFFMAN, and Mr. HUNTER—who worked so diligently on this bipartisan legislation.

I am very pleased to join my colleagues Congressman QUIGLEY and Congresswoman GIFFORDS in offering this amendment. This amendment provides the Department of Defense the full support of Congress to use energy efficiency as a key tool toward improving our national security and toward providing more value to taxpayers for our defense dollars. This amendment will send an important and strong signal to defense contractors that their bids will be more competitive if their products and services will use less energy.

I urge the support of this bill. I am very pleased that, among all of the institutions in our country, our Defense Department is the most aggressive in pursuing good energy policies. We and the world face a huge crisis in energy, so I am pleased that our Defense Department is leading the way in our country. I am very pleased to be here to support this good amendment and a really good bill.

The Acting CHAIR. The question is on the amendment offered by the gentleman from Illinois (Mr. QUIGLEY).

The amendment was agreed to.

AMENDMENT NO. 9 OFFERED BY MR. QUIGLEY

The Acting CHAIR. It is now in order to consider amendment No. 9 printed in House Report 111-467.

Mr. QUIGLEY. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 9 offered by Mr. QUIGLEY: Page 17, after line 8, insert the following:

(C) ASSESSMENT OF INDEPENDENCE OF COST ESTIMATORS AND COST ANALYSTS REQUIRED IN NEXT ANNUAL REPORT ON COST ASSESSMENT ACTIVITIES.—In the next annual report prepared by the Director of Cost Assessment and Program Evaluation under section 2334(e) of title 10, United States Code, the Director shall include an assessment of whether and to what extent personnel responsible for cost estimates or cost analysis developed by a military department or defense agency for a major defense acquisition program are independent and whether their independence or lack thereof affects their ability to generate reliable cost estimates.

The Acting CHAIR. Pursuant to House Resolution 1300, the gentleman from Illinois (Mr. QUIGLEY) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Illinois.

Mr. QUIGLEY. Mr. Chairman, this amendment directs the Cost Assessment and Program Evaluation, or CAPE, in its next report to Congress to do two things:

First, the amendment asks the CAPE to assess whether and to what extent program cost estimators for major defense acquisition programs are, indeed, independent.

Second, the amendment asks the CAPE to determine whether a lack of independence affects their ability to generate reliable cost estimates.

For 30 years now, DOD officials, analysts, and industry experts have argued that a primary cause of the cost growth in DOD acquisitions is unrealistically low cost estimates. Many of these unrealistic cost estimates are generated by individuals, such as program representatives, who have a stake in the approval of their systems. The newly created CAPE is designed to generate reliable cost estimates, but cost estimates are still generated by contractors and program representatives whose independence is paramount to creating reliable estimates. This amendment seeks to address this problem.

I urge my colleagues to support this commonsense amendment, and I reserve the balance of my time.

Mr. ANDREWS. Mr. Chairman, I rise in opposition, although I do not intend to oppose the amendment.

The Acting CHAIR. Without objection, the gentleman from New Jersey is recognized for 5 minutes.

There was no objection.

Mr. ANDREWS. Mr. Chairman, I, in fact, support this amendment. I think it not only adds important tools to the bill before the body today but to the law that was enacted last year.

Both today's bill and last year's law require the Department of Defense to make early decisions about whether a product or service it is buying or a system that it is buying is on track or not. If it is not on track, the idea is to either get it on track or to not buy it. This is how we can eliminate some of the \$296 billion in cost overruns in weapons systems that the Government Accountability Office found in its report of 2 years ago.

□ 1330

What Mr. QUIGLEY has done is to say that the cost estimators on whom we are relying need to be truly independent and competent. If that estimator has a vested interest in buying the product or building the system, then he or she is not going to give us an accurate or honest judgment about whether to go forward. So this amendment assures that there will be both independence and competence in those cost estimators. I think it's an excellent addition to the bill.

I reserve the balance of my time.

Mr. QUIGLEY. Mr. Chairman, I yield 1 minute to my friend and colleague, the gentlelady from Arizona (Ms. GIFFORDS).

Ms. GIFFORDS. Mr. Chairman, as one of the sponsors of this amendment, and a strong advocate for defense acquisition reform, I rise today in support of the amendment and urge its passage.

The amendment requires the Department of Defense to make energy efficiency a consideration in buying and developing new weapons systems and

new equipment for the military. This is a smart amendment from a green technology standpoint. But let me also stress that this is not just about being green. First and foremost, platform efficiency is a national security issue. Our military's use of fuel and electricity has intertwining impacts on our greater national security.

A 2007 Army report cites 170 servicemembers killed transporting fuel or guarding fuel convoys. Requiring the department to examine how well current and new systems use that precious commodity will help us reduce consumption, a good green tech benefit, but also saving lives of our military, the overarching national security benefit.

In terms of electricity usage, most of our military bases' critical loads are dependent upon the fragile national grid system that is underpinned by a 60 percent dependence on foreign oil.

The Acting CHAIR. The time of the gentlewoman has expired.

Mr. QUIGLEY. I yield the gentlelady 1 additional minute.

Ms. GIFFORDS. This represents a single point of possible failure for our most important military assets. The requirement that this amendment puts in place will mean we must take into account the stresses placed upon the grid and how we can reduce those to enhance the security of our defense infrastructure.

By considering the use of on-site renewable generation, like the array that will be installed at Davis-Monthan Air Force Base in my district, we can better secure our base critical infrastructure against possible attack.

I urge my colleagues to support this amendment and vote for the underlying bill. I commend Chairman SKELTON and Ranking Member MCKEON for bringing this to the floor and Congressmen ANDREWS and CONAWAY for their hard work putting it together.

Mr. ANDREWS. Mr. Chairman, I urge a "yes" vote, and I yield back the balance of my time.

Mr. QUIGLEY. I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentleman from Illinois (Mr. QUIGLEY).

The amendment was agreed to.

AMENDMENT NO. 10 OFFERED BY MR. SCHRADER

The Acting CHAIR. It is now in order to consider amendment No. 10 printed in House Report 111-467.

Mr. SCHRADER. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 10 offered by Mr. SCHRADER:

At the end of title II, add the following new section:

SEC. 210. PROHIBITION ON PERSONAL SERVICES CONTRACTS FOR SENIOR MENTORS.

(a) PROHIBITION.—The Secretary of Defense shall prohibit the award of a contract for personal services by any component of the

Department of Defense for the purpose of obtaining the services of a senior mentor.

(b) INTERPRETATION.—Nothing in this section shall be interpreted to prohibit the employment of a senior mentor as a highly qualified expert pursuant to section 9903 of title 5, United States Code, subject to the pay and term limitations of that section. A senior mentor employed as a highly qualified expert shall be required to submit a financial disclosure report and comply with all conflict of interest laws and regulations applicable to other Federal employees with similar conditions of service.

(c) DEFINITIONS.—In this section:

(1) The term "contract for personal services" means a contract awarded under the authority of section 129b(a) of title 10, United States Code, or section 3109 of title 5, United States Code.

(2) The term "component of the Department of Defense" means a military department, a defense agency, a Department of Defense field activity, a unified combatant command, or the joint staff.

(3) The term "senior mentor" means any person—

(A)(i) who has served as a general or flag officer in the Armed Forces; or

(ii) who has served in a position at a level at or above the level of the senior executive service;

(B) has retired within the 10 years preceding the award of a contract; and

(C) who serves as a mentor, teacher, trainer, or advisor to government personnel on matters pertaining to the former official duties of such person.

The Acting CHAIR. Pursuant to House Resolution 1300, the gentleman from Oregon (Mr. SCHRADER) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Oregon.

Mr. SCHRADER. Mr. Chairman, I yield myself such time as I may consume.

I rise today because it is no secret to any Member of the House that the United States faces a looming budget crisis. To address this crisis and bring our deficits under control, we must consider all options. Today we continue our work on reining in the profligate spending on defense contracts. We do this work to strengthen our budget and our national security.

The amendment I am offering today will control a small portion of this spending and ensure necessary transparencies are in place within the defense-industrial relationship. My amendment addresses the Department of Defense's use of contracts for personal services to hire senior mentors. The current use of contracts for senior mentor personal services circumvents necessary transparency protocols the rest of the department has.

The Defense Department has no uniform policy on the use of the senior mentor contracts, which vary among the services. They do not know, we do not know, and the public does not know how many of these contracts are awarded or even at what cost. My amendment would open these contracts to regular procedures for transparency. The amendment will establish standard rates of pay for senior mentors and allow and apply financial disclosure

and conflict of interest provisions already applicable to other Federal employees. The military will still benefit from the knowledge and wisdom of retired officers while ensuring taxpayer money is spent wisely and appropriately.

I reserve the balance of my time.

Mr. CONAWAY. Mr. Chairman, I claim the time in opposition even though I am not opposed to the amendment.

The Acting CHAIR. Without objection, the gentleman from Texas is recognized for 5 minutes.

There was no objection.

Mr. CONAWAY. Mr. Chairman, I want to just add a word of caution to the amendment. We intend to support it. The Department of Defense has in fact instituted a suspension of the policy that led to these problems, and have put in place a policy that looks very similar to this codification of the rules. The Department of Defense will live under those rules over the next several months, but I worry that the policy is too strict and will limit Department of Defense's access to the right people for the right information at the right time. None of us want that.

We all want transparency, we all want evidence of conflict of interest to be out there so that we all know that. I am in agreement with the spirit of what the gentleman is trying to do; I just offer a word of caution that if the practice under the Department of Defense's current policy, which is very similar to this, shows problems and issues that we don't anticipate with this, that we would in conference come back and address those properly.

Mr. ANDREWS. Will the gentleman yield?

Mr. CONAWAY. I yield to the gentleman from New Jersey.

Mr. ANDREWS. I support the amendment. I also share my friend the ranking member's concerns. I think the amendment addresses them in two ways. One is that the language of the amendment is quite flexible, that as long as there is transparency and adherence to high quality, the department is not restricted from these relationships. It simply has to be more careful about them. And secondly, obviously the committee has continuing oversight over this issue. The gentleman has my assurances that if we see an undue restriction on access to talent, then we are in a position to take appropriate action to correct that problem.

Mr. CONAWAY. With that, I will support the amendment and yield back the balance of my time.

Mr. SCHRADER. In closing, I appreciate the concerns of the Member from Texas and acknowledge the Member from New Jersey's responses. I think that this is a good amendment. It does hopefully make sure that our senior officers can continue to give their insight, knowledge, and wisdom, without any hint or taint of opprobrium, which

I think is possible under our current statute and laws. This should actually make it easier for our members who have served our country gallantly over their careers to come back and continue to share with us in a forthright, transparent manner. We win, they win, and the taxpayer wins.

I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentleman from Oregon (Mr. SCHRADER).

The amendment was agreed to.

AMENDMENT NO. 11 OFFERED BY MR. CONNOLLY OF VIRGINIA

The Acting CHAIR. It is now in order to consider amendment No. 11 printed in House Report 111-467.

Mr. CONNOLLY of Virginia. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 11 offered by Mr. CONNOLLY of Virginia:

At the end of title IV, add the following new section:

SEC. 407. INDUSTRIAL BASE COUNCIL AND FUND.

(a) INDUSTRIAL BASE COUNCIL.—

(1) IN GENERAL.—Chapter 7 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 188. Industrial Base Council

“(a) COUNCIL ESTABLISHED.—There is in the Department of Defense an Industrial Base Council.

“(b) MISSION.—The mission of the Industrial Base Council is to assist the Secretary in all matters pertaining to the industrial base of the Department of Defense, including matters pertaining to the national defense technology and industrial base included in chapter 148 of this title.

“(c) MEMBERSHIP.—The following officials of the Department of Defense shall be members of the Council:

“(1) The Chairman of the Council, who shall be the Under Secretary of Defense for Acquisition, Technology, and Logistics, the functions of which may be delegated by the Under Secretary only to the Principal Deputy Under Secretary of Defense for Acquisition, Technology, and Logistics.

“(2) The Executive Director of the Council, who shall be an official from within the Office of the Under Secretary responsible for industrial base matters and who shall report directly to the Under Secretary or the Principal Deputy Under Secretary.

“(3) Officials from within the Office of the Secretary of Defense, as designated by the Secretary, with direct responsibility for matters pertaining to following areas:

“(A) Manufacturing.

“(B) Research and development.

“(C) Systems engineering and system integration.

“(D) Services.

“(E) Information Technology.

“(F) Sustainment and logistics.

“(4) The Director of the Defense Logistics Agency.

“(5) Officials from the military departments, as designated by the Secretary of each military department, with responsibility for industrial base matters relevant to the military department concerned.

“(d) DUTIES.—The Council shall assist the Secretary in the following:

“(1) Providing input on industrial base matters to strategy reviews, including quad-

rennial defense reviews performed pursuant to section 118 of this title.

“(2) Managing the industrial base.

“(3) Providing recommendations to the Secretary on budget matters pertaining to the industrial base.

“(4) Providing recommendations to the Secretary on supply chain management and supply chain vulnerability.

“(5) Providing input on industrial base matters to defense acquisition policy guidance.

“(6) Issuing and revising the Department of Defense technology and industrial base guidance required by section 2506 of this title.

“(7) Such other duties as are assigned by the Secretary.

“(e) REPORTING OF ACTIVITIES.—The Secretary shall include a section describing the activities of the Council in the annual report to Congress required by section 2505 of this title.”.

(2) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“188. Industrial Base Council.”.

(b) INDUSTRIAL BASE FUND.—

(1) IN GENERAL.—Chapter 148 of title 10, United States Code, is amended by adding at the end the following new section:

“§ 2508. Industrial Base Fund

“(a) ESTABLISHMENT.—The Secretary of Defense shall establish an Industrial Base Fund (in this section referred to as the ‘Fund’).

“(b) CONTROL OF FUND.—The Fund shall be under the control of the Industrial Base Council established pursuant to section 188 of this title.

“(c) AMOUNTS IN FUND.—The Fund shall consist of amounts appropriated or otherwise made available to the Fund.

“(d) USE OF FUND.—Subject to subsection (e), the Fund shall be used—

“(1) to support the monitoring and assessment of the industrial base required by this chapter;

“(2) to address critical issues in the industrial base relating to urgent operation needs;

“(3) to support efforts to expand the industrial base; and

“(4) to address supply chain vulnerabilities.

“(e) USE OF FUND SUBJECT TO APPROPRIATIONS.—The authority of the Secretary of Defense to use the Fund under this section in any fiscal year is subject to the availability of appropriations for that purpose.

“(f) EXPENDITURES.—The Secretary shall establish procedures for expending monies in the Fund in support of the uses identified in subsection (d), including the following:

“(1) Direct obligations from the Fund.

“(2) Transfers of monies from the Fund to relevant appropriations of the Department of Defense.”.

(2) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“2508. Industrial Base Fund.”.

The Acting CHAIR. Pursuant to House Resolution 1300, the gentleman from Virginia (Mr. CONNOLLY) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Virginia.

Mr. CONNOLLY of Virginia. Mr. Chairman, I yield myself such time as I may consume.

Let me start by thanking the chairman and ranking member of the committee and the subcommittee for their leadership on this thoughtful legislation to deliver long-needed reforms to

our military acquisition. I would also like to acknowledge the tremendous work of the Armed Services Committee's bipartisan Panel on Acquisition Reform, led of course by Mr. ANDREWS of New Jersey and Mr. CONAWAY of Texas.

My amendment builds upon the panel's recommendations for getting the most out of the industrial base. Defining and assessing the industrial base has been an ongoing challenge for both the Department of Defense and Congress, dating back to the creation of the Armed Forces themselves. One of the key findings of the panel was the need to cast a wider net in terms of defining the industrial base beyond the traditional players. Many of today's technology innovations are being brought forth by small- and mid-sized companies that are more commercial in nature and don't fit the traditional mold of the industrial base. While we must preserve those unique industrial capabilities that have made our Armed Forces the world's most advanced military force, we also must adjust to the innovative changes within the supply chain to ensure that we provide our troops with the tools they need to perform their duties. To accomplish this, we need to adjust our industrial policy to reflect the growing importance of services and information technology providers in the industrial base.

We also need, Mr. Chairman, to acknowledge the importance of systems engineering and integration to our military operations. This amendment would create an Industrial Base Council within the DOD. The council would complement the Blue Ribbon Panel on Eliminating Barriers to Contracting with the Department of Defense that's also created by this legislation. Whereas the Blue Ribbon Panel would be comprised of industry representatives that will present recommendations to the Pentagon on eliminating barriers to those nontraditional industrial base suppliers, this council would be tasked with assessing those and other proposed policy changes and then recommending specific actions to the Secretary of Defense.

The council will be comprised of the Under Secretary of Defense for Acquisition, Technology, and Logistics, who shall chair the group. An official from within the Under Secretary's office will be appointed to oversee the council. Council membership will also include: officials within the Secretary's office responsible for manufacturing, research and development, systems engineering and systems integration, services, information technology, and sustainment and logistics; the director of DLA; and representatives from other military departments.

In addition to providing budget and policy guidance to the Secretary on modernizing the industrial base, the council will provide strategic input for the Quadrennial Defense Review and other reports, and will revise and issue new guidance for the DOD's technology and industrial base.

This amendment, Mr. Chairman, creates an Industrial Base Fund, which when supported by appropriations, will support the actions and recommendations of the council itself. This is a good government initiative that will strengthen our industrial base, strengthen our small business community, and our military readiness moving forward.

I urge my colleagues to support the amendment and these important acquisition reforms.

I reserve the balance of my time.

Mr. CONAWAY. Mr. Chairman, I claim time in opposition even though I am in support of the amendment.

The Acting CHAIR. Without objection, the gentleman from Texas is recognized for 5 minutes.

There was no objection.

Mr. CONAWAY. Mr. Chairman, I yield as much time as he may consume to my colleague from Tennessee (Mr. DUNCAN).

Mr. DUNCAN. I thank the gentleman from Texas for yielding me this time. I rise in support of this bill to make some very needed and commonsense reforms in the defense acquisition program.

I want to say that I support the last amendment that just passed to help relieve the problem that I have been concerned about for a long time, the revolving door at the Pentagon, and I support this amendment which hopefully will help, and I think is intended, at least in part, to make it easier for small businesses to get involved in the Defense Department contracting process. Far too many defense contracts in recent years have been sweetheart insider deals that have gone primarily to very large businesses, very large, well-connected businesses.

USA Today reported on its front page on December 29 that the Durango Group has 59 former high ranking military officers advising clients on how to get defense contracts while many are also being paid by the Defense Department to give it advice. And they are drawing huge pensions, with some getting 15,000 a month or more plus free health care.

Some of these people connected with this Durango Group even serve as corporate directors or paid advisers to the defense contractors in addition to their pay from Durango. The founder of Durango, a former Air Force chief of staff, refused to be interviewed for the USA Today story about this, but he received \$180,000 in 2009 from one defense contractor, \$127,000 from another, served on the board of four other defense contractors that do not disclose compensation, was a board member of another company that buys and sells defense companies, and a consultant to three other defense giants. He has been described as a "military-industrial legend" by one columnist. Too much of this has gone on in recent years. And I hope and I think that this is what in part this bill is directed at.

In addition to pensions as high as \$220,000 a year, many retired admirals

and generals are paid up to \$1,600 a day to be Defense Department "mentors." Eighty percent of these mentors have ties to defense contractors, in what one observer described as an amazing conflict of interest.

□ 1345

I do want to say that I commend the Secretary of Defense, who has, as I understand, put in new rules recently to try to correct some of this, but this is a problem that has been crying out for action, and I hope that this bill will correct some of this that has gone on. It's something that we need to keep an eye on to make sure that some of these scandalous types of sweetheart insider deals don't continue as they have, unfortunately, in the past.

Mr. CONAWAY. Mr. Chairman, I yield to the gentleman from New Jersey.

Mr. ANDREWS. I thank my friend for yielding.

I would like to thank our friend from Tennessee for his comments, which we embrace. I think one of the purposes of Mr. SCHRADER's amendment, which we just adopted, was to try to address that concern, and we thank him for his support.

I want to commend and thank my friend from Virginia for his excellent amendment. We have tried to establish in this bill the idea that the Defense Department should coordinate the industrial base and broaden it so the servicemembers and taxpayers get a better deal and we invite ingenuity and innovation. Mr. CONNOLLY has made sure that our good intentions in this bill will become a good reality. By the establishment of the council that Mr. CONNOLLY establishes, there will be a group that oversees the implementation of the ideas that we have.

So I think it strengthens the bill considerably. I commend Mr. CONNOLLY for being a fierce advocate for his district and his area, which is so intimately involved in solving this problem. I thank him for his contribution and urge a "yes" vote.

Mr. CONAWAY. Mr. Chairman, I yield back the balance of my time.

Mr. CONNOLLY of Virginia. I just want to thank my colleague for his gracious remarks.

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

The Acting CHAIR. The question is on the amendment offered by the gentleman from Virginia (Mr. CONNOLLY).

The question was taken; and the Acting Chair announced that the ayes appeared to have it.

Mr. CONNOLLY of Virginia. Mr. Chair, I demand a recorded vote.

The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Virginia will be postponed.

AMENDMENT NO. 12 OFFERED BY MR. CHILDERS

The Acting CHAIR. It is now in order to consider amendment No. 12 printed in House Report 111-467.

Mr. CHILDERS. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 12 offered by Mr. CHILDERS:

Page 48, line 21, insert "market research strategies (including assessments of local contracting capabilities)," after "services contracting."

The Acting CHAIR. Pursuant to House Resolution 1300, the gentleman from Mississippi (Mr. CHILDERS) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Mississippi.

Mr. CHILDERS. I would like to add my thanks to Mr. ANDREWS and the House Armed Services Committee, especially my dear friend and chairman, IKE SKELTON, for putting forth this important legislation.

Changing the way the Department of Defense conducts its acquisition activities is essential to restoring fiscal discipline in our government. I commend the committee's efforts to ensure that acquisition personnel at the Department of Defense are well trained to make the best decisions for both our national security and our economy.

My amendment makes a small addition to this training by including "market research strategies." This minor addition is of great importance to many districts like mine. Today, upwards of 4,000 North Mississippians are employed by defense contractors, and that number continues to grow. These employees work hard every day to create many of the products and services that keep our troops safe in theater and protect our homeland from outside threats. These include many contractors on Columbus Air Force Base as well as contractors that produce everything from military uniforms to MRAPS and Unmanned Aerial Systems.

The defense companies are vital to the economy of Mississippi. It is important that when the Department of Defense makes a decision about who receives a military contract and what term that contract contains, it considers how surrounding communities are affected and how these communities can contribute to that contract.

The addition of market research strategies to acquisition training would ensure that the acquisition personnel at the Department of Defense are trained to take into account the local economy surrounding a potential defense contractor and how the unique makeup of the local community could provide added value to the department. It will assist the department in taking into account the unique workforces that communities like the Golden Triangle region in my district encompass and their ability to save the government money.

During this difficult economy, it is important that Congress remains fo-

cused on job creation and preservation as well as restoring a balanced budget. My amendment ensures that the DOD can consider the impact of defense acquisition on local jobs and that the government has additional tools to find new ways to cut costs and promote fiscal responsibility.

I urge my colleagues to support this amendment.

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

Mr. ANDREWS. Mr. Chairman, I rise to claim the time in opposition to the amendment, although I am not opposed to the amendment.

The Acting CHAIR. Without objection, the gentleman from New Jersey is recognized for 5 minutes.

There was no objection.

Mr. ANDREWS. I thank my friend from Mississippi for offering this very well-thought-out amendment.

One of the key ideas of this bill is that we have a high-quality, well-trained acquisition workforce. Mr. CHILDERS's amendment makes sure that that workforce is well trained in a key area, which is understanding that a contract does not simply affect the firm that wins the contract and the employees that work for that firm. It affects the entire region for which a contract is awarded.

Now, again, nothing in Mr. CHILDERS's amendment would divert the procurement organizations away from best value for the taxpayer dollar. But what he does suggest is that when one defines the concept of value, it's broader than just the four corners of the contract being considered. The area he represents so ably is one where the economy really pivots on the presence or absence of military contracts, and in his efforts to try to make sure that his region prospers, I know that he wants to be sure, as each of us does, that there is fair consideration of the regional and community economic impact of a contracting decision.

I think the amendment that he has offered, which goes to the training of decision-makers, is entirely appropriate in that regard. We appreciate his contribution to the bill, and I would encourage the Members to vote "yes."

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

Mr. CHILDERS. I want to thank my colleague and the gentleman for his concurrence in my amendment. I urge my colleagues to support this amendment and the underlying bill as well.

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

Mr. ANDREWS. I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentleman from Mississippi (Mr. CHILDERS).

The amendment was agreed to.

AMENDMENT NO. 13 OFFERED BY MRS. DAHLKEMPER

The Acting CHAIR. It is now in order to consider amendment No. 13 printed in House Report 111-467.

Mrs. DAHLKEMPER. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 13 offered by Mrs. DAHLKEMPER:

At the end of title IV, add the following new section:

SEC. 407. ACQUISITION SAVINGS PROGRAM.

(a) PROGRAM REQUIRED.—

(1) IN GENERAL.—The Secretary of Defense, acting through the Under Secretary of Defense for Acquisition, Technology, and Logistics, shall carry out a program to provide opportunities to provide cost-savings on non-developmental items.

(2) SAVINGS.—The program, to be known as the Acquisition Savings Program, shall provide any person or activity within or outside the Department of Defense with the opportunity to offer a proposal to provide savings in excess of 15 percent, to be known as an acquisition savings proposal, for covered contracts.

(3) SUNSET.—The program shall cease to be required on September 30, 2013.

(b) QUALIFYING ACQUISITION SAVINGS PROPOSALS.—A proposal shall qualify as an acquisition savings proposal for purposes of this section if it offers to supply a non-developmental item that is identical to, or equivalent to (under a performance specification or relevant commercial standard), an item being procured under a covered contract.

(c) REVIEW BY CONTRACTING OFFICER.—Each acquisition savings proposal shall be reviewed by the contracting officer for the covered contract concerned to determine if such proposal qualifies under this section and to calculate the savings provided by such proposal.

(d) ACTIONS UPON FAVORABLE REVIEW.—If the contracting officer for a covered contract determines after review of an acquisition savings proposal that the proposal would provide an identical or equivalent nondevelopmental item at a savings in excess of 15 percent, and that a contract award to the offeror of the proposal would not result in the violation of a minimum purchase agreement or otherwise cause a breach of contract for the covered contract, the contracting officer may make an award under the covered contract to the offeror of the acquisition savings proposal or otherwise award a contract for the nondevelopmental item concerned to such offeror.

(e) ACTIONS UPON UNFAVORABLE REVIEW.—If a contracting officer determines after review of an acquisition savings proposal that the proposal would not satisfy the requirements of this section, the contracting officer shall debrief the person or activity offering such proposal within 30 days after completion of the review.

(f) REPORT.—Not later than March 1, 2013, the Secretary of Defense shall submit to the Committees on Armed Services of the Senate and House of Representatives a report regarding the program, including the number of acquisition savings proposals submitted, the number favorably reviewed, the cumulative savings, and any further recommendations for the program.

(g) DEFINITIONS.—In this section:

(1) NONDEVELOPMENTAL ITEM.—The term "nondevelopmental item" has the meaning provided for such term in section 4 of the Office of Federal Procurement Policy Act (41 U.S.C. 403).

(2) COVERED CONTRACT.—The term "covered contract"—

(A) means an indefinite delivery indefinite quantity contract for property as defined in

section 2304d(2) of title 10, United States Code; and

(B) does not include any contract awarded under an exception to competitive acquisition authorized by the Small Business Act (15 U.S.C. 631 et seq.)

(3) PERFORMANCE SPECIFICATION.—The term “performance specification” means a specification of required item functional characteristics.

(4) COMMERCIAL STANDARD.—The term “commercial standard” means a standard used in industry promulgated by an accredited standards organizations that is not a Federal entity.

The Acting CHAIR. Pursuant to House Resolution 1300, the gentlewoman from Pennsylvania (Mrs. DAHLKEMPER) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from Pennsylvania.

Mrs. DAHLKEMPER. Mr. Chairman, my amendment to the IMPROVE Acquisition Act of 2010 will help cut wasteful spending and ensure that taxpayer funds used for our national defense are spent responsibly and efficiently.

The agencies charged with our defense have a responsibility to ensure that taxpayers get the highest return on their investment while providing for the safety of our soldiers and of our Nation.

My amendment gives the Department of Defense a way to save 15 percent or more on its existing contracts for non-developmental items by allowing contract officers to opt for more efficient proposals as long as doing so does not breach existing contracts.

This legislation furthers our commitment to fiscal responsibility in defense spending by putting performance metrics where they are needed most: on the service and other contracts that make up the majority of our defense budget.

I urge my colleagues to support my amendment and to support the underlying bill.

I yield back the balance of my time.

Mr. ANDREWS. Mr. Chairman, I rise to claim the time in opposition to the amendment, although I do not oppose it.

The Acting CHAIR. Without objection, the gentleman from New Jersey is recognized for 5 minutes.

There was no objection.

Mr. ANDREWS. Mr. Chairman, I rise in strong support of this amendment, which is almost as striking in its common sense as it is striking that there is any legal issue as to whether a canon should be done. There is such a legal issue, unfortunately, and the gentlewoman's amendment clears that legal issue up.

Here is the situation her amendment contemplates: The Defense Department lets a contract to a vendor. The vendor is performing the contract. Because of a new efficiency or a drop in the price of a material, let's say that the price of food or gasoline that the vendor is using drops dramatically, the vendor offers to continue the contract at a

lower price. There are rules which today would preclude the Defense Department from taking advantage of that offer.

What Mrs. DAHLKEMPER's amendment says is that so long as the quality is preserved and so long as there at least is a 15 percent savings at a minimum and all other rules are complied with that the Defense Department can take advantage of that offer. Any business in this country would jump at that opportunity. And the gentlewoman has offered an amendment which makes an awful lot of sense, which will let the Department of Defense operate on those sound business principles.

Again, her amendment does not provide for any deviation from the rules of conflict of interest or legal procedure, but it says if there is an opportunity to achieve at least a 15-percent reduction and all other things are appropriate, then we should achieve that reduction. This makes eminent common sense.

We thank her for offering the amendment. I urge a “yes” vote.

I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentlewoman from Pennsylvania (Mrs. DAHLKEMPER).

The amendment was agreed to.

AMENDMENT NO. 14 OFFERED BY MR. KISSELL

The Acting CHAIR. It is now in order to consider amendment No. 14 printed in House Report 111-467.

Mr. KISSELL. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 14 offered by Mr. KISSELL:
At the end of the bill, add the following:

TITLE V—OTHER MATTERS

SEC. 501. CLOTHING ALLOWANCE REQUIREMENT.

The Comptroller General shall conduct a study of the items purchased under section 418 of title 37, United States Code, to determine if there is sufficient domestic production of such items to adequately supply members of the Armed Forces and shall transmit the results of such study to the Secretary of Defense. Not later than 6 months after receiving the results of such study, the Secretary of Defense shall transmit to the Committees on Armed Services of the Senate and the House of Representatives an evaluation on whether such items under the study should be considered subject to section 2533a of title 10, United States Code (popularly known as the “Berry Amendment”).

The Acting CHAIR. Pursuant to House Resolution 1300, the gentleman from North Carolina (Mr. KISSELL) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from North Carolina.

Mr. KISSELL. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, as a member of the House Armed Services Committee, I would like to thank my colleagues and our chairman, IKE SKELTON, for bringing this much-needed legislation to the floor. I would also like to thank my

friends and colleagues HOWARD COBLE from North Carolina and MIKE MICHAUD from Maine for helping me sponsor this amendment.

This amendment is very simple in its intent. For over 60 years, Mr. Chairman, the Berry amendment has allowed the Department of Defense to buy clothing and other apparel materials that are made in the United States when available. There has, in recent years, however, been a list of clothing articles that our soldiers and military personnel are required to purchase that are not provided by the Department of Defense. The Department of Defense does provide a clothing cash allowance for this purchase, but these items that are on this list are not necessarily made in the United States.

This amendment would require the GAO to look at this list, to look at the possibilities and potential for making these materials in the United States or is the capacity there to make them there now to meet the demands, get with the Department of Defense, and then the Department of Defense, within 6 months, would be required to get back to the House Armed Services Committee with its findings as to whether or not these materials could be made in the United States under the Berry amendment. So it's a common-sense approach to expanding the Berry amendment.

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

Mr. ANDREWS. Mr. Chairman, I rise to claim time in opposition to the amendment, although I do not oppose the amendment.

The Acting CHAIR. Without objection, the gentleman from New Jersey is recognized for 5 minutes.

There was no objection.

Mr. ANDREWS. Mr. Chairman, I commend the gentlemen from North Carolina and from Maine for offering the amendment and support it.

The general rule under the law is that the Defense Department must buy goods and services made in the United States. There's an exception to that rule which deals with vouchers, essentially, where if there's a voucher given to a servicemember to buy certain goods, there's an exception to that.

□ 1400

The gentlemen who are offering this amendment are interested in finding out whether that exception could be accomplished in a way that would protect the choice and quality for the servicemembers while promoting the purchase of American goods and services. I think that inquiring into that is entirely appropriate.

At this time I would like to yield to my friend, the ranking member, the gentleman from Texas (Mr. CONAWAY), for his comments on this.

Mr. CONAWAY. I appreciate that. I also tentatively support the amendment—certainly, the spirit of the Berry amendment—as well. But, as drafted, the GAO study, I think, will be very

difficult to implement. Servicemembers are not required to keep records of the items that they purchase with their clothing allowance; nor are they required to set aside these dollars in a teacup to purchase uniforms only. So the GAO may not be able to determine what servicemembers bought with their clothing allowance, let alone whether those items were produced domestically.

If the sponsor will allow us to revise the amendment in conference to specifically evaluate the sufficiency of the domestic supply of military uniforms, then I can certainly support that. But I support it with some reservations that the study as drafted specifically under this rule would be less than optimal. And if the sponsor would allow us to work on it in conference, I would support it.

Mr. ANDREWS. Mr. Chairman, we look forward to reviewing the results of the GAO study so we can work with all the gentlemen to achieve the objective they have set forth.

I reserve the balance of my time.

Mr. KISSELL. Mr. Chairman, I would like to yield 2 minutes to my friend from Maine (Mr. MICHAUD).

Mr. MICHAUD. I'd like to thank the gentleman for yielding. I rise today in support of this amendment. This is a bipartisan effort to ensure that our troops are outfitted with American-made goods as much as possible. Under current policy, clothing items that soldiers purchase with DOD-issued cash allowances are not subject to the Berry amendment. Our amendment asks GAO to determine whether U.S. companies make enough of these cash-allowance items to meet the demands of our troops. DOD will report to Congress on GAO's findings and indicate whether or not they will extend the Berry amendment to any of these American-made products.

This amendment supports United States businesses. This amendment protects and creates American jobs. And this amendment makes sure that, wherever possible, our troops are outfitted with goods made with pride in the U.S.A.

I urge my colleagues to support this bipartisan amendment.

Mr. KISSELL. Mr. Chairman, the strength of America is shown in many ways—the strength of our military and its personnel and families that make up our service, but also shown in the strength of a strong economy and as many Americans working as possible. This amendment would help ensure that as many Americans as possible are working to make the clothing articles that our great servicepeople use. I encourage my colleagues to vote “yes” on this amendment.

I yield back the balance of my time.

Mr. ANDREWS. Mr. Chairman, we would urge a “yes” vote, and I yield back the balance of my time in opposition.

The Acting CHAIR. The question is on the amendment offered by the gen-

tleman from North Carolina (Mr. KISSELL).

The amendment was agreed to.

AMENDMENT NO. 15 OFFERED BY MR. GRAYSON

The Acting CHAIR. It is now in order to consider amendment No. 15 printed in House Report 111-467.

Mr. GRAYSON. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 15 offered by Mr. GRAYSON:
At the end of the bill add the following new section:

SEC. 501. REQUIREMENT THAT COST OR PRICE TO THE FEDERAL GOVERNMENT BE GIVEN AT LEAST EQUAL IMPORTANCE AS TECHNICAL OR OTHER CRITERIA IN EVALUATING COMPETITIVE PROPOSALS FOR DEFENSE CONTRACTS.

(a) REQUIREMENT.—Subparagraph (A) of section 2305(a)(3) of title 10, United States Code, is amended by striking “proposals; and” at the end of clause (ii) and all that follows through the end of the subparagraph and inserting the following: “proposals and that must be assigned importance at least equal to all evaluation factors other than cost or price when combined.”.

(b) WAIVER.—Section 2305(a)(3) of such title is further amended by striking subparagraph (B) and inserting the following:

“(B) The requirement of subparagraph (A)(ii) relating to assigning at least equal importance to evaluation factors of cost or price may be waived by the head of the agency. The authority to issue a waiver under this subparagraph may not be delegated.”.

(c) REPORT.—Section 2305(a)(3) of such title is further amended by adding at the end the following new subparagraph:

“(C) Not later than 180 days after the end of each fiscal year, the Secretary of Defense shall submit to Congress, and post on a publicly available website of the Department of Defense, a report containing a list of each waiver issued by the head of an agency under subparagraph (B) during the preceding fiscal year.”.

The Acting CHAIR. Pursuant to House Resolution 1300, the gentleman from Florida (Mr. GRAYSON) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Florida.

Mr. GRAYSON. I want to also express my thanks to the chairman of the Armed Services Committee, the members of the committee and the staff, and specifically and especially to Congressman ANDREWS and Congressman CONAWAY, who brought this bill to the floor today and allowed this to be considered for amendments. I also want to express my thanks to the members of the Rules Committee and their staff for finding this amendment in order for consideration today.

This is an amendment, in short, that gives guidance to contracting officers that they never had before in DOD concerning the question of to what extent cost or price should be considered in procurement. I ask for the support of the Grayson amendment to the IMPROVE Act to give legislative guidance to the Defense Department concerning the need to emphasize price or cost in defense procurement.

Under current law, the DOD contracting officer—could be a GS-8, GS-9—has no authority, no guidance from this institution to determine how much should be considered for cost or price. Rather, the contracting officer on his or her own volition establishes an evaluation scheme before each procurement, telling the offerers how their proposal will be evaluated. Current law permits DOD to announce an evaluation scheme that would consider price or cost as only 1 percent of the evaluation and other more subjective factors as 99 percent of the evaluation scheme. In practice, price or cost frequently is weighed as only 25 percent or 33 percent of the evaluation scheme; and other, more subjective, factors remain in the balance.

The resulting waste is twofold. First, DOD frequently rejects the low-cost proposal because its own evaluation scheme dictates that it does so. This alone costs the taxpayers untold billions of dollars. Secondly, defense contractors who know how to build a better mousetrap that could actually save DOD substantial amounts of money don't even bother to frame their proposals that way because they know that the evaluation will not turn on cost, but rather will turn on factors other than cost. So they don't even submit such a proposal.

Our amendment solves these problems by mandating that DOD procurements weigh cost or price at 50 percent of the evaluation scheme, or more, unless the head of the agency decides otherwise. For large purchases of standard commodities like fuels, hammers, et cetera, there's no reason not to do this. And for items that are mission critical, the head of the agency, under our amendment, has the discretion to weigh cost or price at less than 50 percent, in fact, to weigh it any amount the head of the agency deems appropriate.

In my 20 years in government contracts procurement before I was elected to serve in Congress, including my time spent fighting war profiteers in Iraq, I saw substantial overuse of subjective factors in DOD contractor awards at taxpayer expense. Our amendment is a commonsense solution to that problem, which will allow all us of to say at the end of the day that we fought hard to fight against waste, fraud, and abuse in defense procurement.

I reserve the balance of my time.

Mr. ANDREWS. Mr. Chairman, I rise to claim time in opposition to the amendment, although I do not oppose the amendment.

The Acting CHAIR. Without objection, the gentleman from New Jersey is recognized for 5 minutes.

There was no objection.

Mr. ANDREWS. Mr. Chairman, I'd like to thank my friends from Florida, Mr. GRAYSON and Mr. HASTINGS, for offering this amendment. It makes eminently good sense. It says this: if a procurement officer decides to buy the

product that isn't the least expensive, a couple of rules apply. First of all, price has to be at least equal to the greatest factor that's being used. It can't be any less than equal. And if it is less than equal, the procurement officer has to explain why.

Now this makes pretty good sense. I think most people would agree that it's not always true that the least expensive item is the best. But if you think a more expensive item is the best, then you ought to explain why. I think most of us would want that in the way we manage our household budgets, our businesses, our towns, our local school districts.

Mr. GRAYSON, based upon his years of experience in this field, has written an amendment that carries that idea forward. I think it's very worthy. Again, I think it strikes the right balance between flexibility for the procurement officer to make a decision that he or she thinks is the right one, but justification to the public as to why we're not spending the least amount of money on something that we're buying. I think most of our constituents would want us to presume that we should get the best price available; and only if it can be demonstrated that the best price available is not the best value available, should we make a different decision. So I think this amendment makes very, very good sense. I would urge its adoption.

I would now like to yield such time as he may consume to my friend from Pennsylvania (Mr. PLATTS).

Mr. PLATTS. I appreciate the gentleman yielding. I certainly rise in agreement with the maker of the amendment that we need to get the best value for the American taxpayers when it comes to the acquisition of goods and services. In fact, the underlying bill we're discussing here today is about achieving that exact goal—getting that best value.

I do want to express a concern, however, that sometimes getting the best value may mean paying more for a superior product or service, especially when it comes to the complex technological requirements of the equipment of our men and women in the American Armed Forces. There may be legitimate cases where the cost, the price of a good or service, is less important than other factors. Probably a good example of that is pretty recently the acquisition of MRAPs and body armor that certainly have saved the lives of our courageous troops.

A concern that I think we need to weigh here is just that this may be a little premature, this specific amendment, because a similar amendment was included in the 2010 National Defense Authorization Act. During the conference, a provision was added to that language that requires the Government Accountability Office to do a study to determine how often it occurs that cost is not the overriding factor or the primary factor. That study is due back to us in October of this year. It

seems like it would be appropriate to get that knowledge base from GAO before going further with another requirement at this time.

So I don't oppose the intent of the sponsor of the amendment. We are certainly in agreement that we want to get the best value, but just believe it may be helpful to wait for GAO to complete its work.

Mr. GRAYSON. I yield myself the balance of my time, and I thank my colleague for making these points. I'd like to respond to them briefly.

With regard to the first point, I want to make it clear that within the literal wording of this amendment no agency is ever required to choose the least-cost product. All that this amendment says is that in the evaluation scheme, in order to encourage people who are offerers to think about how to save money for DOD, we make the commitment in general, overall, that cost or price will be considered at least as much as all the other factors combined.

In addition to that, we allow the head of the agency to suspend the rule at will, without any condition or limitation in the statute. The head of the agency can determine that for any item, including mission-critical items, cost or price can be 40 percent, 30 percent, 10 percent, even 5 percent of the evaluation factors.

So I think that although the gentleman's point is well taken, that we should not ever bind the hands of the DOD when DOD needs to get items that may not be the low cost item, this is an amendment that does not do that. This amendment simply says that, in general, under ordinary circumstances, particularly in buying volume commodities that are identical to each other, we should in fact make 50 percent of the consideration cost or price.

Now, I've seen procurements where, for instance, a commodity like gasoline is being bought by DOD and somehow they determine that two-thirds of the evaluation factor should be something other than cost or price. Sometimes we waste billions of dollars on account of decisions like that.

So I think that this is a rule that really needs to take place. I understand the gentleman's point concerning the study that's ongoing; but, frankly, I think that if we do this now, we'll save money now. If we do this later, we'll save less money. I'd rather see the money saved now, particularly when we have such great needs abroad and our defense budget is so great. I think that this simple rule, this common-sense rule, will help to save billions almost immediately as soon as it's implemented. I thank the gentleman for his comments.

I yield back the balance of my time.

Mr. ANDREWS. Mr. Chairman, I would urge a "yes" vote on the amendment. I do share the concerns of my friend from Pennsylvania. I believe that the amendment that's in front of us here, I think the language of the

amendment addresses the concerns the gentleman raises. I think it provides sufficient flexibility. I commend the gentleman for offering it.

I urge a "yes" vote and yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentleman from Florida (Mr. GRAYSON).

The amendment was agreed to.

AMENDMENT NO. 16 OFFERED BY MR. HARE

The Acting CHAIR. It is now in order to consider amendment No. 16 printed in House Report 111-467.

Mr. HARE. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 16 offered by Mr. HARE:

At the end of title IV, add the following new section:

SEC. 407. SENSE OF CONGRESS REGARDING COMPLIANCE WITH THE BERRY AMENDMENT, THE BUY AMERICAN ACT, AND LABOR STANDARDS OF THE UNITED STATES.

In order to create jobs, level the playing field for domestic manufacturers, and strengthen economic recovery, it is the sense of Congress that the Department of Defense should—

(1) ensure full contractor and subcontractor compliance with the Berry Amendment (10 U.S.C. 2533a) and the Buy American Act (41 U.S.C. 10a et seq.); and

(2) not procure products made by manufacturers in the United States that violate labor standards as defined under the laws of the United States.

The Acting CHAIR. Pursuant to House Resolution 1300, the gentleman from Illinois (Mr. HARE) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Illinois.

□ 1415

Mr. HARE. Mr. Chair, I yield myself as much time as I may consume.

Let me begin by taking this opportunity to thank Chairman SKELTON and Ranking Member MCKEON as well as Chairman ANDREWS and Ranking Member CONAWAY for their leadership on the underlying bill and for their commitment to our Nation's Armed Forces.

The amendment before us today is one of great importance that aims to ensure a level playing field for domestic manufacturers with the hope of strengthening our economic recovery through the defense acquisition process. My amendment declares that it is the sense of Congress that the Department of Defense should ensure full compliance throughout the acquisition process with the Berry Amendment and the Buy American Act. Further, the amendment declares the sense of Congress that the Department of Defense not procure products made by domestic manufacturers that fail to comply with the labor standards that are set by the laws established by Congress.

Both the Buy American Act and the Berry Amendment are intended to benefit American industry and workers.

And at a time of high unemployment, we must ensure compliance with these important laws to ensure that DOD procurement benefits American families in every corner of this Nation whenever possible.

I think we can all agree here that we want the best equipment and items procured for our Armed Forces, and I think we can all agree that we want to ensure that these acquisitions adhere to the laws and labor standards of the land. My amendment simply expresses and reaffirms congressional intent and aims to aid the economic recovery that our Nation so desperately needs. I urge my colleagues to join me in supporting this amendment.

I reserve the balance of my time.

Mr. SKELTON. Mr. Chairman, I rise in opposition to the amendment, but I do not oppose it.

The Acting CHAIR. Without objection, the gentleman from Missouri is recognized for 5 minutes.

There was no objection.

Mr. SKELTON. The amendment before us is a sense of Congress amendment. In essence it says, we should follow the law. It reaffirms Congress' support for the Buy American Act and other United States labor laws, and Congress has acted in recent years to make contracting officers aware of firms seeking contracts that have engaged in certain violations of the law. This is a "wake up and pay attention to the law" sense of Congress.

Today, Mr. Chairman, we have done more than adopt 16 amendments and had an excellent general debate on this bill. We have exhibited in a very substantial and substantive piece of legislation that Democrats and Republicans can work together, that, in a bipartisan effort, we can make things better for the young men and women in uniform, that we can save the taxpayer dollars, and over a period of time, it will be in the billions of dollars if this legislation becomes law. And we certainly hope that it will not only pass here with a substantial vote but also pass the United States Senate with a substantial vote, because it is a hallmark piece of real legislation. It should have been done before, but it wasn't. And here we are, taking up legislation that will be good for the young men and young women in uniform and save the American taxpayer dollars.

I am really proud of the committee. I am really proud of BUCK MCKEON, the ranking member, for his excellent cooperation and work; ROB ANDREWS, the chairman of the panel that I appointed; MIKE CONAWAY, for the excellent work that he did, in particular, the sections relating to the required audits that will be part of this legislation. We have just done marvelous work. I could not be prouder of the Armed Services Committee and those who worked on it as well as those who offered the very important amendments.

With that, Mr. Chairman, I am very grateful for the work that has been done, and I do urge a "yes" vote on this particular amendment.

I yield back the balance of my time. Mr. HARE. Once again, I just want to thank Chairman SKELTON for his wonderful work on this bill.

With that, Mr. Chair, I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentleman from Illinois (Mr. HARE).

The amendment was agreed to.

ANNOUNCEMENT BY THE ACTING CHAIR

The Acting CHAIR. Pursuant to clause 6 of rule XVIII, proceedings will now resume on those amendments printed in House Report 111-467 on which further proceedings were postponed, in the following order:

Amendment No. 4 by Mr. HALL of New York.

Amendment No. 11 by Mr. CONNOLLY of Virginia.

The Chair will reduce to 5 minutes the time for any electronic vote after the first vote in this series.

AMENDMENT NO. 4 OFFERED BY MR. HALL OF NEW YORK

The Acting CHAIR. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from New York (Mr. HALL) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The Acting CHAIR. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 416, noes 0, not voting 20, as follows:

[Roll No. 227]

AYES—416

Ackerman	Boucher	Clay	Edwards (TX)	Latham	Posey
Aderholt	Boustany	Cleaver	Ehlers	LaTourette	Price (GA)
Adler (NJ)	Boyd	Clyburn	Ellison	Latta	Price (NC)
Akin	Brady (PA)	Coble	Ellsworth	Lee (CA)	Putnam
Alexander	Brady (TX)	Coffman (CO)	Emerson	Lee (NY)	Quigley
Altmire	Braley (IA)	Cohen	Engel	Levin	Radanovich
Andrews	Bright	Cole	Eshoo	Lewis (CA)	Rahall
Arcuri	Brown (GA)	Conaway	Etheridge	Lewis (GA)	Rehberg
Austria	Brown (SC)	Connolly (VA)	Farr	Linder	Reichert
Baca	Brown, Corrine	Conyers	Fattah	Lipinski	Reyes
Bachmann	Brown-Waite,	Cooper	Filner	LoBiondo	Richardson
Bachus	Ginny	Costa	Flake	Loeb	Rodriguez
Baird	Buchanan	Costello	Fleming	Loftgren, Zoe	Roe (TN)
Baldwin	Burgess	Courtney	Forbes	Lowey	Rogers (AL)
Barrow	Burton (IN)	Crenshaw	Fortenberry	Lucas	Rogers (KY)
Bartlett	Butterfield	Crowley	Foster	Luetkemeyer	Rogers (MI)
Barton (TX)	Buyer	Cuellar	Fox	Lujan	Rohrabacher
Bean	Calvert	Cummings	Frank (MA)	Lummis	Rooney
Becerra	Camp	Dahlkemper	Franks (AZ)	Lungren, Daniel	Ros-Lehtinen
Berkley	Campbell	Davis (CA)	Frelinghuysen	E.	Roskam
Berman	Cantor	Davis (IL)	Gallegly	Lynch	Ross
Berry	Cao	Davis (KY)	Garamendi	Mack	Rothman (NJ)
Biggert	Capito	Davis (TN)	Garrett (NJ)	Maffei	Roybal-Allard
Bilbray	Capps	DeFazio	Gerlach	Maloney	Royce
Bilirakis	Capuano	DeLauro	Giffords	Manzullo	Ruppersberger
Bishop (GA)	Cardoza	Dent	Gingrey (GA)	Marchant	Rush
Bishop (NY)	Carnahan	Deutch	Gonzalez	Markey (CO)	Ryan (OH)
Bishop (UT)	Carney	Diaz-Balart, L.	Goodlatte	Markey (MA)	Ryan (WI)
Blackburn	Carson (IN)	Diaz-Balart, M.	Granger	Marshall	Sablan
Blumenauer	Carter	Dicks	Graves	Matheson	Salazar
Blunt	Cassidy	Dingell	Grayson	Matsui	Sánchez, Linda
Boccieri	Castle	Doggett	Green, Al	McCarthy (CA)	T.
Boehner	Castor (FL)	Donnelly (IN)	Green, Gene	McCarthy (NY)	Sanchez, Loretta
Bonner	Chaffetz	Doyle	Griffith	McCauley	Sarbanes
Bono Mack	Chandler	Dreier	Grijalva	McClintock	Scalise
Boozman	Childers	Driehaus	Guthrie	McCollum	Schakowsky
Bordallo	Christensen	Duncan	Gutierrez	McCotter	Schauer
Boren	Chu	Edwards (MD)	Hall (NY)	McDermott	Schiff
Boswell	Clarke		Hall (TX)	McGovern	Schmidt
			Halvorson	McHenry	Schock
			Hare	McIntyre	Schrader
			Harper	McKeon	Schwartz
			Hastings (FL)	McMahon	Scott (GA)
			Hastings (WA)	McMorris	Scott (VA)
			Heinrich	Rodgers	Sensenbrenner
			Heller	McNerney	Sessions
			Hensarling	Meek (FL)	Sestak
			Herger	Melancon	Shadegg
			Herseth Sandlin	Mica	Shea-Porter
			Higgins	Michaud	Sherman
			Hill	Miller (FL)	Shimkus
			Himes	Miller (MI)	Shuler
			Hinchey	Miller (NC)	Shuster
			Hinojosa	Miller, Gary	Simpson
			Hirono	Miller, George	Sires
			Hodes	Minnick	Skelton
			Holden	Mitchell	Slaughter
			Holt	Mollohan	Smith (NE)
			Honda	Moore (KS)	Smith (NJ)
			Hoyer	Moore (WI)	Smith (TX)
			Hunter	Moran (KS)	Smith (WA)
			Inglis	Moran (VA)	Snyder
			Inslee	Murphy (CT)	Souder
			Israel	Murphy (NY)	Space
			Issa	Murphy, Patrick	Speier
			Jackson (IL)	Murphy, Tim	Spratt
			Jackson Lee	Myrick	Stark
			(TX)	Nadler (NY)	Stearns
			Jenkins	Napolitano	Stupak
			Johnson (GA)	Neal (MA)	Sullivan
			Johnson (IL)	Neugebauer	Sutton
			Johnson, E. B.	Norton	Taylor
			Johnson, Sam	Nunes	Terry
			Jones	Nye	Thompson (CA)
			Jordan (OH)	Oberstar	Thompson (MS)
			Kagen	Obey	Thompson (PA)
			Kanjorski	Olson	Tiahrt
			Kaptur	Olver	Tiberi
			Kennedy	Ortiz	Tierney
			Kildee	Owens	Titus
			Kilpatrick (MI)	Pallone	Tonko
			Kilroy	Pascarell	Towns
			Kind	Pastor (AZ)	Tsongas
			King (IA)	Paul	Turner
			King (NY)	Paulsen	Upton
			Kingston	Payne	Van Hollen
			Kirk	Pence	Velázquez
			Kirkpatrick (AZ)	Perlmutter	Visclosky
			Kissell	Perriello	Walden
			Klein (FL)	Peters	Walz
			Kline (MN)	Peterson	Wasserman
			Kosmas	Petri	Schultz
			Kratovil	Pierluisi	Watson
			Kucinich	Pingree (ME)	Watt
			Lamborn	Pitts	Waxman
			Lance	Platts	Weiner
			Langevin	Poe (TX)	Welch
			Larsen (WA)	Polis (CO)	Westmoreland
			Larson (CT)	Pomeroy	Whitfield

Wilson (OH) Woolsey
Wilson (SC) Wu
Wittman Yarmuth

NOT VOTING—20

Barrett (SC) Gohmert
Culberson Gordon (TN)
Davis (AL) Harman
DeGette Hoekstra
Faleomavaega Meeks (NY)
Fallin Rangel
Fudge Serrano

□ 1448

So the amendment was agreed to.
The result of the vote was announced as above recorded.

AMENDMENT NO. 11 OFFERED BY MR. CONNOLLY OF VIRGINIA

The Acting CHAIR (Mr. SALAZAR). The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from Virginia (Mr. CONNOLLY) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The Acting CHAIR. A recorded vote has been demanded.

A recorded vote was ordered.

The Acting CHAIR. This is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 417, noes 2, not voting 17, as follows:

[Roll No. 228]

AYES—417

Ackerman Brown-Waite,
Aderholt Ginny
Adler (NJ) Buchanan
Akin Burgess
Alexander Burton (IN)
Altmire Butterfield
Andrews Buyer
Arcuri Calvert
Austria Camp
Baca Cantor
Bachmann Cao
Bachus Capito
Baird Capps
Baldwin Capuano
Barrow Cardoza
Bartlett Carnahan
Barton (TX) Carney
Bean Carson (IN)
Becerra Carter
Berkley Cassidy
Berman Castle
Berry Castor (FL)
Biggert Chaffetz
Bilbray Chandler
Bilirakis Childers
Bishop (GA) Christensen
Bishop (NY) Chu
Bishop (UT) Clarke
Blackburn Clay
Blumenauer Cleaver
Blunt Clyburn
Bocchieri Coble
Boehner Coffman (CO)
Bonner Cohen
Bono Mack Cole
Boozman Conaway
Bordallo Connolly (VA)
Boren Conyers
Boswell Cooper
Boucher Costa
Boustany Costello
Boyd Courtney
Brady (PA) Crenshaw
Brady (TX) Crowley
Braley (IA) Cuellar
Bright Cummings
Brown (GA) Dahlkemper
Brown (SC) Davis (CA)
Brown, Corrine Davis (IL)

Grayson
Green, Al
Green, Gene
Griffith
Grijalva
Guthrie
Gutiérrez
Hall (NY)
Hall (TX)
Halvorson
Hare
Harper
Hastings (FL)
Hastings (WA)
Heinrich
Heller
Hensarling
Herger
Herseht Sandlin
Higgins
Hill
Himes
Hincheey
Hinojosa
Hirono
Hodes
Holden
Holt
Honda
Hoyer
Hunter
Inglis
Inslee
Israel
Issa
Jackson (IL)
Jackson Lee
(TX)
Jenkins
Johnson (IL)
Johnson, E. B.
Johnson, Sam
Jones
Jordan (OH)
Kagen
Kanjorski
Kaptur
Kennedy
Kildee
Kilpatrick (MI)
Kilroy
Kind
King (IA)
King (NY)
Kingston
Kirk
Kirkpatrick (AZ)
Kissell
Klein (FL)
Kosmas
Kratovil
Kucinich
Lamborn
Lance
Langevin
Larsen (WA)
Larsen (CT)
Latham
LaTourette
Latta
Lee (CA)
Lee (NY)
Levin
Lewis (CA)
Lewis (GA)
Linder
Lipinski
LoBiondo
Loebsack
Lofgren, Zoe
Lowey
Lucas
Luetkemeyer
Lujan
Lummis
Lungren, Daniel
E.
Lynch
Mack
Maffei
Maloney
Manzullo

Campbell
Barrett (SC)
Culberson

Marchant
Markey (CO)
Markey (MA)
Marshall
Matheson
Matsui
McCarthy (CA)
McCarthy (NY)
McCaul
McClintock
McCollum
McCotter
McDermott
McGovern
McHenry
McIntyre
McKeon
McMahon
McMorris
Rodgers
McNerney
Meek (FL)
Meeks (NY)
Melancon
Mica
Michaud
Miller (FL)
Miller (MI)
Miller, Gary
Miller, George
Minnick
Mitchell
Mollohan
Moore (KS)
Moore (WI)
Moran (KS)
Moran (VA)
Murphy (CT)
Murphy (NY)
Murphy, Patrick
Murphy, Tim
Myrick
Nadler (NY)
Napolitano
Neal (MA)
Neugebauer
Norton
Nunes
Nye
Oberstar
Obey
Olson
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor (AZ)
Paul
Paulsen
Payne
Pence
Perlmutter
Perriello
Peters
Peterson
Petri
Pierluisi
Pingree (ME)
Pitts
Platts
Poe (TX)
Polis (CO)
Pomeroy
Posey
Price (GA)
Price (NC)
Putnam
Quigley
Radanovich
Rahall
Rehberg
Reichert
Reyes
Richardson
Rodriguez
Roe (TN)
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Rooney

NOES—2
Davis (AL)
DeGette

Ros-Lehtinen
Roskam
Ross
Rothman (NJ)
Roybal-Allard
Royce
Ruppersberger
Rush
Ryan (OH)
Ryan (WI)
Sablan
Salazar
Sánchez, Linda
T.
Sanchez, Loretta
Sarbanes
Scalise
Schakowsky
Schauer
Schiff
Schmidt
Schock
Schrader
Schwartz
Scott (GA)
Scott (VA)
Sensenbrenner
Serrano
Sessions
Sestak
Shadegg
Shea-Porter
Sherman
Shimkus
Shuler
Shuster
Simpson
Sires
Skelton
Slaughter
Smith (NE)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Space
Speier
Spratt
Stark
Stearns
Stupak
Sullivan
Sutton
Taylor
Terry
Thompson (CA)
Thompson (MS)
Thompson (PA)
Tiahrt
Tiberi
Tierney
Titus
Tonko
Towns
Tsongas
Turner
Upton
Van Hollen
Velázquez
Visclosky
Walden
Walz
Wasserman
Schultz
Waters
Watson
Watt
Waxman
Weiner
Welch
Westmoreland
Whitfield
Wilson (OH)
Wilson (SC)
Wittman
Wolf
Woolsey
Wu
Yarmuth
Young (AK)
Young (FL)

Fudge
Harman
Hoekstra
Johnson (GA)
Kline (MN)
Miller (NC)
Rangel
Tanner
Teague
Thornberry
Wamp

ANNOUNCEMENT BY THE ACTING CHAIR
The Acting CHAIR (during the vote).
There are 2 minutes remaining in this vote.

□ 1458

So the amendment was agreed to.
The result of the vote was announced as above recorded.

The Acting CHAIR. The question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The Acting CHAIR. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. JACKSON of Illinois) having assumed the chair, Mr. SALAZAR, Acting Chair of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 5013) to amend title 10, United States Code, to provide for performance management of the defense acquisition system, and for other purposes, pursuant to House Resolution 1300, he reported the bill back to the House with an amendment adopted in the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

The question is on the amendment.
The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT

Mr. BUYER. Mr. Speaker, I have a motion to recommit at the desk.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. BUYER. In its present form, I am opposed to the bill.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. Buyer moves to recommit the bill H.R. 5013 to the Committee on Armed Services with instructions to report the same back to the House forthwith with the following amendment:

At the end of title III, add the following new section:

SEC. 304. DISCLOSURE AND TRACEABILITY OF THE COST OF DEPARTMENT OF DEFENSE HEALTH CARE CONTRACTS.

(a) DISCLOSURE REQUIREMENT.—The Secretary of Defense shall require—

(1) an offeror that submits a bid or proposal in response to an invitation for bids or a request for proposals issued by a component of the Department of Defense for a health care contract to submit with the bid or proposal a disclosure of the additional cost, if any, contained in such bid or proposal associated with compliance with the Patient Protection and Affordable Care Act (Public Law 111-148) and the Health Care and

Education Reconciliation Act of 2010 (Public Law 111-152); and

(2) a contractor for a health care contract awarded following the date of the enactment of this Act to disclose on an annual basis the additional cost, if any, incurred for such contract associated with compliance with the Patient Protection and Affordable Care Act (Public Law 111-148) and the Health Care and Education Reconciliation Act of 2010 (Public Law 111-152).

(b) REPORT.—

(1) REQUIREMENT.—Not later than April 1, 2011, and each April 1st thereafter until April 1, 2016, the Secretary of Defense shall submit to the Committee on Armed Services of the Senate and the Committee on Armed Services of the House of Representatives a detailed report on the additional cost to the Department of Defense associated with compliance with the Patient Protection and Affordable Care Act (Public Law 111-148) and the Health Care and Education Reconciliation Act of 2010 (Public Law 111-152).

(2) MATTERS COVERED.—The report required by paragraph (1) shall include—

(A) the projected costs of compliance for all health care contracts awarded during the preceding year, as disclosed in a bid or proposal in accordance with subsection (a)(1);

(B) for all other health care contracts, the incurred cost of compliance for the preceding year, as disclosed in accordance with subsection (a)(2); and

(C) any additional costs to the Department of Defense necessary to comply with such Acts.

(c) HEALTH CARE CONTRACT DEFINED.—In this section, the term “health care contract” means a contract in an amount greater than the simplified acquisition threshold for the acquisition of any of the following:

(1) Medical supplies.

(2) Health care services and administration, including the services of medical personnel.

(3) Durable medical equipment.

(4) Pharmaceuticals.

(5) Health care-related information technology.

Mr. BUYER (during the reading). Mr. Speaker, I ask unanimous consent to waive the reading of the bill.

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

Mr. SKELTON. Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard.

The Clerk will read.

The Clerk continued to read.

The SPEAKER pro tempore. The gentleman from Indiana is recognized for 5 minutes.

Mr. BUYER. Last Thursday's report by the Department of Health and Human Services has now been delivered to all of our offices. In particular, a report by the Centers for Medicare & Medicaid Services has confirmed that President Obama's new health care law will increase costs for taxpayers and patients. The CMS has estimated that the new law will increase health care spending in this country by \$311 billion. Now, that \$311 billion figure is on page 4, but all Members should note, on page 2, that they are very up front about this.

On page 2, it reads: Because of the transition effects and the fact that most coverage provisions are going to be in effect for 6 of the 10 years of the

budget period, the cost estimates that were shown in the memorandum do not represent a full 10-year cost of the legislation.

So, even though they are projecting that it is going to be \$311 billion, please understand that this is really not a true 10-year time frame. This is why I want to bring this to everyone's attention.

Please, Members, look at this report. Please, look at the report. As policymakers, all of us who have responsibilities for health initiatives need to understand what the impacts will be upon our areas of responsibility. Of the Federal expenditure for only the 6-year time frame, it is going to be about \$251 billion.

As you know, the Department of Defense is one of the largest procurers of health care goods and services in the country. Now, I'm not even talking about VA. We're only going to focus for the moment here on DOD because of jurisdictional matters. By caring for our wounded warriors and their families, the Pentagon strives to support our brave wounded soldiers, sailors, airmen, and marines along the road to recovery. This support not only includes medical care for injured troops but also for our active duty military, their families, and the retirees as well.

In order to provide that level of care, the DOD purchases from a network of managed care support organizations, from health care professionals, manufacturers, and from information technology providers. What CMS has made clear to all of us in this report is that this network is heavily impacted by the new health care law.

Let me remind my colleagues that CMS is not a partisan group. CMS, formerly known as the Health Care Financing Administration, or HCFA, is very much part of President Obama's administration. So, if CMS estimates that there are greater costs, I am sure that these are likely to be conservative estimates, and greater costs are not something the Pentagon is prepared to absorb. As many of you are aware, the Department's overall expenditures for health care are rising rapidly. Secretary Gates testified in the fall that the increased costs are “beginning to eat us alive.”

So, if there are direct or secondary effects of the President's health care program, the only way to cover those costs is to raise the premiums to beneficiaries, to families, and to retirees or to eat further into DOD's ability to support the needs of our men and women in uniform. This is not what we want to do. This is why we must understand the impact of the President's new health care law on DOD. We know that the health care law includes new fees on manufacturers of brand-name prescription drugs. We sell to the Federal health care programs, including the Department of Defense.

CMS stated in last Thursday's report: “We anticipate these fees would generally be passed through to health con-

sumers in the form of higher drug prices.” That means a pass-through to DOD. We need to know and to understand the impact of those increased fees upon us.

Section 9011 of the President's health care law already requires the Department of Veterans Affairs to conduct a study of the impact of the increased costs on veterans' health care which are imposed by the new law. This includes reporting on the costs to the VA of any fees assessed on brand-name prescription drugs and medical device manufacturers.

It seems only reasonable, if we supported that provision for the VA, as many of my colleagues on the other side of the aisle did, that we should do the very same thing with DOD. That is what I am asking in this motion to recommit. The Pentagon is slated to spend \$56 billion on the next procurement round of TRICARE contracts. This amendment simply asks for the DOD to identify through their acquisition process any additional costs as a result of the President's new health care law and to report that to Congress. We are asking for transparency.

I urge a “yes” vote on the motion to recommit, and I yield back the balance of my time.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Members are reminded not to traffic the well when other Members are speaking.

Mr. SKELTON. Mr. Speaker, I claim time in opposition, though I do not oppose the motion.

The SPEAKER pro tempore. The gentleman from Missouri is recognized for 5 minutes.

Mr. SKELTON. I yield to the gentleman from New Jersey (Mr. ANDREWS).

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

Mr. ANDREWS. Mr. Speaker, I would urge Members to vote “yes” on this motion to recommit because the language of the recommit does what the gentleman's argument doesn't do.

The language of this argument says we should have full, accurate transparency about the cost of the new health care bill as it applies to defense contracts. In other words, we ought to know the facts. We agree with that. With all of the respect of the gentleman's argument, the facts were kind of missing. Here is what the facts are:

As to the report that he references from CMS, I would take due note of the fact that the “M” in CMS means “Medicare.” Here is what the report said:

Before the President signed the health care law, the Medicare Trust Fund was due to run out of money in 2017. Because the President signed the health care law, the Medicare Trust Fund will live for at least 12 more years.

The fact is that the report said that future forecasts of health care costs are, to quote the report: only a prediction, difficult to ascertain, subject to interpretation.

Well, here are some interpretations that the American public are beginning to see: When sons and daughters under the age of 26 years old can be covered on their parents' policies, the American people support that. When people cannot be turned away from buying insurance or cannot have their premiums raised because they had breast cancer or asthma, the American people support that. When an insurance company cannot cancel people's policies when they're on the way to the operating rooms after they've paid premiums for years, the American people support that.

We embrace and support the idea of learning the facts about the health care bill. That's what the amendment says. We support the idea of speaking the truth about the health care bill. That's what all Members of the House should do. That's what the American people are entitled to do.

Vote "yes" on the motion to recommit, and vote "yes" on the underlying bipartisan bill.

Mr. SKELTON. I yield back the balance of my time.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. BUYER. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. Pursuant to clause 9 of rule XX, the Chair will reduce to 5 minutes the minimum time for any electronic vote on the question of passage.

The vote was taken by electronic device, and there were—ayes 419, noes 1, not voting 10, as follows:

[Roll No. 229]

AYES—419

Ackerman Boccieri Capuano
 Aderholt Boehner Cardoza
 Adler (NJ) Bonner Carnahan
 Akin Bono Mack Carney
 Alexander Boozman Carson (IN)
 Altmire Boren Carter
 Andrews Boswell Cassidy
 Arcuri Boucher Castle
 Austria Boustany Castor (FL)
 Baca Boyd Chaffetz
 Bachmann Brady (PA) Chandler
 Bachus Brady (TX) Childers
 Baird Braley (IA) Chu
 Baldwin Bright Clarke
 Barrow Broun (GA) Clay
 Bartlett Brown (SC) Cleaver
 Barton (TX) Brown, Corrine Clyburn
 Bean Brown-Waite, Coble
 Becerra Ginny Coffman (CO)
 Berkeley Buchanan Cohen
 Berman Burgess Cole
 Berry Burton (IN) Conaway
 Biggert Butterfield Connolly (VA)
 Bilbray Buyer Conyers
 Bilirakis Calvert Cooper
 Bishop (GA) Camp Costa
 Bishop (NY) Campbell Costello
 Bishop (UT) Cantor Courtney
 Blackburn Cao Crenshaw
 Blumenaer Capito Crowley
 Blunt Capps Cuellar

Culberson Kagen
 Cummings Kanjorski
 Dahlkemper Kaptur
 Davis (CA) Kennedy
 Davis (IL) Kildee
 Davis (KY) Kilpatrick (MI)
 Davis (TN) Kilroy
 DeFazio Kind
 Delahunt King (IA)
 DeLauro King (NY)
 Dent Kingston
 Deutch Kirk
 Diaz-Balart, L. Kirkpatrick (AZ)
 Diaz-Balart, M. Kissell
 Dicks Klein (FL)
 Dingell Kline (MN)
 Doggett Kosmas
 Donnelly (IN) Kratovil
 Doyle Kucinich
 Dreier Lamborn
 Driehaus Lance
 Duncan Langevin
 Edwards (MD) Larsen (WA)
 Edwards (TX) Larson (CT)
 Ellison Latham
 Ellsworth LaTourette
 Emerson Latta
 Engel Lee (CA)
 Eshoo Lee (NY)
 Etheridge Levin
 Farr Lewis (CA)
 Fattah Lewis (GA)
 Filner Linder
 Flake Lipinski
 Fleming LoBiondo
 Forbes Loeb sack
 Fortenberry Lofgren, Zoe
 Foster Lowey
 Foxx Lucas
 Frank (MA) Luetkemeyer
 Franks (AZ) Luján
 Frelinghuysen Lummis
 Gallegly Lungren, Daniel
 Garamendi E.
 Garrett (NJ) Lynch
 Gerlach Mack
 Giffords Maffei
 Gingrey (GA) Maloney
 Gohmert Manzullo
 Gonzalez Marchant
 Goodlatte Markey (CO)
 Gordon (TN) Markey (MA)
 Granger Marshall
 Graves Matheson
 Grayson Matsui
 Green, Al McCarthy (CA)
 Green, Gene McCarthy (NY)
 Griffith McCaul
 Grijalva McClintock
 Guthrie McCollum
 Gutierrez McCotter
 Hall (NY) McDermott
 Hall (TX) McGovern
 Halvorson McHenry
 Hare McIntyre
 Harper McKeon
 Hastings (FL) McMahan
 Hastings (WA) McMorris
 Heinrich Rodgers
 Heller McNerney
 Hensarling Meek (FL)
 Hergert Meeks (NY)
 Herseeth Sandlin Melancon
 Higgins Mica
 Hill Michaud
 Himes Miller (FL)
 Hinchey Miller (MI)
 Hinojosa Miller (NC)
 Hirono Miller, Gary
 Hodes Miller, George
 Holden Minnick
 Holt Mitchell
 Honda Mollohan
 Hoyer Moore (KS)
 Hunter Moore (WI)
 Inglis Moran (KS)
 Insee Moran (VA)
 Israel Murphy (CT)
 Issa Murphy (NY)
 Jackson (IL) Murphy, Patrick
 Jackson Lee Murphy, Tim
 (TX) Myrick
 Jenkins Nadler (NY)
 Johnson (GA) Napolitano
 Johnson (IL) Neal (MA)
 Johnson, E. B. Neugebauer
 Johnson, Sam Nunes
 Jones Nye
 Jordan (OH) Oberstar

Thompson (PA) Velázquez
 Thornberry Visclosky
 Tiahrt Walden
 Tiberi Walz
 Tierney Wasserman
 Titus Schultz
 Tonko Waters
 Towns Watson
 Tsongas Watt
 Turner Waxman
 Upton Weiner
 Van Hollen Welch

Westmoreland
 Whitfield
 Wilson (OH)
 Wilson (SC)
 Wittman
 Wolf
 Woolsey
 Wu
 Yarmuth
 Young (AK)
 Young (FL)

NOES—1

Pascrell

NOT VOTING—10

Barrett (SC) Fallon Teague
 Davis (AL) Fudge Wamp
 DeGette Harman
 Ehlers Hoekstra

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. MORAN of Virginia) (during the vote). There are 2 minutes remaining in this vote.

□ 1533

Mr. DICKS changed his vote from "no" to "aye."

So the motion to recommit was agreed to.

The result of the vote was announced as above recorded.

Stated for:

Mr. EHLERS. Mr. Speaker, on rollcall No. 229 I was detained in the Attending Physician's Office, and arrived on the House floor too late to be recorded on this rollcall. Had I been present, I would have voted "yes."

Mr. SKELTON. Mr. Speaker, pursuant to the instructions of the House in the motion to recommit, I report the bill, H.R. 5013, back to the House with an amendment.

The SPEAKER pro tempore. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. SKELTON: At the end of title III, add the following new section:

SEC. 304. DISCLOSURE AND TRACEABILITY OF THE COST OF DEPARTMENT OF DEFENSE HEALTH CARE CONTRACTS.

(a) DISCLOSURE REQUIREMENT.—The Secretary of Defense shall require—

(1) an offeror that submits a bid or proposal in response to an invitation for bids or a request for proposals issued by a component of the Department of Defense for a health care contract to submit with the bid or proposal a disclosure of the additional cost, if any, contained in such bid or proposal associated with compliance with the Patient Protection and Affordable Care Act (Public Law 111-148) and the Health Care and Education Reconciliation Act of 2010 (Public Law 111-152); and

(2) a contractor for a health care contract awarded following the date of the enactment of this Act to disclose on an annual basis the additional cost, if any, incurred for such contract associated with compliance with the Patient Protection and Affordable Care Act (Public Law 111-148) and the Health Care and Education Reconciliation Act of 2010 (Public Law 111-152).

(b) REPORT.—

(1) REQUIREMENT.—Not later than April 1, 2011, and each April 1st thereafter until April 1, 2016, the Secretary of Defense shall submit to the Committee on Armed Services of the Senate and the Committee on Armed Services of the House of Representatives a detailed report on the additional cost to the Department of Defense associated with compliance with the Patient Protection and Affordable Care Act (Public Law 111-148) and

the Health Care and Education Reconciliation Act of 2010 (Public Law 111-152).

(2) MATTERS COVERED.—The report required by paragraph (1) shall include—

(A) the projected costs of compliance for all health care contracts awarded during the preceding year, as disclosed in a bid or proposal in accordance with subsection (a)(1);

(B) for all other health care contracts, the incurred cost of compliance for the preceding year, as disclosed in accordance with subsection (a)(2); and

(C) any additional costs to the Department of Defense necessary to comply with such Acts.

(c) HEALTH CARE CONTRACT DEFINED.—In this section, the term “health care contract” means a contract in an amount greater than the simplified acquisition threshold for the acquisition of any of the following:

- (1) Medical supplies.
- (2) Health care services and administration, including the services of medical personnel.
- (3) Durable medical equipment.
- (4) Pharmaceuticals.
- (5) Health care-related information technology.

Mr. SKELTON (during the reading). Mr. Speaker, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

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

There was no objection.

The SPEAKER pro tempore. The question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. SKELTON. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 417, noes 3, not voting 10, as follows:

[Roll No. 230]

AYES—417

Ackerman	Bilirakis	Brown-Waite,
Aderholt	Bishop (GA)	Ginny
Adler (NJ)	Bishop (NY)	Buchanan
Akin	Bishop (UT)	Burgess
Alexander	Blackburn	Burton (IN)
Altmire	Blumenauer	Butterfield
Andrews	Blunt	Buyer
Arcuri	Boccheri	Calvert
Austria	Boehner	Camp
Baca	Bonner	Campbell
Bachmann	Bono Mack	Cantor
Bachus	Boozman	Cao
Baird	Boren	Capito
Baldwin	Boswell	Capps
Barrow	Boucher	Capuano
Bartlett	Boustany	Cardoza
Barton (TX)	Boyd	Carnahan
Bean	Brady (PA)	Carney
Becerra	Brady (TX)	Carson (IN)
Berkley	Braley (IA)	Carter
Berman	Bright	Cassidy
Berry	Brown (SC)	Castle
Biggert	Brown, Corrine	Castor (FL)
Bilbray		Chaffetz

Chandler	Hodes	Miller, George	Slaughter	Thompson (MS)	Waters
Childers	Holden	Minnick	Smith (NE)	Thompson (PA)	Watson
Chu	Holt	Mitchell	Smith (NJ)	Thornberry	Watt
Clarke	Honda	Mollohan	Smith (TX)	Tiahrt	Waxman
Clay	Hoyer	Moore (KS)	Smith (WA)	Tiberi	Weiner
Cleaver	Hunter	Moore (WI)	Snyder	Tierney	Welch
Clyburn	Inglis	Moran (KS)	Souder	Titus	Westmoreland
Coble	Insee	Moran (VA)	Space	Tonko	Whitfield
Coffman (CO)	Israel	Murphy (CT)	Speier	Towns	Wilson (OH)
Cohen	Issa	Murphy (NY)	Spratt	Tsongas	Wilson (SC)
Cole	Jackson (IL)	Murphy, Patrick	Stark	Turner	Wittman
Conaway	Jackson Lee	Murphy, Tim	Stearns	Upton	Wolf
Connolly (VA)	(TX)	Myrick	Stupak	Van Hollen	Woolsey
Conyers	Jenkins	Nadler (NY)	Sullivan	Velázquez	Wu
Cooper	Johnson (GA)	Napolitano	Sutton	Visclosky	Yarmuth
Costa	Johnson (IL)	Neal (MA)	Tanner	Walden	Young (AK)
Costello	Johnson, E. B.	Neugebauer	Taylor	Walz	Young (FL)
Courtney	Johnson, Sam	Nunes	Terry	Wasserman	
Crenshaw	Jones	Nye	Thompson (CA)	Schultz	
Crowley	Jordan (OH)	Oberstar			
Cuellar	Kagen	Obey			
Culberson	Kanjorski	Olson	Broun (GA)	Flake	Paul
Cummings	Kaptur	Olver			
Dahlkemper	Kennedy	Ortiz			
Davis (CA)	Kildee	Owens	Barrett (SC)	Fattah	Teague
Davis (IL)	Kilpatrick (MI)	Pallone	Davis (AL)	Fudge	Wamp
Davis (KY)	Kilroy	Pascarella	DeGette	Harman	
Davis (TN)	Kind	Pastor (AZ)	Fallin	Hoekstra	
DeFazio	King (IA)	Paulsen			
DeLauro	King (NY)	Payne			
Dent	Kingston	Pence			
Deutch	Kirk	Perlmutter			
Diaz-Balart, L.	Kirkpatrick (AZ)	Perriello			
Diaz-Balart, M.	Kissell	Peters			
Dicks	Klein (FL)	Peterson			
Dingell	Kline (MN)	Petri			
Doggett	Kosmas	Pingree (ME)			
Donnelly (IN)	Kratovil	Pitts			
Doyle	Kucinich	Platts			
Dreier	Lamborn	Poe (TX)			
Driehaus	Lance	Polis (CO)			
Duncan	Langevin	Pomeroy			
Edwards (MD)	Larsen (WA)	Posey			
Edwards (TX)	Larson (CT)	Price (GA)			
Ehlers	Latham	Price (NC)			
Ellison	LaTourette	Putnam			
Ellsworth	Latta	Quigley			
Emerson	Lee (CA)	Radanovich			
Engel	Lee (NY)	Rahall			
Eshoo	Levin	Rangel			
Etheridge	Lewis (CA)	Rehberg			
Farr	Lewis (GA)	Reichert			
Filer	Linder	Reyes			
Fleming	Lipinski	Richardson			
Forbes	LoBiondo	Rodriguez			
Fortenberry	Loebsack	Roe (TN)			
Foster	Lofgren, Zoe	Rogers (AL)			
Fox	Lowey	Rogers (KY)			
Frank (MA)	Lucas	Rogers (MI)			
Franks (AZ)	Luetkemeyer	Rohrabacher			
Frelinghuysen	Lujan	Rooney			
Galgely	Lummis	Ros-Lehtinen			
Garamendi	Lungren, Daniel	Roskam			
Garrett (NJ)	E.	Ross			
Gerlach	Lynch	Rothman (NJ)			
Giffords	Mack	Roybal-Allard			
Gingrey (GA)	Maffei	Royce			
Gohmert	Maloney	Ruppersberger			
Gonzalez	Manzullo	Rush			
Goodlatte	Marchant	Ryan (OH)			
Gordon (TN)	Markey (CO)	Ryan (WI)			
Granger	Markey (MA)	Salazar			
Graves	Marshall	Sánchez, Linda			
Grayson	Matheson	T.			
Green, Al	Matsui	Sanchez, Loretta			
Green, Gene	McCarthy (CA)	Sarbanes			
Griffith	McCarthy (NY)	Scalise			
Grijalva	McCaul	Schakowsky			
Guthrie	McClintock	Schauer			
Gutierrez	McCollum	Schiff			
Hall (NY)	McCotter	Schmidt			
Hall (TX)	McDermott	Schock			
Halvorson	McGovern	Schrader			
Hare	McHenry	Schwartz			
Harper	McIntyre	Scott (GA)			
Hastings (FL)	McKeon	Scott (VA)			
Hastings (WA)	McMahon	Sensenbrenner			
Heinrich	McMorris	Serrano			
Heller	Rodgers	Sessions			
Hensarling	McNerney	Sestak			
Hergert	Meek (FL)	Shadegg			
Herseth Sandlin	Meeks (NY)	Shea-Porter			
Higgins	Melancon	Sherman			
Hill	Mica	Shimkus			
Himes	Michaud	Shuler			
Hirono	Miller (FL)	Shuster			
	Miller (MI)	Simpson			
	Miller (NC)	Sires			
	Miller, Gary	Skelton			

NOES—3

Broun (GA) Flake Paul

NOT VOTING—10

Barrett (SC) Fattah Teague
Davis (AL) Fudge Wamp
DeGette Harman
Fallin Hoekstra

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). There are 2 minutes remaining in this vote.

□ 1541

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. SKELTON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and in which to insert extraneous materials in the RECORD on the bill, H.R. 5013, just passed.

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

There was no objection.

UM RESEARCH DISCOVERY ON ALZHEIMER'S

(Ms. ROS-LEHTINEN asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. ROS-LEHTINEN. Mr. Speaker, I would like to extend my congratulations to the University of Miami researchers on their recent discovery that will lead toward a new understanding of Alzheimer's disease.

University of Miami researchers identified a gene that appears to double a person's risk of developing late-onset Alzheimer's. Alzheimer's, as we all know, is a debilitating disease that impacts 5 million Americans. As a daughter of a mother with Alzheimer's disease, I know how painful this disease can be for both the individual and the family.

I would like to thank Director Margaret Pericak-Vance and all of the staff of the John P. Hussman Institute for

Human Genomics at the University of Miami Medical School for their hard work and dedication to this valuable research.

The University of Miami will continue to take steps to improve our knowledge about Alzheimer's so that families will not have to feel the pain of watching their loved ones being slowly ravaged by this terrible affliction.

□ 1545

EXPIRATION OF 45G CREDIT

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

Mr. MORAN of Kansas. Mr. Speaker, for 7 years now, my colleague Mr. POMEROY and I have worked to preserve transportation connections for communities that would be disconnected but for their short line and regional freight railroads. Our bill, H.R. 1132, which extends the section 45G short line railroad tax credit, is supported by 259 of our colleagues.

Unfortunately for Kansas businesses that depend upon rail service, the 45G credit expired last year. As a result, small railroads like the Kansas & Oklahoma Railroad, the Kyle Railroad, and the Nebraska, Kansas & Colorado Railway are unable to maximize their infrastructure investments to best serve their customers. The 45G tax credit generates nearly 7 million good-paying track worker hours each year. More importantly, the tax credit helps farmers and coops in rural communities of Kansas move grain to food processors in Kansas City and manufacturers in Wichita to move steel and their finished goods to market.

I rise today to express my hope that we can find a path forward to continue the economic development and sound transportation policy fostered by the tax provisions contained in H.R. 1132.

UNFUNDED MANDATES ON STATES

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

Mr. THOMPSON of Pennsylvania. Mr. Speaker, I received a letter from a member of the Pennsylvania State House explaining a resolution he has introduced to stop the Federal Government from imposing unfunded mandates on the State. The resolution cites the Urban Institute as estimating Pennsylvania will see an additional 818,390 people eligible for Medicaid under the health care reform law. The cost to the Commonwealth of that additional burden totals \$2.31 billion between 2014 and 2019. Some 12 percent of Pennsylvania is now enrolled in Medicaid, making welfare entitlements one of the top-spending categories in the budget.

The resolution states that on September 9, 2009, the President promised

that health legislation being considered by Congress would not add to the Federal deficit but was silent about States bearing the weight of unfunded mandates. The proposed legislation asks Congress to refrain from imposing unfunded mandates on the State and asks that every Member be given a copy.

We already have a law against unfunded mandates, but that did not stop the Democrat majority from adding a huge burden on the States with this new law. I agree with this resolution and will encourage Pennsylvania legislators to support it.

FEDERAL GOVERNMENT IS MIA

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

Mr. POE of Texas. Mr. Speaker, a bipartisan group of Members representing all the southern border States today called for armed National Guard troops at the border. Our border State Governors have been specifically asking for troops over a year. Violence is escalating. Law enforcement lacks the manpower and equipment they need to protect the people on the border. National Guard troops must be armed and sent to the border, with clear and concise rules of engagement that allow them to defend themselves if fired upon.

Seventy-nine American citizens were murdered in Juarez, Mexico, just last year. Last month, an Arizona rancher was shot dead on his own property. His murderer was tracked to the border. Assaults against Border Patrol agents have increased 16 percent so far this year. Border Patrol Agent Robert Rosas was murdered in July—execution style.

Border States need help. The Federal Government has been missing in action. National Guard troops should be sent to the border to help the Border Patrol and local sheriffs protect the safety and security of the people.

And that's just the way it is.

SPECIAL ORDERS

The SPEAKER pro tempore (Mr. DRIEHAUS). Under the Speaker's announced policy of January 6, 2009, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

MORE NEWS FROM THE BORDER

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

Mr. POE of Texas. I bring you news from the third front—that being the southern border of the United States with Mexico. The first front, of course, is that engagement in Iraq; the second, in Afghanistan; the third, on our violent southern border. People are com-

ing into the United States from all over the world through the country of Mexico. Because Mexico has a vast coastline in the Atlantic and the Pacific, people go to Mexico, sneak into Mexico, and then sneak into the United States through our southern border. Part of those people that are coming in are called drug cartels. They're coming in to sell narcotics—a profit of over \$40 billion a year to the drug cartels that smuggle dope into this country. But also other people are coming into the United States.

Here's a photograph that was taken in Zapata County, Texas. I'm sure you've never been there, Mr. Speaker, but it's down on the Texas-Mexico border. It's a small county. This is an RV parked near the border. But this happens to be a helicopter. It turns out it's a Russian-made helicopter with Mexican markings on it. It's about a mile and a half to two miles into the United States across the border.

Now, the border with Mexico and Texas is not a land border. There's a river there. So there is no way somebody can be mistaken when they accidentally, they say, come into the United States. We don't know the intentions of this helicopter. Two weeks before this photograph was taken, other photographs were taken of either this helicopter or a similar helicopter, once again, coming into the United States—intentions unknown. Are these folks guarding a shipment of drugs? Are they working with the drug cartels? Are they looking for bad guys, or what are they doing? We don't know.

The problem is the border is porous. The southern border of the United States is porous with that border of Mexico. The violence in Mexico is escalating. Of course, it comes into the United States. There are 14 border counties in Texas that border Mexico. I recently talked to the sheriffs of those counties on the same day and asked them this question: How many people in your local jail are foreign nationals charged with crimes that are not immigration violations? The total number was 37 percent. That's right, 37 percent of the people in border county jails in Texas are foreign nationals charged with misdemeanors and felonies. That's a lot of folks. That costs somebody a lot of money. And that is because the crime problem goes back and forth across the border. It's in Texas and it's also in Mexico. It's because the borders are porous.

We have down on the border with Mexico the Border Patrol. They're doing as marvelous a job as they possibly can, but they need some help. Here's a photograph, Mr. Speaker, that was also recently taken. This is a Border Patrol vehicle. It has been improvised. It's a pickup truck. They call these things the "war wagons." Now why do they do that? Because they think they may be in a war zone down on the border. If you notice, Mr. Speaker, there's a mesh steel wire across the windshield, across all of the windows.

There's even a mesh cage that protects the emergency lights on top of the vehicle.

The question is, Why do they have that stuff on their Border Patrol vehicles? Well, you see, when they patrol the border with Mexico, people who wish to come into the United States illegally pelt rocks at our Border Patrol. And so they have to protect themselves and their vehicles by putting this wiring, this cage, around their own vehicle. Now, if somebody threw rocks at a police officer in the United States, normally those people get arrested and go to jail. But it doesn't seem like that is what is occurring, and so they have to protect themselves.

This is just one example of the violence that is occurring. Border Patrol in the Tucson area, assaults against them this year are up 300 percent from last year. That's right, assaults on our agents who are trying to protect the border, protect us. So we have to do more than that. We have to support the Border Patrol, the sheriffs that work along the border; and we have to do what the Governors of some of those States have asked for, and that's send the National Guard down to the border.

We protect the borders of other nations. Why don't we protect our own? We don't know. I think it's politics. It's time that we have the moral will to secure the dignity of the United States. It's about border security. It's about national security. It's not an issue of immigration. It's an issue of whether or not people can come into the United States legally or illegally. We must have the moral will to keep the criminal gangs, the drug cartels, the human smugglers out of the United States. They know our borders are porous. People in other countries know our borders are porous. They go through Mexico and come into the United States.

The Federal Government has been missing in action. It's time that they show up on the border and send the National Guard to support our troops, support the border sheriffs, and support the Border Patrol.

And that's just the way it is.

ARIZONA PROTECTS ITS CITIZENS

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

Mr. SMITH of Texas. Mr. Speaker, in a recent editorial praising Arizona for its action to enforce immigration laws, Investor's Business Daily said the following: "There are 460,000 illegal immigrants in Arizona, a number that increases daily, placing an undue burden on the State's schools, hospitals, and law enforcement. Arizona has a window seat to an illegal invasion and on the escalating and violent drug war in Mexico that has put American lives and society at risk.

"President Obama calls Arizona's tough new law 'irresponsible' and 'mis-

guided.' But it wouldn't be necessary if the Federal Government fulfilled its responsibilities to secure the border. We are a Nation of immigrants—legal immigrants—but we are also a Nation of laws that 70 percent of Arizonans and most Americans want to see enforced. The first duty of the Federal Government is to protect the rights, property, and lives of U.S. citizens."

I couldn't agree more.

DON'T STOP WITH IMPROVING DEFENSE PROCUREMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Ms. WOOLSEY) is recognized for 5 minutes.

Ms. WOOLSEY. Mr. Speaker, this body took an important step today by passing the IMPROVE Acquisitions Act, which will bring badly needed reforms to the defense procurement process. The Pentagon, of course, is legendary for bureaucratic inefficiency, cost overruns, and even outright corruption in its purchasing practices. Remember the \$640 toilet seat that the Navy bought back in the 1980s? Remember our soldiers in Iraq sifting through scrap heaps for makeshift body armor?

□ 1600

For too long, Mr. Speaker, the Pentagon has been the irresponsible teenager who gets a ridiculously generous allowance, loses part of it, and then spends the rest on junk food. With this new bill, though, mom and dad will begin to exercise some oversight over that allowance. Given the size of the DOD budget and the nature of its mission, it is about time. It's remarkable that up until now, there's been no effective performance metric system to assure that taxpayers are getting value for their defense dollars.

We're living through a time, Mr. Speaker, when nearly every American family is tightening its belt and making sure that every dollar it spends is on something it truly needs. We owe it to these families to ensure that the government agency charged with keeping them safe is doing the same.

As pleased as I am with the passage of the IMPROVE Act, I can't help but think that we are nibbling around the edges of a much, much larger problem. The issue is not just a managerial one of how the Pentagon goes about its acquisitions. The more significant matter is the Nation's overall defense policy and budget priorities. For example, we continue to spend billions of dollars every year on sacred cow weapons systems that were designed for a bygone era.

Finally, last year, we cut off funding for the F-22 Raptor, designed to neutralize the next generation of Soviet planes. I guess it took almost 20 years to figure out there has been no generation of Soviet plane because there's been no generation of the Soviet Union. But we're still throwing money

at the V-22 Osprey, a plane so wasteful and unnecessary that even former Vice President Cheney was trying to kill it as far back as the late 1980s when he was Secretary of Defense. According to our analysis at the Congressional Progressive Caucus, we can save \$60 billion, at least, a year by eliminating such Cold War relics.

And, Mr. Speaker, then there's the biggest ticket item of all, purportedly keeping us safe but actually spending us into bankruptcy and undermining our national security interests. I'm referring to the ongoing wars in Afghanistan and Iraq. Every day, at a predicted price tag of around \$1 trillion, we are sending American soldiers to die for a strategy that is a moral outrage and a practical failure. For a fraction of the cost, we could take a smarter approach by expanding poor countries' capacity to provide for their own people. That means more resources for democracy promotion, physical infrastructure, human capital development, et cetera, et cetera. That would be the way to fight terrorism—with compassion, not aggression; using diplomacy, not destruction; by investing, rather than invading.

So let's do more than streamline procurement, because, Mr. Speaker, if we overhaul the way we go about protecting America and we redefine what it means to provide for the common defense as the Constitution instructs us to do, we will do the right thing, and the right thing will be to start by bringing our troops home.

The SPEAKER pro tempore (Ms. CHU). Under a previous order of the House, the gentleman from North Carolina (Mr. JONES) is recognized for 5 minutes.

(Mr. JONES addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

CONGRATULATING ALLISON NOVACK FOR BEING NAMED THE TOP OUTSTANDING SCHOOL YOUTH VOLUNTEER OF THE YEAR

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Ms. ROS-LEHTINEN) is recognized for 5 minutes.

Ms. ROS-LEHTINEN. Madam Speaker, I rise today with a wonderful mission—to recognize a local student, Allison Novack. Allison has recently been named the Top Outstanding School Youth Volunteer of the Year for the Miami-Dade County Public Schools system. Our superintendent of schools, Alberto Carvalho, presented her with this impressive award at Miami's Jungle Island earlier this month.

As a senior at Miami Beach Senior High School, Allison has volunteered in numerous capacities. She has served as the president of the Miami Beach chapter of the Junior State of America. She has served as producer for the non-profit group 1308 Productions. She is

also known for her work as part of Sky News and as the creator of the Rock the Vote concerts and shows in our area. And I can personally attest, she was a fabulous host to my recent congressional visit to Miami Beach High.

As an elected public official, I understand the great effort and the personal sacrifice that goes along with trying to make a difference in our community. The time that Allison has spent and the care she has demonstrated are truly beyond her years. All of us in south Florida are fortunate to have someone like Allison who gives so generously of her time and energy to our area. This award is yet another shining example of how one individual's hard work can make a difference. Allison is an inspirational and energetic student leader who has created positive results for her school and our greater community.

Allison's public service has also been recognized by organizations such as Voice of America radio as well as many other media and civic groups.

This dedication to civic engagement stems from Allison's family, which has a legacy of public service. Allison is the daughter of Surfside mayor emeritus Paul Novack. Mayor Novack served as mayor for six terms and is himself, also, a graduate of Miami Beach Senior High School, the Hittides. Also, Allison's grandmother Mickey Novack served as Surfside vice mayor, as president of Women in Government Service, WIGS, and as treasurer of several educational and civic organizations, including the PTA and Hadassah.

It is wonderful to see Allison continuing in the family tradition of giving back to our community. Her hard work is fundamental in making our community better for years to come. With the support of wonderful parents like Paul and Denise, I am certain that Allison enjoyed the strong family network of support and guidance that is needed to accomplish so much for this young woman who is soon to be off going to college. Allison's steadfast commitment to public service is a testament to her character and to her family. She is a wonderful example of today's young adults who have the will to affect positive change in our community.

Allison will soon graduate from Miami Beach Senior High School this June as an exemplary student who has been a credit to her school and our community. Next semester, she will be joining the proud ranks of students attending the University of Miami—go Canes—and pursuing a degree in communications.

Again, I congratulate Allison for her recent award as Top Outstanding School Youth Volunteer. I also wish her the best as she makes the transition to college life, and I look forward to hearing from her about her continued work in making this community an even better place in which to live. I know that Allison will continue to ben-

efit our area in her volunteer work and will be a magnificent addition to the University of Miami Canes team.

Congratulations, Allison. Congratulations to the Novack family.

A TRIBUTE TO DR. DOROTHY HEIGHT

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

Mr. DAVIS of Illinois. Madam Speaker, I take this opportunity to pay tribute to one of the most accomplished, most engaged, and most effective social workers that this country has ever known, Dr. Dorothy Height. Following in the footsteps and tradition of Mary McLeod Bethune, Dr. Height became renowned for her dedication to social justice in her roles as administrator, educator, and social activist.

Dr. Height was born in 1912, the same year as my father, and, therefore, experienced and endured all of the social characteristics of her childhood era. Nevertheless, she attended college at New York University and did postgraduate work at Columbia University and the New York School of Social Work. Working as a social worker, Dr. Height came into contact with the problems and conditions of the average citizen or common man. These experiences and understandings guided her thinking, ignited her passions, and kept her going until just a few days ago.

Dr. Height joined the National Council of Negro Women and became its voice and leader. She served as the national president of Delta Sigma Theta, Inc. for 11 years and was the only woman engaged in leadership of the United Civil Rights Organization with Dr. Martin Luther King, Jr., Whitney Young, Jr., A. Phillip Randolph, James Farmer, Roy Wilkins, and JOHN LEWIS. When the movement subsided, Dr. Height's work continued.

She was energetic, went everywhere and to everything. She developed women by serving as their mentor and friend. The women that I know and worked with in Chicago are Ms. Rosie Bean and Ms. Anetta Wilson, both of whom are always willing to call themselves disciples of Dr. Dorothy Height.

Dr. Height was an incredible, unbelievably committed and dedicated woman whose life was the true essence of living. And I think that the poet Sam Walter Foss may have had Dr. Dorothy Height in mind when he penned, "House by the Side of the Road."

"There are hermit souls that live withdrawn, in the place of their self-content. There are souls like stars that dwell apart, in a fellowless firmament. There are pioneer souls that blaze the paths, where highways never ran. But let me live by the side of the road and be a friend to man.

"Let me live in a house by the side of the road, where the race of men go by.

The men who are good and the men who are bad, as good and as bad as I. I would not sit in the scorner's seat, nor hurl the cynic's ban. Let me live in a house by the side of the road and be a friend to man.

"I see from my house by the side of the road, by the side of the highway of life, the men who press with the ardor of hope, the men who faint with the strife. But I turn not away from their smiles and tears, both parts of an infinite plan. Let me live in a house by the side of the road and be a friend to man.

"I know there are brook-gladdened meadows ahead, and mountains of wearisome height; that the road passes on through the long afternoon, and stretches away to the night. And still I rejoice when the travelers rejoice, and weep with the strangers that moan, nor live in my house by the side of the road, like a man who dwells alone.

"Let me live in my house by the side of the road, where the race of men go by. They are good, they are bad, they are weak, they are strong, wise, foolish; so am I. Then why should I sit in the scorner's seat, or hurl the cynic's ban? Let me live in my house by the side of the road"—like Dr. Dorothy Height—"and be a friend to man."

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

(Mr. MORAN of Kansas addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Ms. KAPTUR) is recognized for 5 minutes.

(Ms. KAPTUR addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

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

(Mr. BURTON of Indiana addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

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

(Mr. DEFAZIO addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

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

(Mr. FORBES addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

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

(Mr. DENT addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

ADDITIONAL FACTS AND FIGURES FROM THE HEALTH CARE BILL

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 2009, the gentleman from Missouri (Mr. AKIN) is recognized for 60 minutes as the designee of the minority leader.

Mr. AKIN. Madam Speaker, I appreciate being recognized. As we do on occasion on Wednesday, after the main part of the House business is closed, we have an opportunity to take a look at various topics and subjects. Usually we have chosen subjects of significant importance to Americans, ones that affect everybody's lives. And it might seem odd in that we have already passed the government takeover of health care bill that we would go back to that bill, but I think there is continuing information that is being released that a lot of people may not have known about when the bill was passed, additional facts and figures which are, at a minimum, quite disturbing.

The facts and figures that I thought that would be important to talk a little bit about today are the facts and figures that come from the President's own people, the Centers for Medicare & Medicaid Services. These are people that the administration has chosen. They are a group of people who are taking a good look at the bill that was proposed and has been passed, what its implications are and some of the financial facts.

So this was something that was actually approved by the Obama administration. This was not the House Congressional Budget Office, which is viewed as being fairly bipartisan and has its own numbers. But these facts have just come out recently. We have to assume the President knew them, and the facts are in sharp contradiction, in complete disagreement with statements made by the President himself.

So I think we need to take a look at some of these things. Particularly, there was the claim in the health care bill that we have to bend the cost curve down because the numbers financially, for our Nation, we can't continue to have increasing health care costs.

□ 1615

Everything was centered on the fact that we are spending too much on health care. First of all, of course, the premise of that is a little odd. If you are a sick person, maybe you are not spending too much on health care. Maybe you spent what you needed to get well. But we are looking when that comment is made on what the government is spending on health care, particularly Medicare and Medicaid. So we are saying the government runs Medicaid and Medicare and they are spend-

ing too much, so the government needs to take it all over.

But the whole thing was sold on we are going to bend the cost curve down so Medicare and Medicaid, also health care in America, will cost less. Here we have Obama's hand-picked Center for Medicare and Medicaid Services saying that, in fact, this bill is going to increase the cost of health care. Well, that is kind of odd because the whole logic for doing it was because we are going to decrease it. And now we are hearing it will increase it. We are going to look at some of the different promises, quotes, and comments.

I am joined by a good friend of mine from Pennsylvania, and hopefully we will have some other guests on the floor tonight. I will introduce things first, and then we will discuss this.

This was an attempt to try to summarize the 2,000-page bill. They say a picture is worth a thousand words. Well, this picture may be a little tough. I don't know if it is worth 2,000 pages or not, but it is a tough picture. This is a rough idea what the government has to take over on the bill we just passed. So obviously it is going to be complicated. It shouldn't surprise us when we see this and ask: Is this going to save money? The answer now from Obama's own people is, No, this is going to cost more money than it is going to save.

So this is one of those things, just to get a sense of how complex the change is, and people are asking our offices all the time: When is this going to take place? For instance, those of us in Congress, we lose our health care coverage with this bill. So we are asking ourselves: When do we no longer have health insurance; and where do we have to go to buy it?

Well, you have to go to an open exchange. And there are a lot of questions about how is it that the Federal Government is going to take over one-sixth of the U.S. economy and somehow make it more efficient than what we have right now. The answer is they are not. They are not. The authorities appointed by the Obama administration again say it is not going to be more efficient, it is going to be more expensive.

There were all kinds of promises that we heard about, and I think it is important to go back and look at some of those things. Congressman THOMPSON from Pennsylvania may remember some of those quotes.

First, this is one that the President said: If you are among the hundreds of millions of Americans who already have health insurance through your job, Medicare or Medicaid or the VA, nothing will require your employer to change the coverage with the doctor you have. Try to explain that to the Members of Congress who are all losing their health insurance. This doesn't even pass the laugh test. This is ridiculous to make this statement.

The proposal that is before us, and you can probably technically say first,

if you are among those who already have a health insurance policy, nothing in this plan will require you or your employer to change. Well, for how long? Well, until the bill goes into effect; then it will make you change. So this is really something here. Particularly the people who are going to be rather cynical when they read this are the people who are the Medicare seniors on Medicare Advantage. I don't know how many hundreds of thousands of people are in Medicare Advantage. You are going to have half a billion dollars taken out, \$500 billion being taken out of Medicare Advantage. And obviously when you take that money out, the people on that plan are not going to have that same plan. About 50 percent of the seniors in Medicare Advantage are not going to have the same thing.

I want to contrast back and forth, the President says something, but yet, it taint necessarily so, as the song goes.

Mr. THOMPSON of Pennsylvania. I thank my good friend from Missouri for leading this discussion. It is such an important discussion as we look at the consequences of this health care bill that has been passed.

Mr. AKIN. Do you think we really know the consequences? I don't think people have a clue what the consequences are.

Mr. THOMPSON of Pennsylvania. That's right. I don't think we do either. The original Senate bill was 2,000 pages. We had a manager's amendment, and a reconciliation bill on top of that. We are talking close to 4,000 pages, and now the bureaucrats have to take that bill and put it into regulatory language. We may not know certainly for months and maybe years everything that is in here.

It really comes down to one word, and it is credibility. To say one thing, words one way and your actions completely opposite, it lacks credibility. We shouldn't be surprised. We saw that going back. Stretch our imaginations, we don't have to go that far back, we saw that a little over a year ago with the stimulus bill. The President said we have to do this stimulus bill. It was his words then that said we have to do this stimulus bill because if we don't, unemployment may go over 8 percent. So we spent \$878 billion on the stimulus bill; and in the end, what did we get? Well, we are at 10 percent or just under 10 percent unemployment at this point.

Mr. AKIN. So we are getting this radical, one statement says one thing and yet when you look at it, it is the exact opposite.

Mr. THOMPSON of Pennsylvania. Actions as we know, speak louder than words.

Mr. AKIN. The promise was if you don't pass the stimulus bill, this was a year ago, you could have unemployment above 8 percent. I wish we hadn't passed it because our unemployment is now 10 percent.

You were on the floor here about a year ago saying it wasn't going to work. It wasn't that we were being pessimistic, but we learned from history from Henry Morgenthau, FDR's Secretary of the Treasury. He said this economic approach of the government spending tons of money doesn't fix this problem of unemployment and recession. It just doesn't work. After trying it for 8 years, it wasn't that we were rocket scientists, it is just we learned a little something from history.

Yet we get this one promise that if you don't do this, unemployment is going to go as high as 8 percent. Instead it went to 10 when we spent whatever it was, \$700 billion or \$800 billion. That is just amazing. That is one of the promises. I was thinking about the health care promises, but you're right on that.

Mr. THOMPSON of Pennsylvania. One of the promises that I have always led my life by is the best predictor of future performance is past performance. I think there is a significant issue, a great divide being what is being said, what the President said about the health care and some of the promises that were made in order to get this bill pushed through Congress and what we see now and what we have now is the reality as we take our time to look through this bill.

Mr. AKIN. Here is one that might be of interest to you. I have a couple of examples.

This is a quote from Senator Barack Obama and it was on 10-4-08. We will start—talking about his health care proposal—we will start by reducing premiums as much as \$2,500 a family. If somebody told me that, I am saying I like that. Our expenses, we go through a lot of money with a bunch of kids and health care. If you are going to reduce my premiums by \$2,500 a family, that is a great promise if it is any good. And yet after making this promise, now here we go, not only the Congressional Budget Office which is our bean counters, Republican and Democrat bean counters in the House and Senate, our guys, and this Center for Medicare and Medicaid Services which is the administration's, it is Obama's bean counters, are saying it is going to reduce the premiums by as much as \$2,500, both of these offices are saying that the insurance premiums will increase under the Obama care, not decrease by \$2,500, it is going to increase and it is going to increase by, I think they are saying—let's see, here it is: Americans who buy their own health insurance plans will pay an average of \$2,100 a year more for their policies.

So if you are somebody going out and buying your health insurance, instead of decreasing by \$2,500, it is going to increase by \$2,100. That is a little different story. That is the sort of thing that gets people upset.

We are joined by a doctor with a medical opinion on this subject.

Mr. ROE of Tennessee. Thank you. One of the things that we are trying to

do here, and as I go back and think through the last 15 months, and remember when this debate first began: What is the problem that we are trying to fix? Well, the problem we are trying to fix was we had 40-plus million uninsured people in America, and that is untenable in this country.

Number two, health care costs were going up faster than inflation. That was a problem. There is no question that the uninsured and rising health care costs had to be addressed. There are many ways you can address this. I brought to the table 17 years experience with a failed plan in Tennessee.

Mr. AKIN. I want to mention that there may be some people joining us that are not always here on Wednesday evening. You are not just a Member of Congress, you are not just a former doctor, but you are also from the State of Tennessee, and the State of Tennessee is one of two States that tried this ObamaCare kind of approach to health care. And your experience in the State of Tennessee was did it decrease premiums and decrease the cost of insurance? That is what was promised by the President when he was a Senator. He said we are going to start by reducing premiums by as much as \$2,500 a family. Did you believe that?

Mr. ROE of Tennessee. No, I did not. One of the reasons was just the practical experience I had for over 16 years has shown that was not in the case. Back in the 1990s, we had a lot of uninsured people, and we asked for a Medicaid exemption and we got that in Tennessee to form a managed care plan. The idea was we were going to have various plans compete among each other to hold health care costs down. What actually happened was over about a 10-year period of time our costs tripled in this particular plan.

Mr. AKIN. So your costs tripled when you went this route?

Mr. ROE of Tennessee. Over 10 years they tripled. What happened was a lot of people, and I will predict this right here on the House floor right now, what is going to happen nationally with this plan is exactly what happened with our plan. I have seen this picture before. What will happen is you will have people, and we already have a business in west Tennessee that is a large plan. And remember, the Federal Government is going to determine what is adequate health care coverage in this great scheme, not you the individual or you the company, what you can afford, but the Federal Government will decide what is adequate health care coverage.

This particular business their coverage that they have now the Federal Government says no, this is not adequate coverage. And so it will cost this one business \$40 million more. Now if they drop their coverage, their covered workers into the exchange and they pay the \$2,000 fine per individual, it will save that company \$40 million.

Mr. AKIN. Let's get this straight. You have a company here and the com-

pany is being faced with some choices now. Their first choice is just take their employees and dump them into, is it the State or the Federal?

Mr. ROE of Tennessee. The Federal exchange.

Mr. AKIN. You can take your employees and unload them on the Federal Government, and if you do that, how much money does it save?

Mr. ROE of Tennessee. It saves \$40 million. It is a large company.

Mr. AKIN. So if you are a big company, you can make \$40 million by just dumping your employees onto this plan?

Mr. ROE of Tennessee. That's correct.

Mr. AKIN. Why wouldn't somebody do that?

Mr. ROE of Tennessee. Why wouldn't they do that. Exactly. That is exactly what happened in Tennessee. What happened in Tennessee is employers saw they could let their employees go to the TennCare plan, and 45 percent of the people who got on TennCare had private health insurance and those costs were shifted to the State of Tennessee.

What happened, the little caveat that isn't ever talked about is that no Federal plan, including Medicare, pays the actual cost of the care. What you are talking about right there in Tennessee, the TennCare plan paid about 50 or 60 cents on the dollar. So guess what happened to private businesses, those costs got shifted and their premiums not only went up at the rate of inflation, but you got those added costs added to it.

□ 1630

So that's where your \$2,000 comes as cost shift that we're talking about.

Mr. AKIN. Okay, I'm starting to understand. Doctor, you're great at explaining this stuff.

So what you're saying is you've got a certain number of people that are all kicking into the system and paying for medical care. All of a sudden you create a government incentive to dump all those people on the government. Now the government is having to pick it up, and guess who's going to pick up the bill? Well, it's the people who are still buying private insurance. So when you take these people out—the company is not paying for them anymore—now the private insurance guys, their cost goes way up to compensate for these other people because the government is not paying enough to cover the insurance.

So if the government puts in 50 cents on the dollar, somebody's got to make up the other 50 cents. Guess who it's going to be? The other poor sucker out there who's trying to buy his own health insurance.

Mr. ROE of Tennessee. And then what's going to happen is going to be, in a few years—in our State, it took about 5 or 6 years for us to recognize that we had a big problem on our hands. What's going to happen is that then, us, the politicians, are going to

step up and say, see, the private sector failed; we told you it was going to fail. This system that we have, Congressman AKIN, is designed to fail, and it will.

Mr. AKIN. Oh, so we're designed to fail because if you get the private system to fail, guess who's going to end up having to run the whole system?

Mr. ROE of Tennessee. You got it.

Mr. AKIN. The Federal Government. What a treat.

Every time we take a look at this thing and we discuss it on the floor, no matter which way you poke at it, it seems to me you come to the same conclusion. There's one solution to this problem: repeal this silly bill that we passed. It's a disaster.

Congressman THOMPSON from Pennsylvania, please join us.

Mr. THOMPSON of Pennsylvania. Well, I thank my good friend from Missouri.

The other part of that is, what they are paying, what my good friend, Dr. ROE from Tennessee, talked about how Medicare pays today less in costs. Commercial insurance on the average nationally pays 130 percent of cost. And there is only one reason—well, there's two reasons for that, but it all comes from the government. The government pays Medicare 80, 90 cents on the dollar, if we're lucky. Medical assistance, which has been expanded tremendously under this bill, only pays 40 to 60 cents for every dollar cost.

The President's own agency, the Centers for Medicare and Medicaid Services, in their actuarial report—so that's taking the folks at Medicare and taking the brightest and the best in terms of determining the economic impact of this bill, the section that talks about how will this impact our hospitals? Right in that bill, and I'll quote: "Medicare cuts could drive about 15 percent of hospitals and other institutional providers into the red" and "possibly jeopardizing access" to care for seniors. That's a significant risk.

My background was working in rehabilitation therapy as a manager within rural hospitals. And most rural hospitals—and, frankly, underserved urban hospitals—in my experience, if they're having a banner year, make a margin of about 1 to 4 percent. And out of that 1 to 4 percent, we hope that they can give cost-of-living increases because we want them to keep the best and the brightest and be able to recruit and retain—and that's a challenge when it comes to recruiting health care professionals.

Mr. AKIN. Just interrupting for a minute, from a business standpoint, because my background was engineering and business, when a business is running at 1 to 4 percent, that's like if you think about somebody that has to breathe keeping his lips above the water, you don't have much margin there before you go into the red when you're running at 1 to 4 percent.

Mr. THOMPSON of Pennsylvania. And you don't. When you're looking at

difficulty recruiting and retaining health care professionals, especially to rural areas and some urban areas, when you look at escalating costs of medical liability insurance—which our colleagues across the aisle refuse to deal with—they allow \$39 billion annually to be spent for medical malpractice insurance. That's \$39 billion that could be reduced out of the cost of providing health care, let alone the impacts of defensive medicine practice. So you've got that 1 to 4 percent. You also have hospitals under pressure to continually invest in new technology because we want them to have the technology to save lives.

Mr. AKIN. Let me just cut to the chase for a minute here. Are you suggesting that with this new proposal, because of the tremendous pressure that's going to be placed on those hospitals, that they're basically going to be starting to close?

Mr. THOMPSON of Pennsylvania. Well, not only am I suggesting that, but the President's agency, the Centers for Medicare and Medicaid Services, put that in writing.

Mr. AKIN. So they're saying that this new bill, among other things, is going to close hospitals.

Mr. THOMPSON of Pennsylvania. That is correct. They're estimating up to 15 percent.

Mr. AKIN. Now there's something here that just seems to be ironic to an extreme. We passed this massive government takeover of health care, and the very people that the President and his administration chose to take a look at and study the effect on Medicare and Medicaid of this proposal are saying it's going to close hospitals; and yet this bill is going to hire 16,000 new IRS agents to try and enforce the plan. You would think if you had a medical bill, you would hire more nurses and doctors. No, we're going to do 16,000 IRS agents.

Mr. ROE of Tennessee. Will the gentleman yield?

Mr. AKIN. Yes.

Mr. ROE of Tennessee. I want to just comment on that right now before I have to go on blood pressure medication.

Mr. AKIN. Which is brought on by the bill, is my question.

Mr. ROE of Tennessee. Which is brought on by the bill.

Here we have something as ridiculous as hiring 16,000 IRS agents to check a box to see whether you have bought health insurance, where if you took that \$10 billion right there, you could solve the uninsured, and our TennCare problems in the State of Tennessee could actually provide the care. Now, that's absurd when you hire government bureaucrats to check a box when you could actually provide care for pregnant women, for the elderly on Medicaid, for young people.

The gentleman from Pennsylvania brings up a great point on rural hospitals. Typically, if you look at the demographics—and I live in a rural area

in Tennessee—if you look at the demographics, they tend to be older and less affluent. And those smaller hospitals that don't get the more affluent people have a higher percentage of Medicaid and Medicare patients, meaning there's more pressure on them. You lower those reimbursements and there's a very real chance they will be in financial trouble.

I yield back.

Mr. AKIN. Wow. Well, we're joined by a good friend of mine who does represent a rural area from the great State of Missouri, BLAINE LUETKEMEYER, a gentleman that I have already a tremendous amount of respect for, and somebody who is also going to share a couple of his ideas on this whole ridiculous situation with this government takeover of health care.

Congressman.

Mr. LUETKEMEYER. Thank you, Congressman AKIN. It's good to be with you.

I've had a number of visitors over the last several days that have been talking about the health care bill. It's amazing, people are now starting to sit down and look at the bill, trying to figure out what kind of implications it has for themselves, their business, their families, whatever it may be.

And to follow up on the gentleman from Pennsylvania's comment, yesterday I had a group of rural hospital folks in, and not only is it going to affect the hospitals, it's also going to affect the doctors from the standpoint that the payment schedule can't be made whole so that they can make enough money to keep their doors open. Private practices will be a thing of the past. You're looking at them all becoming employees of hospitals or the government, whichever one is the surviving—I guess the last one standing here. So it's really a challenging time for not only the medical professionals, but also for the businesses as well.

Mr. AKIN. I really appreciate you bringing that point up, gentleman, because what you're really saying is there are a whole lot of question marks out there. It almost seems like to me, coming from our State of Missouri, it's almost like maybe you fall off your roof and you land on the ground and you know you hit pretty hard—you get to be an old geezer like me—and you kind of pick yourself up and say, I wonder if anything's broken. You start reaching around to see what's the damage. It seems like now people are kind of asking the question, what's the damage going to be? You really hit the nail on the head.

Go ahead, I didn't mean to interrupt you.

Mr. LUETKEMEYER. And, again, as you talk to the individuals—and each individual industry is a little different, but I know the fast food industry, I was talking to a gentleman who has 25 fast food franchises from Missouri all the way to South Dakota. He said it's going to cost him about \$20,000 per location. And some of his locations don't

make \$20,000 because they're small towns or smaller locations.

Before the bill passed, he was looking not only at trying to figure out how he could make some more dollars here, but he was looking to expand his operation. He was looking to purchase eight other units from another fast food franchise owner as well as build four additional ones. But now he says, Because of this extra cost, I not only am not going to expand my operation, I'm probably going to have to contract because I can't afford it.

At the end of the day, he's looking at half a million dollars in additional costs. He did nothing wrong. He didn't change his business model, but all of a sudden now, under this bill, he's got another half a million dollar bill that he has to figure out how to—

Mr. AKIN. You're talking about a bill that is actually driving the unemployment worse. It's a bill that's going to create unemployment is what you're saying. That's what this small business owner says. In other words, you're saying he's making enough money as it is now to open additional franchises, but with the cost of this bill, it pushes him under water, which says, I've got to close some rather than open them, and there goes some more jobs. So why in the world are we doing this when we've got an unemployment problem?

Mr. LUETKEMEYER. Well, I think it's pretty obvious, gentleman. I think that we're not about preventing health care in this bill. It's about a government takeover of one-sixth of our economy. It's about control; they want to control that portion of the economy.

Again, I've got another friend of mine who owns three manufacturing plants around the country, looking to open a fourth, but with the uncertainty of our economy, with bills like the health care bill, cap-and-trade, the stimulus package, additional tax increases that are sitting on the back burner right now, he says, I'm not going to open this business; I'm not going to build a new manufacturing plant.

To bring another business example here, I had a group of bankers in yesterday and I asked them, I said, How is your money supply? Have you got plenty of funds to loan out and what is your loan demand? And he said, We have the funds to loan out. The demand is sort of lukewarm right now, but the last five guys we've had come in who wanted to take out business loans were all ready to sign the papers. We had approved them, everything was fine. They're good customers, they're good business people, they decided at the last minute, we're not going to expand. We don't want to do this because we're going to endanger our whole operation if we go down this road. So they actually backed off, and as a result, look at how many jobs we're not providing or jobs that we're killing because of bills like this.

Mr. AKIN. I would like to underline that point. We just had my good friend

from Tennessee talking about what happened when Tennessee did this crazy harebrained idea and how it really messed up the economy in the State of Tennessee. And now you're saying, actually, if I remember right, is that today the President is coming to Missouri to some degree to assure people that he's concerned with unemployment, and yet what you're telling me is you had small business owners going to bankers—I think you had a banking background, is that right, gentleman?

Mr. LUETKEMEYER. That's correct. That's correct.

Mr. AKIN. They're going to bankers, those loans are all set up, and when this thing passes, they go, Forget it, we're not going to expand business that way. And so you literally have people you know in the banking business in the State where the President is visiting today, and they're saying, These people came to us and said we don't want your money because we can't make enough profit on it to pay you back because we passed this piece—you keep coming to the same conclusion that—and I don't mean to beat on this a little bit—the solution to this is repeal. We've got to get rid of this thing.

I am also joined by another good friend of ours, another doctor who has been a stalwart on this from Georgia, my good friend, Congressman GINGREY.

We've just been talking about this tremendous gap between statements that the President is making, and now the gap between what the President is saying and what this Centers for Medicare and Medicaid, the center that's collecting the numbers, is saying totally different than what the President is saying. I just wanted your thoughts on that because you've been very much on top of this bill.

Mr. GINGREY of Georgia. Madam Speaker, I thank the gentleman for yielding.

I think the truth is finally coming out. I guess it's kind of like what Speaker PELOSI said maybe a week or just a matter of days before the vote on ObamaCare. They finally did get that passed, as we all know, by deem-and-scheme and reconciliation and everything that you can think of. It barely passed. But her famous quote was, Well, we need to hurry up and do this so that the American people can find out what's in it. And, boy, was she prophetic. Nothing could be further from the truth—finally.

And I think the gentleman from Missouri is absolutely right: now all of a sudden the true numbers coming out from the Centers for Medicare and Medicaid Services, CMS, are showing quite clearly that this pledge that the President, then-Senator Obama, made I guess back in as late as October of 2008 that if you like what you have you can keep it. Certainly, nothing could be further from the truth for those 11 million, I think, Medicare recipients who get their Medicare coverage under the Advantage Plan. That's cut 18 percent a year over the next 10 years, some-

thing like \$150 billion. That plan is going to go away, certainly.

Mr. AKIN. If you let me just cut in for a second, Doctor, I've actually got that exact quote. Here it is. This is President Obama, June 15, 2009: "If you like your doctor, you will be able to keep your doctor. If you like your health care plan, you will be able to keep your health care plan. No one will take it away no matter what." And yet this center is saying that's not true. Go ahead.

□ 1645

Mr. GINGREY of Georgia. That is the exact quote, and I thank him for having that.

It is exactly what we all predicted on our side of the aisle, and that's why no Republicans could vote for this massive takeover of the health care system—a sixth of our economy. It's part of a grand scheme, of course, and that's why you see people all across this country who are upset, certainly not just Republicans, but Independents and the grass root activists, be they Tea Party patriots or the 9-12 Group or Freedom First or the Doctors for Patient Care. All of these folks have been coming to the people's House, to the Nation's Capitol, over the last year. They are the same folks who were turning out for the town hall meetings last August to whom the Democratic majority, Madam Speaker, just absolutely turned a deaf ear. They came back, and then all they did was change the name and the number of the bill.

So I thank the gentleman for giving me an opportunity to weigh in as a physician Member. There are 10 M.D.'s on our side of the aisle. There have been 31 years of experience for me and many, many years of experience for my colleagues who practice medicine.

Mr. AKIN. How many of those doctors voted for this bill? Of those 10 doctors you just mentioned, how many voted for this bill?

Mr. GINGREY of Georgia. I thank the gentleman for asking.

The answer is nada, a big zero. That is also true for the two Republican Senators, the only M.D.'s, in fact, in the Senate—Dr. COBURN and Dr. BARRASSO.

There is expertise that we had. In the House organization of the Doctors Caucus, of the GOP's Doctors Caucus, there are, in fact, 15 of us—10 are M.D.'s, and there are others who were health care providers in their professional lives. The unfortunate thing is that none of us got an opportunity to try to help. Even though we were knocking on that door, it was never opened.

I yield back.

Mr. AKIN. There was no chance for input or anything else.

My good friend, Congressman LUETKEMEYER, you recently have been elected to Congress. You come from an out-State part of Missouri with a lot of pretty conservative, but Democrats, in your district.

Now, what would they have thought if you had voted, first of all, for cutting

Medicare? Next, you've got a brilliant idea for a tax on wheelchairs, on medical devices and on something which is going to increase the average person's cost to health care and which is going to force the person to go to the Federal Government ultimately to get health care.

What would they have thought of you if you had voted for this thing?

Mr. LUETKEMEYER. They would have literally rode me out of town on a rail. The people in my district are conservatives. Whether Republicans or Democrats, they are conservatives, and they don't believe in government take-overs. They don't believe in governments solving problems that people can solve for themselves. Regardless of party, I think they are appalled by what is going on.

Last night, for instance—and, in fact, today—we have the President in my district. He had a closed meeting with some folks versus an open meeting where the people could have actually spoken to him and where they could have actually listened to what's going on, which is concerning to me because, here in D.C., we hear more lecturing than we do listening from him, and it's unfortunate, because I think there are a lot of people who have a lot of good things to say, and a lot of information could be transferred back and forth.

At the end of the day, I think the folks in my district—and there were 1,100 people at a rally last night in a town of 5,000, and they weren't supporting what the President was doing. So I think that will tell you—and this was in an area that is conservative Democrat by nature.

Mr. AKIN. There were 1,100 people in a town that had 1,000 people?

Mr. LUETKEMEYER. Well, 5,000 people.

Mr. AKIN. There were 5,000. So more than one out of five were there.

Mr. LUETKEMEYER. I think that tells you that there is a lot of concern and that there is a lot of frustration. These are people who are watching what's going on. They don't approve of it, and they want their voices heard.

I think this is the key—that nobody here in D.C. is listening to these folks. They don't perceive what is happening with this administration as listening to their voices, as listening to their concerns, as listening to them when they point out that there are problems with this bill, that there are problems with this thought process, that there are problems with this ideology. They are being shut out just like we are as minority Members. As a result, they're standing up, and they're doing what they can, which is to raise their voices even louder.

So it was exciting to be able to talk to that group last night by conference phone. They're energized, and they're going to be very vocal come November.

Mr. AKIN. Well, I'll tell you that I'm going to be talking to one in another hour or two not very far from my district. I think they've got the same set

of concerns. It's at a place where the President has been visiting, and they're turning out to say, We're not buying this solution.

My good friend from Pennsylvania, are you getting the same kind of sense from your constituents that there is a deep-seated concern for a plan that is just going to put 16,000 new IRS agents on the line to try and monitor whether you've done the right government thing?

Mr. THOMPSON of Pennsylvania. Yes, and not just from my constituents.

When I get home, I am out all over my district. My district is a great snapshot of Pennsylvania because it is actually 22 percent of the landmass of the commonwealth State, so it is a fairly large piece of Pennsylvania, and consistently, people are very conservative. Yet it's not just the people. Their State representatives are concerned as well.

I just received a resolution that is being put forward in the Pennsylvania State House by members of that chamber. It is essentially expressing their concern over this health care mandate. You know, Pennsylvania, with the expanded roles of Medicaid, is expected to have a bill of somewhere in excess of \$3 billion between 2014 and 2019. Three billion dollars.

I've got to tell you that, financially, Pennsylvania is strapped right now. We were the last State to get a budget this past fiscal year, and this year's budget is not going to be much better, I don't think. These are very, very challenging times for States, for a lot of States, not just for Pennsylvania.

Mr. AKIN. Could I interrupt just for a moment and jump in there? I do have specifics on that very point that you've made.

I don't know if you gentlemen were aware of it, but as of today, there are 19 States representing 41 percent of the population—and our State of Missouri is not here, but I know they have this on the burner to do. As of today, there are 19 States, representing 41 percent of the population, which have sued the Federal Government over ObamaCare, which has caused Justice Briar to make the statement: ObamaCare, a good candidate for review by the Supreme Court of the United States.

So it's not just Tennessee. It's not just Missouri. It's not just Georgia. It's not just Pennsylvania. There are 19 States here that are saying something.

Mr. GINGREY of Georgia. Will the gentleman yield for just a second?

Mr. AKIN. I do yield to my good friend from Georgia.

Mr. GINGREY of Georgia. Madam Speaker, I thank the gentleman for yielding, and of course I will yield the time back so the gentleman from Pennsylvania can continue to make his point.

He is right on target in regard to what is happening in the States and in the Commonwealth of Pennsylvania. In the great State of Georgia, we have one

more day, tomorrow. We have a 40-day session, and tomorrow is the last day.

They passed a budget for fiscal year 2011, which begins on July 1 in the State of Georgia, and it had to cut almost \$1 billion. Now, that has been extremely painful, and I'm sure it's painful in the State of Pennsylvania.

Though, I want to commend the Governor of the State of Georgia and my colleagues in the general assembly—a Republican majority in the House and Senate. Madam Speaker, they have made these tough cuts, and most States—I think 47 States in the Union—have this balanced budget requirement as part of their constitutions. If they can do it, why in the world are we sitting here with—what is it?—\$12.8 trillion worth of debt and with a \$700 billion deficit already in this current fiscal year?

I hope my colleagues and anybody who might happen to be listening to us here tonight get what I'm trying to say. This is serious business, and we're not doing our job up here, quite honestly, and it embarrasses me.

I yield back.

Mr. AKIN. Maybe we're doing a bad job.

I want to continue back with my friend from Pennsylvania.

Mr. THOMPSON of Pennsylvania. Thank you.

In terms of Medicaid, I think it's an important area for us to look at in terms of, again, the credibility of what the President said he was going to deliver, of what the Democrats say they are going to deliver and what the reality is in the actions that have taken place here and that will take place. Now that we have these volumes of pages, we will read through them and begin to see what the reality is.

When it comes to Medicaid, there will be 18 million more people on the Medicaid program. Essentially, that means they will have coverage. To me, that means they're going to have cards in their wallets or in their purses which will say they're eligible for Medicaid insurance, which is a form of government insurance. We've already had the discussion of the flaws of it. It pays 40 cents to 60 cents for every dollar of cost today. I suspect that will probably go down. If you include 18 million more people in that program, the pressure that that will put on it will be significant.

We have a problem today. The credibility issue for the Democrats is the difference between coverage and access. The fact is, today, there are 40 percent of physicians in this country who will accept medical assistance patients. That's family practice.

Mr. ROE of Tennessee. Sixty.

Mr. THOMPSON of Pennsylvania. Sixty.

For specialists today, it's 60 percent. It's expected to go to 80 percent.

So they may have coverage, but they really don't have access. If you don't have a physician who is able to accept you or who will see you, then we're not

really providing them access to quality care.

Mr. ROE of Tennessee. Will the gentleman yield?

Mr. THOMPSON of Pennsylvania. I certainly will.

Mr. ROE of Tennessee. You bring up a very, very pertinent point, which is, this year in America, as of the last number I saw, we were training a whopping total of 600 primary care physicians.

Mr. AKIN. You're saying we are training this year 600 primary care physicians?

Mr. ROE of Tennessee. This is for a country with 300 million people in it. Also, 15 percent of the practicing physicians in America today are over 65, and you know what they're going to do when this ObamaCare plan hits.

I've studied the Massachusetts plan in detail. It's a little different than what we did in Tennessee. What they did there was to impose the mandates like they have in this plan. The idea was to spread the costs over more people. Therefore, we were going to hold the costs down, and we'd have fewer people going to the emergency rooms.

So what's going on in Massachusetts?

This is the fourth year that they've had it. It was initiated in 2006, and it's like in Tennessee. You can't spend \$3 billion and not help some people. You do. There is no question about that. No one is arguing that point. In Massachusetts, with the billions of dollars that have been spent, you are going to help some folks because they've included another 400,000-plus people. What the Governor is now doing is recommending that almost all of the private plans' premiums be capped.

Why are they going up faster than they thought they would?

Well, they've added more people to the rolls that they're not paying the costs of, and the idea was we were going to get people out to primary care doctors and that we were going to cut the number of people who would be going to the emergency rooms.

Well, guess what? That didn't happen. Why?

As the gentleman from Pennsylvania just pointed out, Mr. THOMPSON, who is going to see you? That is the problem with this whole plan. The fallacy is: Who is going to see these patients?

Let me just make one final point.

Mr. AKIN. I don't want you to make just a final point, but I'd like you to answer this question:

The Democrat Governor of Tennessee, before this bill was passed, called this the mother of all unfunded mandates. In other words, one thing State legislators hate is when we up here pass some piece of legislation which busts their budgets. Then they have to take the political hit for the fact that we're fiscally irresponsible and legislatively irresponsible.

Now, is this a budget buster for a State?

Mr. ROE of Tennessee. There is no question. In Tennessee, it's over \$1 billion.

The problem with it is that people from a patient standpoint don't understand that, if I've got a card, I've got health insurance coverage. Not necessarily. That's what happened with Senator NELSON in Nebraska. He exempted Nebraska. Then, of course, the final bill that was passed put everybody in, and the States were made whole for the first 3 or 4 years of this plan.

Mr. AKIN. Was that the cornhusker kickback?

Mr. ROE of Tennessee. That was the kickback. Exactly.

Eventually what happens is that it will be an unfunded mandate for the States. They see it coming. They get it. We have a gubernatorial election right now in Tennessee, and it's a hot topic. Who is going to pay this unfunded mandate? We've dealt with it for so long.

You're right. This was a fiscally conservative Democratic Governor who understood. He got it. He had to deal with it, and he asked them not to do that, not to pass this bill. He was very much against it.

Mr. AKIN. Wow.

We've been joined by a good friend of mine, Congressman LAMBORN.

Welcome to the discussion. We're just taking a look at the fact that, you know, you'd think logically: What in the world are these Congressmen doing, standing on the floor, railing about some bill that has already been passed?

Well, part of the reason is there was some truth in what Speaker PELOSI said, which is that you've got to pass the bill to find out what's in it. We're still discovering all kinds of surprises. In a way, that's what we've been talking about tonight—things that the Obama accountants in the Medicare/Medicaid group are analyzing in the bill. They're saying, Whoops. It's not going to bend the cost curve down; it's going to bend the cost curve up, so it's going to be more expensive. Uh-oh, it's going to cost jobs.

Anyway, please join us.

Mr. LAMBORN. Well, thank you. This is a great discussion that you all are having. Thanks for letting me participate for a few minutes.

You raised a really good point, which is that this report has shown that this is going to be a lot more expensive, that it's going to raise taxes, that it's going to raise health insurance premiums, that it's going to make people drop out of the existing coverage they have. They will be thrown into the government plan. This is a CMS report, the Centers for Medicare & Medicaid Services, which is nonpartisan and objective.

What really is outrageous about this report, Representative AKIN, is that they had it over at DHS before we ever had the final vote on ObamaCare. They were sitting on it. Their language now is, Oh, we didn't want to influence the debate.

Isn't that what a report is all about?

□ 1700

Mr. AKIN. Influence the debate with any facts? My goodness, people might not vote for this thing.

Mr. LAMBORN. These are vital facts to have. It really is a lot more expensive. And it is going to raise taxes and throw people out of the insurance they have now than what the administration was claiming. So if we had known this maybe it wouldn't have passed by the four or five votes that it passed by. Maybe it would have failed, and we would have been on a whole different trajectory right now if they had been open and honest about this report that the American people and us as their Representatives should have had access to.

Mr. AKIN. That is really frustrating, isn't it, to basically give people a mushroom treatment. You keep them in the dark, smother them in some sort of a fertilizing material, and we tell them these things: if you like your doctor, you will be able to keep your doctor, period. If you like your health care plan, you will be able to keep your health care plan, period. No one will take it away, no matter what. And yet the report that you are talking about makes it clear that this just flat is not true. So it is a frustrating thing. And in a sense, all of these things are falling out now, and it wasn't so obvious before.

My good friend from Louisiana, Congressman SCALISE, please join us.

Mr. SCALISE. I thank the gentleman from Missouri. And this latest smoking gun that's come out is just yet one more example of why the American people are so angry about what happened with this government takeover of health care, with the way it was rammed through, with all the broken promises.

And you can go back to the very beginning when the President was a candidate. He said multiple times all of these hearings would be on C-SPAN so you could actually have transparency and find out what's going on. In fact, none of that transparency happened. None of those meetings were held on C-SPAN. And now we see this document that comes out conveniently just 2 weeks, 3 weeks after the vote that barely passed by three votes that confirms what we were saying, that this would actually raise the costs of health care for most American families at a time when we should be lowering the cost of health care, like our bill did that we filed that actually would have addressed the real problems in health care. But in fact their bill does the opposite, and now it's confirmed that.

What I really want to find out is when did the administration know about this report? Was this report produced by CMS, a Federal agency, before the vote and then covered up, literally held under wraps so that this couldn't become public until after the vote, when the American people would once again see that yet another promise by this administration on health

care was broken with their government takeover?

Mr. AKIN. That's an incredible question, isn't it, the control of the information, the spin on the whole thing, the promises initially of it being a transparent process, it's going to be on C-SPAN, everybody can watch it, and in fact everything is closed doors.

A couple of our doctors have left, but, Dr. ROE, were you invited to take part in the drafting and putting this bill together? Were you allowed to go into their meetings? I think that's an important question.

Mr. ROE of Tennessee. I am smiling because this actually is kind of funny. What happened, the President last July said he would go over this line by line with any Congressman that would like to go over this bill. So I wrote the President the next day, and then was on Greta Van Susteren three or four times. We contacted the White House by email, by phone, by letter. I guess I was going to have to try a carrier pigeon and smoke signals. But we never did hear one word back.

And the Physicians Caucus, with over 400 years experience, not one of us was consulted in a meaningful way. I practiced medicine, Congressman AKIN, for 31 years in Johnson City, Tennessee, left my practice and got myself elected to Congress to become part of the debate. I was never included in any way whatsoever.

Mr. AKIN. So I guess from what you are saying, a quick summary, 31 years in medicine, you thought maybe you knew something about medicine, decided to take the huge amount of effort to come to Congress so you would have something to say about the debate. And in spite of the fact that you tried everything other than carrier pigeons and smoke signals, the White House refused to honor their promise to let you look at line by line what's going on. So the logical conclusion is you are going to run for President? Is that where we are going?

Mr. ROE of Tennessee. No, that's not where we are going. A couple of things I want to go over I think that our seniors get, and all of us here understand this. One of the things as a physician that bothers me about it, and Dr. GINGREY was here a moment ago, our concern is the quality of care that our patients are going to get. When you take our senior citizens and you cut, the new CMS estimate is, \$575 billion out of a Medicare plan—and remember, beginning next year, 2011, we begin to add the baby boomers at 3 million per year. So in the next 10 years we are going to add 35, 36 million more people to the Medicare plan with almost \$600 billion less money.

Let me tell you three things that will happen. One, you will have decreased access to your doctor. Two, you will have decreased quality of care because you can't get to your doctor. Number three, it's going to cost you more money. The seniors understand that. I understand that. And the American people understand that.

Mr. AKIN. What you just said is so common sense and straightforward. You are going to take how many more people and put them into Medicare?

Mr. ROE of Tennessee. Thirty-six million in the next 10 years.

Mr. AKIN. Thirty-six million more people go into Medicare—now, you don't have to be too much of a wizard on business—36 million people go into Medicare that weren't there before, it's going to cost more money. And then you are going to cut \$575 billion out of the program. So now you are doing two things: one, you are adding millions of people into the program, you are taking billions out of the program, and you are saying, hey, maybe your quality of health care is going to go down. That's pretty straightforward.

Mr. THOMPSON of Pennsylvania. Will the gentleman yield?

Mr. AKIN. I yield to my good friend from Pennsylvania.

Mr. THOMPSON of Pennsylvania. I want to reach back into the past, the Balanced Budget Act of 1997, where similar cuts were made to the Medicare program, because we have been accused of making this things up on this side of the aisle when it comes to rationing of services by our Democratic colleagues. And they just don't know how to deal with the facts. They don't know how to deal with the reality. The Medicare part B cuts have been made. Today in this country we ration health care services. But we ration government health care services.

Medicare part B. My background was rehabilitation services, licensed as a nursing home administrator. An older adult that is going in for therapy, physical therapy, occupational therapy, speech therapy, you are going to an outpatient clinic or into a skilled nursing facility because you have had some type of a disease or disability that disabled you that you need rehabilitation services, did you know that today the Federal Government under Medicare part B rations those services? There is a cap that is placed on how much therapy services you can receive on an annual basis.

I know that because, unfortunately, I was the person that was responsible in my facilities to track where those patients were in terms of that cap. And when they reached that cap, we had to serve them notice and their family members notice that they were no longer eligible for Medicare, for Medicare part B specifically, for those rehabilitation services.

And you think about the people who wind up in skilled nursing facilities, they are the sickest of the sick. These are people who have no other place to go for the type of compassion and care that they need to receive. Yet there is an example of how we ration already.

Going forward, I want to read from a report from the actuary on this Medicare part B so we have that language. This is according to CMS, the Centers for Medicare and Medicaid Services.

Mr. AKIN. This is part of that same report that we were just talking about

that has just now been released conveniently after the bill was voted on.

Mr. THOMPSON of Pennsylvania. After the vote.

Mr. AKIN. Let's get the exact quote.

Mr. THOMPSON of Pennsylvania. The question is for the President, Mr. President, when did you have this report? And why did Congress not have it?

As the actuaries put it:

"Therefore, it is reasonable to expect that a significant portion of the increased demand for Medicaid would be difficult to meet, particularly over the next few years."

They continue:

"For now, we believe that consideration should be given to the potential consequences of a significant increase in demand for health care meeting a relatively fixed supply of health care providers and services." In other words, there will be shortages of both physicians and hospitals. That really amounts to having less access to quality care.

Mr. AKIN. Less access or, as you used the word, rationing.

Mr. ROE of Tennessee. Let me give you just one quick example. You talk about rationing of care. In the State of Tennessee this year, what we did to get control of our TennCare plan was cut the rolls by hundreds of thousands of people. And this year we are going to limit doctor access to 10 visits per year, unless something can be done in the budget, and a grand total of a hospital pay of \$10,000. I don't care if you have a massive wreck and your bill is \$100,000, the State will pay \$10,000. And in rehabilitative services, as of July, right now, unless something changes before the end of the State legislature, there will be no rehabilitative services. If you have a knee replacement, you are just going to have to rehabilitate it on your own because the State cannot afford to pay for it.

That is rationing of care going on right now with the government plan.

Mr. AKIN. Wow.

Mr. ROE of Tennessee. And we just voted to massively expand this plan.

Mr. AKIN. I have not jumped in from a personal point of view because you guys are all experts. I am just the poor sucker that receives the services. I am a cancer survivor. I happened to have taken a look at the cancer survival rates in foreign countries that have socialized medicine. You notice the U.K. survival rate of cancer in men is a whole lot less than it is in the U.S. Well, why would that be? Is it that the cancer technology is different? I don't think so.

I think the deal on cancer is if you've got it, you want to get treated as quick as you can. So what happens in the U.S., you don't have the same waiting line. Now, you start putting those waiting lines in and it starts to affect your statistics of what's going to happen on a disease. That's what we talk about when you all of a sudden hear your doctor say, oh, by the way, you're

doing great, Blaine, but little detail, you have cancer. That kind of gets your attention. And you think, I better get that dealt with right away. They say, well, that's just fine, but you are going to have to wait for, you know, whatever it is. You are going to have to wait 6 months to get treated. You got melanoma, that's probably not a real good idea to be waiting 6 months.

I have a good friend that's a doctor friend of mine, Steve Smith. He has told me that on these kinds of things, you just don't want waiting lines. You just don't want socialized medicine. His advice to me is the same as the doctor friends we have down here, just repeal this piece of junk. That's what he is saying.

My good friend from Missouri, Congressman LUETKEMEYER.

Mr. LUETKEMEYER. I thank the gentleman.

I think at the end of the day everybody understands now what's in this bill. And it's not something that's good for our country, it's not good for our people, it's not good for our business climate. It's impacting everybody in a negative way. And I think the only alternative is to replace and repeal it. I think that at some point we are going to be able to do that. And I think it's imperative that now that we have seen what's in it, and again have another report that's come out that shows it's going to cost more than anticipated, this thing is a boondoggle. It's got to be replaced, it's got to be repealed.

This can't continue because it's going to lead us over a cliff, as the gentleman from Tennessee has talked about TennCare. The Massachusetts plan continues to go over a cliff as well. We are headed over that cliff with our national health care as well.

Mr. AKIN. Thank you very much, Mr. Speaker. I appreciate my colleagues joining me here tonight and for being a part of an important discussion. It is an ongoing story.

THE NEED FOR FINANCIAL REFORM

The SPEAKER pro tempore (Mr. GARAMENDI). Under the Speaker's announced policy of January 6, 2009, the gentleman from California (Ms. SPEIER) is recognized for 60 minutes as the designee of the majority leader.

Ms. SPEIER. Mr. Speaker, I am joined this evening by a number of colleagues who are going to give us, I think, the reasons why financial reform is a must in this country. And the biggest poster child for why we have to do financial reform really is in Goldman Sachs.

So we thought we would start our discussion tonight by looking at the principles that Goldman Sachs has promoted on its Web site. There are 14 principles that Goldman Sachs has promoted on its Web site. The very first, and one I would like to start out with, is "Our clients' interests always come first." Well, let's talk about their clients' interests coming first.

Let's speak precisely about one deal, the deal called Abacus. And in Abacus their clients were many people. They had a client named John Paulson, the biggest hedge fund individual in this country. He wanted Goldman to sell mortgage-backed securities that were bad. They were subprime. And he precisely wanted them to sell them to many of their clients, and he was going to short them, meaning he was going to bet against them.

□ 1715

But it just doesn't end there. He specifically designed the package. He handpicked the mortgages that were going to be in the package. And then Goldman sold them to unsuspecting buyers. And lo and behold, what happened? What happened was Mr. Paulson made a billion dollars, and the other clients of Goldman Sachs lost a billion dollars, and Goldman Sachs walked away with \$50 million of fees that were paid to Goldman Sachs by Mr. Paulson. Now, that is the basis of the SEC complaint filed against Goldman Sachs for civil fraud.

So what is civil fraud, you might ask? Civil fraud is, It shall be unlawful for any person in the offer or sale of any securities to obtain money or property by means of any untrue statements of a material fact or any omission to state a material fact necessary.

So the question is, was it a material fact that Abacus was made up of these mortgage-backed securities, 90 percent of which were what are considered no doc mortgages? That means there was no documentation that the people that got those mortgages could pay for them. There was no documentation of income, no documentation of debt. Those were no doc loans. And there was a history of no doc loans going back. So it was fixed from the very beginning.

They were arranged by John Paulson, a material fact that was not disclosed to the other buyers, and it was not disclosed to the other buyers that John Paulson created this because he wanted to short them, because he wanted to bet against them. So if there ever was a case of fraud, I would argue that that was a case of fraud. Yet Goldman Sachs says, "Our very first priority is that our clients come first."

Let's move over here to No. 14: "Integrity and honesty are at the heart of our business. We expect our people to maintain high ethical standards in everything they do, both in their work for the firm and in their personal lives."

Well, there is one gentleman who has worked for Goldman Sachs that they referred to as the Fabulous Fab. He's a gentleman by the name of Fabrice Tourre out of their office in London. Well, I wouldn't suggest to you that Mr. Tourre is fabulous. I would suggest to you that he is fraudulent.

In some of the e-mails that the Senate Committee on Investigations was able to collect, this is what Mr. Tourre

was saying. Now, Mr. Tourre is the individual who was selling these synthetic collateralized debt obligations. He was the one that was doing the work on behalf of Mr. Paulson. So what did he say? He said, "The whole building is about to collapse anytime now." Those were Mr. Tourre's words. He described himself in an e-mail as the only potential survivor, the Fabulous Fab, standing in the middle of all these complex, highly leveraged, exotic trades he created without necessarily understanding all the implications of these monstrosities. He then went on to say in an e-mail in 2007, he described the mortgage business as "totally dead and the poor little subprime borrowers would not last too long." Yet 2 months later, he was boasting that he continued to dump some of the worthless mortgage securities on, and I quote, "widows and orphans that I run into at the airport."

This is a man of integrity and honesty. I would suggest that is not the case.

And, finally, in an e-mail to his girlfriend, he called his Frankenstein creation, these synthetic CDOs, a product of pure intellectual masturbation, the type of thing which you invent telling yourself, well, what if we created a thing which has no purpose, which is absolutely conceptual and highly theoretical and which nobody knows how to price? That's Mr. Tourre, who yesterday when he testified said, and I quote, "I firmly believe that my conduct was correct." That is Mr. Tourre. That is Goldman Sachs.

I would like to now ask my good friend, JOHN YARMUTH from Kentucky, to join me in this colloquy.

Mr. YARMUTH. I thank the gentleman for yielding.

It's a great pleasure to be here today to discuss with the American people the fundamentals of the problem that we're trying to deal with with the Wall Street reform legislation now working its way through Congress.

I had the privilege in the last Congress to be a member of the Oversight and Government Reform Committee when all of this was unfolding, in the fall of 2008 when for the first time people were getting a sense that Wall Street was essentially operating like an unregulated casino. It was essentially the Wild West of finance. And my economics training, as skimpy as it may have been, taught me that the financial system in our capitalist form of government, in our free market, is supposed to help with the allocation of capital in its most productive way so that capital finds its most productive uses. And what we found looking at these incidents as they unfolded back in 2008 and as we have seen even up until the last couple of weeks is that the giants of the financial system in this country, Goldman Sachs, the other major Wall Street financial institutions, weren't guiding capital to its most productive use.

They were guiding capital, hoarding capital, accumulating enormous sums

of capital, in some cases essentially creating capital out of the ether, and deploying it for their own very greedy use. And I know that when we have had arguments both inside of Congress and out over the last few years, we say, well, why would government allow these institutions to get so big that they can wield this kind of power? And the answer we always got from the Goldman Sachs of the world and from others was, well, we need to be that big so we can compete in the global economy.

The question they have never answered to my satisfaction and I don't think to the congresswoman's satisfaction and certainly I don't think to the American people's satisfaction is competing for whom? For what? To what purpose? Because if we allow, as a society, companies to get that big where they can threaten to bring down the entire economy and they don't produce any good for society at large, then why do we care if they can compete?

Whom are they competing for? Are they competing just for their stockholders? In the case of Goldman, are they competing just for their partners who take home \$13 billion, \$15 billion worth of bonuses each year? That's the question I think that is at the core of this debate and has to be as we move forward trying to decide exactly what policies we should adopt.

In Goldman's case, as I mentioned, I think in 2009, the total bonuses they have allocated for their partners, their principals, and their employees is something like \$13 billion. Do you know how much their Federal tax rate was? It was .9 percent, .9 percent.

Now, virtually every American pays a higher tax rate than that. Goldman Sachs paid less than 1 percent of its net income in taxes, while its principals and its employees, its top earners, Mr. Blankfein and others, were making millions upon millions.

So we have to say, does society benefit from having Goldman Sachs here? No. I think we can make a pretty strong case that over the last couple of years, this country has suffered enormous damage, and not just in New York but throughout the country, throughout Main Street, with defaults, mortgage, collapse of banks, all sorts of things. The enormous problems with AIG and its cost to the taxpayers when we had to bail them out, largely attributable to the type of activity that Goldman and others were involved in.

So as we look through Goldman's business principles, and I think you have done an excellent job of pointing out some of the ironies, to use a gentle term, some of the ironies involved in those principles, we have to ask ourselves, what are Goldman's principles for being part of the American economy? Where do we show anywhere in there that they want to help our economy prosper? No. This is for their shareholders, their principals, and their clients who are among the wealthiest individuals in the world.

So while we worry about what Goldman has done, and I think most of us, most Americans, are outraged at, if for nothing else, the ethical shortcomings of the techniques that they have been using, we have to ask ourselves as well what good does Goldman Sachs, what good does Bear Stearns, may it rest in peace, and Lehman Brothers, what good do they do for the American economy? Because I think the evidence is pretty strong that, in fact, they have been extremely detrimental to the American economy and to the average American in their activities over the last few years.

Ms. SPEIER. Reclaiming my time, you mentioned that they paid a tax rate of less than 1 percent. The average American pays a tax rate of what?

Mr. YARMUTH. Well, actually, as we heard just a few weeks ago, about 47 percent of the lowest income earners in America pay almost no income tax. They do pay a significant employment tax, Social Security and Medicare. In fact, every American working pays 7.5 percent combined Social Security and employment tax. Income tax will vary. I think the average Federal income tax, people making \$40,000 to \$50,000 a year, was in the 3 or 4 percent range, which is still three or four times what Goldman Sachs was paying. And, of course, once you get to higher levels, the Federal income tax is somewhere—I think the average American making more than \$250,000 a year pays an average of 23 percent. So that's just somebody making \$250,000, \$300,000 a year, not the billions and billions of dollars that Goldman Sachs has made. They pay 23 percent on average more than Goldman Sachs paid.

Ms. SPEIER. Thank you.

I now yield to my good friend from the State of Oregon, PETER DEFAZIO.

Mr. DEFAZIO. Thank you for yielding.

I think the American people are a bit confused as to what is really going on here. And, you know, it's a lot like the Humphrey Bogart movie: What's going on here is gambling, plain and simple.

It would be one thing if these so-called investment banks like Goldman Sachs were lending into the productive sector of the U.S. economy, if they were lending to people who had good ideas to produce products and goods, employ Americans and help us compete in the world economy. But they are not doing that. In this case, they weren't even helping to package and move mortgages off of people's portfolios and someplace else. They were merely mimicking with what are called synthetic collateralized debt obligations, packages of bad or potentially bad mortgages to bet on, for this one hedge fund to bet against and make a billion dollars.

But then, of course, unfortunately, other parts of Goldman Sachs, apparently unbeknownst to them, I mean, in totally good faith, went to clients of Goldman Sachs and said, Hey, we've got a good product here we'd like to

sell you. Unfortunately, other parts of Goldman Sachs had assembled this product with the intention that it would fail, and these other people were not informed of that fact and purchasing them, although Goldman would say they didn't have an obligation to tell people that they had designed it to fail, working with someone who was betting it to fail, and that Goldman itself was betting on it to fail.

But the bottom line of all is it's a huge amount of churning on things that don't help the economy, help the American people, help us compete in the world.

□ 1730

Goldman has gone to the point in 2007, their gambling income—excuse me—their financial services, investment, self-proprietary, et cetera stuff, whatever you want to call it, was actually five times larger than their investment banking activities. So 20 cents of every dollar at Goldman was going into productive investment. The other 80 cents was going into gambling on imaginary products. It's a lot like fantasy football. A lot of Americans can understand that. Imagine if they took out and created synthetic products that related to fantasy football. Maybe some Americans can understand that.

Recently, one firm actually proposed, a Cantor Fitzgerald subsidiary, proposed to do futures on movies. In L.A. they would produce a movie and then the people on Wall Street would bet on what the opening weekend was going to return, and they would bet on how much money it might make. This became of such concern to producers in L.A. because they thought, My God, if they start out shorting us right away, that's going to depress our investment potential for the movie, et cetera, et cetera. So in the Senate bill they're actually banning this sort of derivative.

So they have banned two kinds of derivatives. One has been historically banned for some reason lost in the mist of time. Onions, you can't do them on onions. And the second would be movies from Hollywood. Otherwise, you can bet on anything. You can bet on the weather tomorrow as a derivative product. You can market it on Wall Street, et cetera, et cetera.

This is not a productive activity. I would suggest a simple way to deal with it. One thing that's good is the Senate has actually, for once, proposed something useful, which is to say that if Goldman wants to have a proprietary trading section and trade in these gambling products, that they couldn't be insured by the FDIC or draw money through special windows at the Treasury. We should not subsidize their addiction to gambling. The taxpayers should not subsidize it. That would be a good step.

But the other thing we could do would be to put a very modest tax on this gambling and to say, Look, for legitimate hedgers, airlines who want to

hedge against fuel price increases, farmers who are worried about failure of the corn crop, those people. We already distinguish between hedgers and speculators over at the Commodity Futures Trading Commission.

Let's just say hedgers would be exempt from the tax. But speculators, those who have no skin in the game, aren't producers, or even worse, are not even actually involved in any way as a counterparty but just merely creating synthetic things to bet for or against, they would pay a very modest tax. If the tax was approximately two-tenths of 1 percent—that's .002—on each of these, we could raise somewhere between \$30 billion to \$50 billion a year to help pay for some of the damage they have caused to our economy.

It might not raise that much because it might rein in some of this speculative activity, which I think would be a desirable impact; but I would suggest that would be one way to deal with this very, very reckless activity.

I congratulate the gentlelady for having this hour to highlight these concerns and the contradictions that we see in the business principles versus what we all saw going on.

With that, I'd yield back.

Ms. SPEIER. I thank the gentleman for his great commentary. I now would like to recognize from the State of Maryland (Mr. CUMMINGS).

Mr. CUMMINGS. I want to thank the gentlelady for holding this hour. And I want to thank her for yielding and I want to thank all my colleagues for being here tonight. As I listen to my colleagues this evening, I could not help but think that the American people have lost in at least two ways. One, they have lost with regard to money that they could have been making on the market. Two, they have lost because the so-called swaps that were purchased, these insurance—what we could call insurance, for those people who may be listening, Mr. Speaker—some of that money, particularly the ones that we're dealing with right now, were bought from AIG. When these bonds went down, AIG ended up paying.

Folks may be asking the question, What does that have to do with me? Well, the fact is that when those bonds were paid off, those are the kinds of—because they were paid off from AIG, just like an insurance policy would pay—a lot of American money had to go into AIG to keep it propped up—to the tune of \$180 billion, with a B.

I cannot help but think about yesterday as I listened to Fabulous Fab—

Ms. SPEIER. Fraudulent Fab.

Mr. CUMMINGS. Fraudulent Fab. As he talked, I heard no remorse. I heard folks basically saying, This is the way we do it, this is how we do it, and almost implying that it was none of our business, none of the business of the Senate or the House. The sad part about it, as I sat there, I really wanted to almost come through the television screen because I thought about all of the people who have lost so much, have

lost so much over the last few years. The people who have lost their homes, lost their savings, lost their jobs, lost opportunities. Children cannot go to school. They can't get loans. Yet, still folks sitting there from Goldman almost acting as if, You know what, don't even bother asking us about what we do. It's our business.

Well, it's not just their business because it affects almost every single American, the types of things they do. That's why 60 Members of this Congress wrote to the SEC—and I'm very glad to see Mary Schapiro taking over the SEC and doing what needs to be done—and said to them, Look, we're glad that you're bringing the civil action, but we also want you to look at other deals similar to this one because we want to get to the bottom of this. And we also said that if any money was paid from AIG to Goldman and Paulsen and it was ill-gotten, we want our money back. But we said another thing. We said that if there appeared to be criminal activity, we wanted it referred to the Justice Department so that they could take appropriate action.

Now let me be clear: I live in Baltimore. There are people in my neighborhood in the inner city of Baltimore that if they stole a \$300 bike, they're going to jail, period. A \$300 bike. And the reason why it's so important to me that we look at all these other transactions and try to figure out if there was criminal activity is because I want the folks on Wall Street to be treated like the folks on Madison Avenue in Baltimore. And so I think what we are doing here is so important. I think that we are at the tip of an iceberg, but we have got to chisel down.

The gentlelady, when she first started our discussion, she said reform is so important that we've got to deal with reform now. I think when you look at what has happened in this deal as it has been so wonderfully and accurately described by my colleagues, we understand why it is so important that we have transparency. We have got to have it.

Ms. SPEIER. Will the gentleman yield?

Mr. CUMMINGS. Yes, I yield to the gentlelady.

Ms. SPEIER. When you speak to the term "transparency," do you think that Goldman would have sold a dollar's worth of those synthetic collateralized debt obligations if people knew that their other client was shorting them and that 90 percent of them were no-doc loans that were destined to fail?

Mr. CUMMINGS. No, I really don't. Goldman, they said our slogan is: Our customers always come first.

Ms. SPEIER. Very first principle. Our clients' interests always come first.

Mr. CUMMINGS. Our clients' interests always come first. If that were truly their goal, they would have put out that information. They seem to be

saying, Well, you know, maybe it may be a little teeny bit unethical, but we did not have a duty. When you have a slogan like our clients' interests always come first, it seems to me that you would operate on the highest level of integrity, transparency, clarity, and accountability, end of case.

But that's not what happened here. And so you're absolutely right. We have got to make sure that we shine some light on this system, that we have the kind of reform that we are trying to get through here. And I know that there are people who are saying, Well, maybe too much is being done. I just want to take one more minute to talk about that.

It seems to me that if you want people to invest in something, you want them to understand and believe that it's not rigged before they get there. I don't know how many people—and that's basically what you're talking about—How many people are going to go into a card game believing it's rigged before they get there. They're just not going to do them, that the odds are against them big time. They're not going to do it.

This shining of the light, this transparency, would be good for the market, for Wall Street. Americans would feel comfortable and others would feel comfortable in investing in Wall Street. And therefore, in the end, in the end, we have a solid, strong Wall Street that people feel comfortable about investing their hard-earned money.

Again, I want to thank the gentlelady. I yield to the gentlelady.

Ms. SPEIER. I thank the gentleman from Maryland, who's been passionate about trying to get to the bottom of AIG. I think it's important to point out—and this may curl the hair on top of your head, my dear friend—but on top of everything else, Goldman Sachs' directors, the CEO, Mr. Blankfein, all have insurance for any omissions or conduct that they may become the subject of any inquiry for. If they commit any civil fraud or criminal fraud, they have insurance for that. You won't be surprised probably to know who their insurance is with.

Mr. CUMMINGS. Please don't tell me.

Ms. SPEIER. None other than AIG. And who owns AIG today but the American people.

Mr. CUMMINGS. The American people.

Ms. SPEIER. The U.S. taxpayers.

Mr. CUMMINGS. To the tune of \$180 billion.

Ms. SPEIER. Correct. What is even more disconcerting, and we will find that out in the upcoming weeks, just like the synthetic CDO known as Abacus, it appears that Mr. Blankfein and Goldman Sachs also sold to AIG more of the CDOs that were rigged.

Mr. CUMMINGS. Again, you make the case for why we have to have reform. We have to have reform and act with the urgency of now, because every moment that goes by, I'm afraid

there's going to be another Goldman Sachs deal. By the way, others are watching all of this in the market. And there may be others doing the same things.

Ms. SPEIER. Clearly.

Mr. CUMMINGS. So the urgency is now. We've got to act on this now. I'm hoping that that will happen. We have done our part. Then we've got to wait for our brothers and sisters on the other side to do theirs. Again, we just cannot continue to wait.

Ms. SPEIER. I thank the gentleman.

Mr. CUMMINGS. I want to thank the gentlelady for yielding.

Ms. SPEIER. I now would like to invite my good friend from the State of New York, Congressman HINCHEY, to engage.

□ 1745

Mr. HINCHEY. Well, thank you very much. I want to express to you my appreciation for you engaging and initiating this discussion here. It's something that's very important; it's something that needs attention, and it certainly needs relief. As I think we all know, we are facing—involved in one of the most serious economic crises in the history of this country. We haven't had an economic downturn as serious as this one since the Great Depression, which happened in 1929 and ran through the thirties.

One of the most interesting things about the way in which this economic recession has come about and continues is the failure, in fact, in many ways, the refusal of responsible people to understand what happened back in the 1930s and the relationship between what's happening now, the kinds of circumstances that caused that Great Depression similar to the circumstances that are causing this deep recession that we are experiencing now. And it's only a recession because we have Social Security now, which went into place after the Depression in the 1930s as a means to sort of fight against that Depression, and a number of other things which were engaged in to try to deal with it effectively.

There are a lot of people who are trying to eliminate some of those effective things. In fact, we had a President recently come in and say that we should privatize Social Security. I think we could imagine what might have happened if we had privatized Social Security and how much worse this economic recession would be today if the Social Security system had been privatized, and it then certainly would have been lost.

So this is a serious issue, and it's an issue that needs financial regulatory reform; and that need for financial regulatory reform has never been more evident for us in the context of our lives and especially our experience here in this Congress. We are still feeling the effects of that meltdown, which began in 2007 and then hit hard in 2008 on Wall Street. And now, 2 years after that 2008 meltdown, we still have

record unemployment with roughly 15 million Americans currently out of work. Obviously, much needs to be done to deal with this and correct it.

Wall Street recovered rather quickly, interestingly enough, while the jobs and housing market remain on life support. It seems that Wall Street was able to recover quickly because it knew the housing bubble was on the verge of bursting and hedged their bets appropriately. And they knew that the housing bubble was on the verge of bursting because of the subprime mortgages that they manipulated into the context of investing operations. They knew what they had done, and they knew what was happening as a result of what they had done.

As we all know, the Securities and Exchange Commission recently made claims that Goldman purposefully created an investment, a collateralized debt obligation called ABACUS 2007-AC1, that was designed to fail. The SEC suspects that a Goldman Sachs employee—and probably not just one—Goldman Sachs employees purposefully misled clients into buying investments that were not only worthless but were almost guaranteed to have a devastating effect on the great economy.

I have signed my name onto two letters that are aimed at expanding the investigation of Goldman Sachs. One of those letters is to the Securities and Exchange Commission Chair Mary Schapiro and the other to Attorney General Eric Holder. Goldman Sachs deserves to be thoroughly investigated for this suspicious activity, but we need to keep in mind that they are not solely to blame.

It's not just Goldman Sachs that was responsible for this problem. Throughout the 1990s, there was unprecedented deregulation of the banking sector, which set the stage for Wall Street to run amok. Safeguards put in place in the 1930s to deal with that Great Depression were thrown out, and that is just fascinating how intentionally that was done. Safeguards put in place in the 1930s, thrown out and unraveled by both Congress and the Federal Reserve. As they let this happen, some of us tried to stop the deregulation, but we were in the minority. We should not delay in getting commonsense reforms passed that will increase consumer protections, regulate hedge funds and the derivatives market. And let us not forget to include a stronger Volcker Rule.

The Volcker Rule, interestingly enough, puts an end to an investment bank's ability to conduct proprietary trading with their bank deposits. This proposal also prevents bank holding companies from housing hedge funds or private equity branches. The overarching goal is very similar to what I tried to achieve when I submitted a Glass-Steagall amendment to the House financial regulatory reform bill.

Restoring the Glass-Steagall Act—which of course was passed back in the context of the Great Depression—would put back in place the clean division be-

tween commercial and investment banking that was first established in that Banking Act back in 1933. The original bill was put in place as a response to the Great Depression and resulted in decades of economic stability and prosperity. Throughout the 1990s, the banking lobby worked hard to undermine the Glass-Steagall Act, and it was ultimately overturned in 1999.

Ms. SPEIER. Will the gentleman yield?

Mr. HINCHEY. Yes.

Ms. SPEIER. You make the case for this great poster that shows the cracks in Wall Street. And back in 1996, the Federal Reserve reinterpreted the Glass-Steagall Act several times at the behest of Wall Street, eventually allowing bank holding companies to earn up to 25 percent of their revenues in investment banking.

But you know what? That wasn't enough for them. They then came back in 1999 and repealed the Glass-Steagall Act that worked for over 60 years in this country, brought about, as you pointed out, because of the Great Depression that created those firewalls between investment banking, commercial banks, and insurance companies.

And then in 2000, what was the next thing that happened? The next thing that happened in 2000 when Brooksley Born, who was then the Commodity Futures Trading Commission Chairman, said, We should regulate derivatives, and our friends in the White House and around basically said, Oh, no. We can't. We passed a law that basically prevented Congress from regulating derivatives. Those derivatives are the things we're talking about today, these credit default swaps that brought AIG down; these collateralized debt obligations, synthetic or otherwise, that brought the entire financial services industry down.

And as you can see, the other cracks, the regulation that was created in 2004 that took away the leverage cap of 12 to 1, and as a result, where were they leveraged at but at 30 to 1, the Lehman Brothers, the Goldman Sachs of the world.

And then again in 2005, a very interesting rule that basically exempted stockbrokers from the Investment Advisers Act. Do you know why? Because they didn't want to have a fiduciary duty to their clients. They only wanted to have a duty to themselves.

Mr. HINCHEY. That is exactly right, and I very much appreciate you putting that form up there, Cracks in Wall Street. It's a very interesting presentation and a very accurate presentation of the set of circumstances that were put into play over that period of time beginning in 1996 with this Congress here trying to manipulate the situation.

I remember how many of us fought against those things. We fought against them. We voted against them. And, of course, we voted against that elimination of that Glass-Steagall Act because we understood very clearly

that the elimination of investments, by allowing investment banks to work closely together with commercial banks and take issues like mortgages and manipulate the mortgages into subprime mortgages, and sell mortgages to people who were not able to afford them, and to continue to manipulate that mortgage system and to include that mortgage system into large investment packages, and those large investment packages which were weak and really didn't deserve nearly the kind of attention or the funding that they received were successful based upon—largely based upon, at least, the fact that they had mortgages within them. And people had the idea that, Well, mortgages are secure. Anyone who has a mortgage is going to pay that mortgage off. Hardly anybody misses their mortgage payment.

And it was the intentional manipulation of the mortgages in those investments which led to, to a great extent, the collapse of this economy and the collapse that we're experiencing now and all of the difficult circumstances we have to deal with.

Now, a lot of these things need to be addressed. Some of them have been addressed in the context of legislation that we have passed. The Senate is now struggling with that legislation, trying to pass something similar to it so that we could agree on something that is going to begin to modify this dire situation that we're dealing with. But the fact of the matter is there is more that we're going to have to do, not just the situations that are pending right at this moment. Even though they are critically important and they need to be dealt with and completed, there is more that needs to be done. And what needs to be done, including other things, is the prevention in the future of the manipulation of mortgages and the other kind of investment manipulation that took place in the context of this molding together of commercial and investment banking.

We need honest banking in this country. We have had it for most of the time, and most of the bankers in this country are honest and strong and safe and secure and working in the best interests of the people in their community. But there are exceptions to that, and those exceptions can be deep and dire, and we've seen the results of it in the context of this economic situation that we are dealing with now. It needs to be corrected, and I deeply appreciate you for bringing this subject up in this way and for bringing attention to the issues that you have presented in the context there next to you.

So thank you very much. It's a great pleasure to be with you in this context, and I sure hope that the opponents of this bill in the Senate are going to get the kind of pressure that they need from sensible places and sensible people, conscientious people, to make sure that they stop blocking it. We need to get these things passed.

Ms. SPEIER. I thank the gentleman from New York for his well-placed

comments and his recommendations to our colleagues in the other House.

I now have the great pleasure of joining in colloquy with my good friend from the State of Ohio, the great and passionate MARCY KAPTUR.

Ms. KAPTUR. I thank you very much, Congresswoman JACKIE SPEIER, for spearheading this effort this evening and for the incredible work that you do for this House and for our country and for your superior knowledge of the financial markets and the banking industry. America really needs you now more than ever, and I thank your constituents for electing you here. You are the right person at the right time and the right place, that's for sure.

Ms. SPEIER. I thank the gentlelady.

Ms. KAPTUR. It's a pleasure to join you tonight to place information on the RECORD related to Goldman's behavior as well as other institutions that have caused our country so much harm. And as others have mentioned, on April 16, the Securities and Exchange Commission announced that it was filing a civil lawsuit at long last against the big speculator Goldman Sachs, accusing it of committing fraud, but it was a civil filing.

We know that what happened on Wall Street in the financial markets, the commodities markets, and in the housing markets led to enormous financial turmoil in our country and, ultimately, this great economic crisis that we are facing. And the American people want answers. They want to know who did what, and they ultimately want justice.

A few days after that filing, over five dozen of our colleagues signed on to a bipartisan letter sent to the Attorney General on April 23, and our letter called upon the Attorney General to begin a criminal investigation and prosecution.

One of our concerns continues to be that if, in fact, a civil case is filed by the SEC, could it be possible down the road that some of that evidence could be inadmissible in the event there is a criminal proceeding. So we urged Attorney General Holder to proceed quickly, and today we delivered—in addition to that letter—signatures from over 140,000 Americans who have been signing up on an e-petition to the Attorney General urging the same.

We thank the organizations Progressive Change Campaign Committee and MoveOn.org for alerting citizens across this country that they don't have to be neutral in this fight. They can let their views be known to the Attorney General of our country about the importance of criminal proceedings.

What makes that so important is the fact that the Attorney General's office in the Department of Justice has been understaffed throughout the last 10 years, unable to do the type of financial crimes investigations that are necessary. Back in the savings and loan crisis at the end of the 1990s and early 2000s—or I should say at the end of 1989

up until the early 1990s—we had over 1,000 investigators in financial fraud at this Department of Justice. After 9/11, that was reduced to about 75; and, therefore, we were totally unequipped at the Justice Department to deal with a lot of the wrongdoing that was proceeding through those years and those decades.

□ 1800

I have a bill, H.R. 3995, to close that gap and increase the number of investigators. Quite frankly, I have a deep concern about some of the self-serving individuals that may have been representing private interests rather than the public interest as they were conducting their business through Goldman Sachs and other firms.

I would like to place on the record, for example, the following: Joshua Bolten, who was President Bush's chief of staff in the White House at the time that the markets melted down, had actually been the person who ran Goldman Sachs' London office, and yet then he came to be President Bush's chief budget officer and then went to be chief of staff at the White House at the key moment when decisions had to be made about how to handle the financial markets.

In the current administration, it is no secret that the chief of staff to the current Secretary of the Treasury, Mark Patterson, had come directly from Goldman Sachs as its top lobbyist. In addition, Neel Kashkari from Goldman Sachs had gone to handle the TARP. I think this goes far beyond party, this has to do with America and standing up as patriots for this country and asking the question: Isn't that too much insider dealing? How do you know that they are really representing their client's interest or the public interest when they are personally involved both on the private side and then on the public side like a very fast revolving door?

I will also place on the Record tonight the fact that since the crisis started the six institutions in addition to Goldman Sachs, that includes Citibank and Wells Fargo, HSBC, Morgan Stanley, all these big banks now control two-thirds of the deposits and GDP of this country. Six institutions. They are raiding equity out of our local communities. They are just simply too powerful and they are too irresponsible. They are not doing loan workouts in places I come from. I thank the gentlelady for calling into question their business principles as you so ably put on the floor here as to who their interests really are.

That is my bottom line question: Who do these people represent? They seem to be getting bonuses at extraordinary levels, in the millions of dollars. When people in my district have fallen off unemployment benefits, these companies like JPMorgan Chase do not return phone calls to do loan workouts. Wells Fargo, they are totally irresponsible. They have too much power and

they are thumbing their nose at the American people at a time when our people are just hanging on.

I want to thank the gentlelady for holding this Special Order this evening and for giving us a chance to place on the RECORD the letter that we sent to the attorney general asking for criminal proceedings, and also the names of the Members of Congress who have signed on this letter. I urge other colleagues who wish to join us to please give us a call. I thank you for allowing me to place this information into the RECORD.

CONGRESS OF THE UNITED STATES,
Washington, DC, April 23, 2010.

Hon. ERIC HOLDER

U.S. Attorney General, U.S. Department of Justice, Washington, DC.

DEAR ATTORNEY GENERAL HOLDER: The U.S. Securities and Exchange Commission (SEC) announced on Friday, April 16, 2010, that it had filed a securities fraud action against the Wall Street company Goldman Sachs & Co (GS& Co.) and one of its employees for making materially misleading statements and omissions in connection with a synthetic collateralized debt obligation ("CDO") that GS & Co. structured and marketed to investors. The SEC alleges that:

1. This synthetic CDO, ABACUS 2007-AC1, was tied to the performance of sub-prime residential mortgage-backed securities ("RMBS") and was structured and marketed by GS & Co. in early 2007 when the United States housing market and related securities were beginning to show signs of distress. Synthetic CDOs like ABACUS 2007-AC1 contributed to the recent financial crisis by magnifying losses associated with the downturn in the United States housing market.

2. GS & Co. marketing materials for ABACUS 2007-AC1—including the term sheet, flip book and offering memorandum for the CDO—all represented that the reference portfolio of RMBS underlying the CDO was selected by ACA Management with experience analyzing credit risk in RMBS. Undisclosed in the marketing materials and unbeknownst to investors, a large hedge fund, Paulson & Co. Inc. ("Paulson"), with economic interests directly adverse to investors in the ABACUS 2007-AC1 CDO, played a significant role in the portfolio selection process. After participating in the selection of the reference portfolio, Paulson effectively shorted the RMBS portfolio it helped select by entering into credit default swaps ("CDS") with GS & Co. to buy protection on specific layers of the ABACUS 2007-AC1 capital structure.

3. In sum, GS & Co. arranged a transaction at Paulson's request in which Paulson heavily influenced the selection of the portfolio to suit its economic interests, but failed to disclose to investors, as part of the description of the portfolio selection process contained in the marketing materials used to promote the transaction, Paulson's role in the portfolio selection process or its adverse economic interests.

As the SEC notes, financial manipulations such as this contributed to the near collapse of the U.S. financial system and cost American taxpayers hundreds of billions of dollars. On the face of the SEC filing, criminal fraud on a historic scale seems to have occurred in this instance. As an ever growing mountain of evidence reveals, this case is neither unique nor isolated.

If both global and domestic confidence in the integrity of the U.S. financial system is to be regained, there must be confidence that criminal acts will be vigorously pursued and perpetrators punished.

While the SEC lacks the authority to act beyond civil actions, the U.S. Department of Justice (DOJ) has the power to file criminal actions against those who commit financial fraud. We ask assurance from you that the U.S. Department of Justice is closely looking at this case and similar cases to further investigate and prosecute the criminals involved in this, and other financially fraudulent acts. Furthermore, if the DOJ is not currently looking into this particular case, we respectfully ask you to ensure that the U.S. Department of Justice immediately open a case on this matter and investigate it with the full authority and power that your agency holds. The American people both demand and deserve justice in the matter of Wall Street banks whom the American taxpayers bailed out, only to see unemployment and housing foreclosures rise.

This matter is of deep importance to us. As you may know, H.R. 3995, the Financial Crisis of 2008 Criminal Investigation and Prosecution Act, has been introduced, which authorizes you to hire more prosecutors, Director Mueller of the Federal Bureau of Investigation to hire 1,000 more agent as well as additional forensic experts, and Chair Mary Schapiro of the U.S. Securities and Exchange Commission to hire more investigators to continue to pursue justice and route out the criminals in our financial system. Part of financial regulatory reform should include removing the criminals and crafting a system that supports those who follow the law.

We in Congress stand ready to support you in protecting the American taxpayers from financial crimes such as the fraud that the U.S. Securities and Exchange Commission has charged Goldman Sachs with committing. We ask that you take up this case, and others, to pursue justice for the American people, to put criminals in jail, and seek to restore the integrity of our nation's financial system.

Sincerely,

Marcy Kaptur, John Conyers, Michael Burgess, Jim McDermott, Diane E. Watson, Christopher P. Carney, Raúl Grijalva, Keith Ellison, Charlie Melancon, Tom Perriello, Betty Sutton, Jay Inslee, Pete Stark, Michael Honda, John T. Salazar, Niki Tsongas, Alan Grayson, David Loebsack, Bob Filner, Betsy Markey, John Barrow, Jesse Jackson Jr., Eleanor Holmes Norton, Grace F. Napolitano, Maurice Hinchey, Peter Welch, Marcia L. Fudge, Rush Holt, Peter DeFazio, Michael E. Capuano, Bill Pascrell, Jr., Michael H. Michaud, Steve Cohen, Bruce L. Braley, Bart Stupak, Mark Schauer, Chellie Pingree, Martin Heinrich, Jackie Speier, Janice D. Schakowsky, Sheila Jackson Lee, Tammy Baldwin, Barbara Lee, Mike Doyle, Gene Taylor, Wm. Lacy Clay, Jr., James Moran, Danny K. Davis, Ben Chandler, Dennis Kucinich, Carol Shea-Porter, Bennie G. Thompson, Laura Richardson, Loretta Sanchez, Dale Kildee, Leonard L. Boswell, Donna F. Edwards, Frank Pallone, Jr., Ann Kirkpatrick, Carolyn C. Kilpatrick, Mazie Hirono, James P. McGovern.

Ms. SPEIER. I thank the gentlelady from Ohio. You referenced the number of people in the Department of Justice that are tasked with doing the investigations. It was very interesting this week when we had the hearing on Lehman Brothers and Mary Schapiro spoke to their ability to do their job when they only had 24 staff members in that specific division to do investigations of all of the Wall Street firms.

If you ill-equip your very agencies to do the job, they won't be able to do the job. Between 2003 and 2007 under the Bush administration with Christopher Cox as the head of the SEC, you will not be surprised to know that there was an 80 percent reduction in enforcement actions at the SEC and 60 percent reduction in disgorgement actions at the SEC.

So no surprise that we had an SEC that was ill-equipped, and also a different perspective. It was not there to protect the American people but to allow business to flourish. And the business that flourished was much like what Goldman Sachs was doing where they actually put AIG in some of these synthetic collateralized debt obligations that they knew were going to fail.

Lehman Brothers, Goldman Sachs shorted Lehman Brothers and helped make sure it did come down. It was reportedly in many of the e-mails at Goldman Sachs by employees when they were communicating with some of their clients that they said that they were no longer going to support or back up Bear Stearns, and then all of a sudden Bear Stearns went down.

We now have China suing Goldman Sachs over bad derivative deals. We have Germany, France, and the U.K.; and God knows, what did they do with Greece? Much like Enron, Goldman Sachs went to Greece and created a way by which they could take some of their debts off their balance sheet so they could get support from the EU, and in the course of doing so, hid much of the debt. And now we all know what has happened to Greece. We all know what has happened to the stock market just yesterday as a result of the rating agencies taking the steps they did.

This company has no shame. This company is willing to do any deal as long as it makes them money.

Ms. KAPTUR. Do you happen to know what the bonuses were for Goldman Sachs? I know they totaled into the billions.

Mr. DEFAZIO. Last year it was rather modest for Mr. Blankfein, he only got a \$9 million bonus which was considerably less than previous, but that does figure out to \$1,000 an hour, 24 hours a day, 7 days a week, 365 days a year. Most Americans would be happy to have that salary for a fraction of a week.

Ms. KAPTUR. I think he thought it was too little, didn't he?

Mr. DEFAZIO. Well, compared to the enormous wealth that he created by shorting and manipulating and synthesizing. You know, the one thing I would reflect on, I was a little puzzled yesterday when I kept hearing him say, We are the market makers. We are the market makers.

After awhile I started thinking about book makers, market makers, is there a difference. What is the difference when they are not dealing in reality or productive investment, they are dealing in manipulated investments, products that are designed to fail. I mean,

we have too-big-to-fail institutions that create products that are designed to fail, and they profit immensely by doing that. What's that about market making?

Ms. SPEIER. The hardest thing to try to explain to the American people is what is a synthetic CDO and liken it to what goes on in our lives. So I have been scratching my head trying to think of what it would be like. This may not be a good analogy, but I offer it up. It would be like a doctor going in and doing open heart surgery knowing that his patient was very close to death anyway, and then taking out a life insurance policy on that patient because he was clearly going to win each way.

Ms. KAPTUR. Excellent analogy. They created rules by which only they could win, and that doesn't seem to me to be the spirit of free enterprise. They created so much collateral damage it brought down the economy of the whole country. They keep using the argument if we didn't have the TARP, then things would have really gone wrong. I thought, How could it be worse? How could it be worse than this? Is what they did with the TARP just bailing themselves out, because they certainly have not done anything for the American people. They have thrown all of the bills of all of their mistakes on Fannie Mae, Freddie Mac, FHA, all of the instrumentalities of the United States for decades to come. They didn't take any losses on those themselves. They were enriched by the taxpayers of the United States who lifted them right up. And they are not dealing with the damage across this country where foreclosures continue to go up.

I place on the Record the names of the six companies that now hold two-thirds of the wealth of this Nation, and they are Goldman Sachs, Morgan Stanley, JPMorgan Chase, Citigroup, Bank of America, and Wells Fargo. They have enriched themselves handsomely. They doubled their importance since the beginning of this crisis while quashing community banks across this country, seeing forced mergers as institutions like PNC bought up National Citibank in Ohio, as local community banks that didn't do anything wrong and were not permitted to do this kind of wild-eyed business deal, found themselves having to pay huge FDIC fees. And the net yield of all of this is the big ones got bigger and the American people are continuing to be kicked out of their homes and these institutions won't return phone calls and they have hold of the auction process and their investment intermediaries are holding the equity and the ownership in these properties. How is that good for this country?

Ms. SPEIER. I thank the gentlelady from Ohio. It is very important to make the point that Goldman Sachs has never loaned a dime, has never offered a loan to an American trying to buy a house. They have never been a

commercial bank as we know them, and yet they have the luxury of being at the discount window getting the money cheap even though they have not been a commercial bank as we know a commercial bank to be. All they have done is bet on how to rig these various mortgage-backed securities and make a truckload of money off them.

Ms. KAPTUR. What amazed me is when all of the house of cards started to fall, sometimes in my part of the country you see chipmunks tearing across the concrete, and they go so fast. The minute they got in trouble, what did they do, they came under the umbrella of the Bank Holding Company Act so they could not be a speculator any more, now they are a legitimate bank; right? Even though they were trafficking in all of those securities, they were just like those little chipmunks. They hid themselves right under the Bank Holding Company Act. I don't agree with what was done, but they took good care of themselves.

Ms. SPEIER. I now yield time to my good friend, the gentleman from Rhode Island (Mr. LANGEVIN).

Mr. LANGEVIN. I thank the gentlelady for yielding, and I want to echo the concerns and the words of my colleagues who have spoken on this issue of financial reform and the outrageous financial business practices that have been taking place on Wall Street.

I am angry, as you are, and I certainly want to take the opportunity to express my strong support for the work being done to crack down on Wall Street and enact reform to prevent another near-economic collapse from endangering our financial system and American families.

I was certainly proud to vote for the Wall Street Reform and Consumer Protection Act this past December, and I look forward to voting for its final passage into law this year.

In my home State of Rhode Island, we are still feeling the repercussions of the Great Recession. With an unemployment rate of 12.6 percent, we are tied for the third highest unemployment rate in the Nation. And I'm angry that while Wall Street banks were propped up with taxpayer funds last year, our small businesses on Main Street are struggling to keep their doors open. American families are struggling to keep their homes, and they are still asking where is their assistance because it hasn't been enough.

Over the past few years, I, like many Rhode Islanders, have been angered by the greed exhibited by Wall Street and other companies that took advantage of their investors, preyed on our constituents, and rewarded executives with outrageous pay packages. This week, we heard Goldman Sachs executives testify before the Senate that they are not to blame for the bad investment deals that were based on the mortgage market and added to its collapse.

This testimony is a slap in the face to hardworking Americans, small busi-

ness owners and everyone else who played by the rules only to find themselves devastated by the economic downturn. And it should convince every Member of this body to prioritize legislation that puts consumers first and demands accountability of our regulators and financial institutions.

Sadly, Wall Street has been fighting such reform tooth and nail when in fact they should be embracing our efforts to ensure that the rules are clear, the system is transparent and the playing field is even. Once again, I urge the financial sector to join us instead of fighting us—if your practices are legitimate, you should have, nothing to fear from this legislation.

The reckless actions of Goldman Sachs and other financial institutions provide a clear illustration of why we need to place a greater importance on good corporate governance. We must create an environment in which businesses take care of—and are held accountable to—their shareholders, employees and customers. Companies should be encouraged to have sustainable environmental policies and practices, solid workplace relations and produce safe products.

That is why I plan to reintroduce the Federal Employees Responsible Investment Act, which would add a socially responsible investment option to the Thrift Savings Plan. Making an investment in companies that are committed to corporate responsibility will have a positive impact on our financial system, as well as empower individuals to reward companies that share their values.

We must do everything in our power to move our economy forward, and I urge all my colleagues, especially those in the Senate, to support legislation that ends Wall Street's gambling with our hard-earned dollars. I agree with President Obama when he said last week, "this issue is too important and the cost of inaction is too great." My constituents in Rhode Island couldn't agree more.

Ms. SPEIER. I thank the gentleman and recognize we could have spoken for 2 hours this evening, and we will continue this.

ECONOMIC CRISIS IN AMERICA

The SPEAKER pro tempore (Mr. BOCCIERI). Under the Speaker's announced policy of January 6, 2009, the gentleman from Iowa (Mr. KING) is recognized for 60 minutes.

Mr. KING of Iowa. Mr. Speaker, I listened with interest to the presentations made here in the previous hour, and there were a couple of visuals that I want to look at and commit some of that to memory.

I heard from Ms. KAPTUR that this is not a partisan issue, it is an economic issue and an American issue, and I agree. I have been troubled for some time not just the influence that comes out of Goldman Sachs, but the influence that comes out of Wall Street. Here is my concern and here how it was internalized.

I lived much of my life watching from a distance what was going on on Wall Street, and I believed that as those investors and those bankers sat down there and began to trade on the

streets of Wall Street and began to build the edifices that exist there today so very close to Ground Zero, that they were keepers of the free enterprise flame in America.

□ 1815

I had great trust that they were the ones that understood from the top down, from the multiple billions of dollars in investments down, how to hold together free enterprise, how to plan for the long term, how to put provisions in place so that each generation could have that opportunity to do free enterprise capitalism and free market capitalism.

I got my first wide open eyes when I first went to Wall Street when I was elected to Congress; it would be fairly early in 2003 for me. It's a long story, but the short version of it was after I went around Wall Street and met with a lot of the CEOs and the players that were there, on the way back I turned to my wife and I said, Marilyn, they don't have a vision for the long term. They don't have a plan in place to protect our investments and see to it that this doesn't collapse. They're looking at the short term. They're looking at taking their margins out and they're looking at their quarterly reports, but they're not looking at where we are in 10 years or a generation or 50 years or 100. That was well before we saw anything except a dot-com bubble that was, at the time, being filled by an unnatural housing market that was partially fueled by unnaturally low interest rates. But that was my vision then.

As I watch this unfold, I reflect upon an individual we brought in as an expert, and since I'm going to quote him on the floor, I don't want to attribute it to the name, but it's 30 years in investment banking. This was in the beginning of the subprime mortgage crisis as the dialogue was beginning in the country before we actually saw this starting to tail off. He explained it this way: when you're in this investment banking business, what you do is—and these would be the experts—what you do is pretty much what everybody does. That way if they're making money, you're making money, and if things fall apart and they get bailed out, you'll be bailed out with them.

That was more than 3 years ago. That's another incident that was branded into my memory because it was a seminal moment in my understanding that the economy that most of us deal with as individuals, balancing our checkbook, paying our credit card bills, looking at the income that comes in weekly or monthly and budgeting our expenses and knowing that there are checks and balances in everything that we do, if we fail to make our house payment, somebody comes and sells our house. If we fail to make our car payment, somebody repossesses our car. They don't come along and say, oh, sorry, you didn't buy a nice enough car, we're going to tax somebody and fund that. We have to be responsible for our finances.

If we start a business, we have to guarantee those payments. We have to get a line of credit at the bank so we can make our monthly bills and we can meet the payroll and the utilities and all of the things that come along with the free enterprise side of this.

I looked at Wall Street and I found out that they had a different set of rules, a different way of looking at this, that their checks and balances were not built in so that there was an assurance that—the built-in component that is a check and balance that would require that the people who would make the over-investments and take the excessive risks would pay the price for that.

So as we get to this point now where we have seen the downward spiral in our economy, this "Great Recession" as some will call it and the massive government bailouts that we have had and the tremendous burden on the taxpayers, born and unborn, that we will have this obligation to try to service the interest and the principal on this debt, still the guarantee is there, more than implicit, it's now nearly explicit with this legislation. And we may or may not agree on how we go forward, but I think we can agree that the things that we've done in the past haven't had enough checks and balances internally.

As I listened to this dialogue—I didn't come to the floor to speak about this subject, but I wanted to express this right in the aftermath of this previous Special Order, Mr. Speaker, to let you know and everyone know that we do have a common cause to put responsibility and government responsibility in the market system. I just watched the gentle lady pay attention here. I would yield to whatever remarks she might choose to make.

Ms. KAPTUR. I want to thank Congressman KING very much for coming to the floor because we share a concern that goes beyond party. This is so serious for our country, it's serious for our generation, it's serious for the next generation.

If we look at the abuses of the financial system over the last 30 years, let's say, every time something bad happened, the government bailed them out. And then the next crisis was worse than the one before it. I came here during the 1980s. I saw what happened, and I saw a huge debt put on the American people, \$140 billion at that point. And rather than strengthening the laws to prevent moral hazard, we loosen them. And then we got a worse crisis.

If you look back to Enron, if you look back to everything that happened during the 1990s, rather than repairing it, what we did was we gave them more latitude—it's inexplicable what occurred—and the moral hazard got greater. And now with this, this is so much larger than the last two crises, and it's a real question as to whether the so-called "reform" coming out of the Congress will actually work.

I would like to place in the RECORD an interview with Professor William

Black, an attorney who was recently on television, that I think is very, very probing about the enormous potential here for financial fraud, control fraud, the lack of investigators inside the FBI, and as Congresswoman SPEIER mentioned, inside of the SEC. And then also an interview with Dr. Simon Johnson of MIT and Mr. James Kwak about what is actually happening in this crisis and how we are not addressing it fully in the reform bills proceeding through this Congress.

So I just appreciate you giving me the opportunity to say that and to say we are in common cause here. I appreciate your comments very much. I am very worried about where we're headed as a country. I see community banks being destroyed in my region. I see these big money center institutions that have been prone to moral hazard having greater and greater authority in our country. And the amount of money they give to political campaigns, and with the recent decision by the Supreme Court to allow endless funding by any group in our political campaigns. Any one of them could wipe us out.

That's not what this country was set up for. We were set up for opportunity. We were set up for the individual to matter, for our communities to matter, for the equity that our people, when they create it in their homes, that they just don't lose it because these people think of some scheme to raid them. And yet that's what we're facing now.

So we have an enormous obligation to educate the American people and learn from them and hear their best advice on how we can dig ourselves out of this hole.

I thank you for allowing me a few moments of your time.

INTERVIEW: EXCERPTS FROM BILL MOYERS JOURNAL, APRIL 23, 2010, GUEST: BILL BLACK

Bill Moyers: Bill Black is with me now. One of the country's leading experts on crimes in high places he teaches economics and law at the University of Missouri-Kansas City, and wrote this book, "The Best Way To Rob a Bank Is To Own One."

Welcome back to the Journal.

William K. Black: Thank you.

Bill Moyers: What did you think of the President's speech late this week?

William K. Black: It's a good speech. He's a very good spokesman for his causes. I don't think substantively the measures are going to prevent a future crisis. And I was disappointed that he wasn't willing to be blunt. He used a number of euphemisms, but he was unwilling to use the F word.

Bill Moyers: The F word?

William K. Black: The F word's fraud in this. And it's the word that explains why we have these recurrent, intensifying crisis.

Bill Moyers: How is that? What do you mean when you say fraud is at the center of it?

William K. Black: Well, first, when you deregulate or never regulate, mortgage bankers were never regulated, you effectively have decriminalized that industry, because only the regulators can serve as the sherpas, that the FBI and the prosecutors need to be able to understand and prosecute these kind of complex frauds. They can do one or two or maybe three on their own, but when an entire industry is beset by wide scale fraud,

you have to have the regulators. And the regulators were the problem. They became a self-fulfilling prophecy of failure, because they, President Bush appointed people who hated regulation. I call them the anti-regulators. And that's what they were.

Bill Moyers: This hearing that, where you testified this week, looking into the bankruptcy at Lehman Brothers, had something on this.

Timothy Geithner: And tragically, when we saw firms manage themselves to the edge of failure, the government had exceptionally limited authority to step in and to protect the economy from those failures.

Ben Bernanke: In September 2008, no government agency had sufficient authority to compel Lehman to operate in a safe and sound manner and in a way that did not pose dangers to the broader financial system.

Anton Valukas: What is clear is that the regulators were not fully engaged and did not direct Lehman to alter the conduct which we now know in retrospect led to Lehman's ruin.

Bill Moyers: The regulators were not fully engaged. I mean, this is an old story. We all know about regulatory capture where the regulated take control of the regulators.

William K. Black: Yeah, but this one is far worse. That's not very candid testimony on anybody's part there. The Fed had unique authority. And it had it since 1994 to regulate every single mortgage lender in America. And you might think the Fed would use that authority.

And you might especially think that, if you knew that Gramlich, one of the Fed members, went personally to Alan Greenspan and said, there's a housing bubble. And there's a terrible crisis in non-prime. We need to send the examiners in. We need to use our regulatory authority. And Greenspan refused. Lehman was brought down primarily by selling liar's loans. It was the biggest seller of liar's loans in the world.

And when we look at these liar's loans, we find 90 percent fraud. 90 percent. And we find that most of the frauds are not induced by the borrower, but they're overwhelmingly done by the loan brokers.

Bill Moyers: And liar's loans are?

William K. Black: A liar's loan is we don't get any verified information from you about your income, your employment, your job history or your assets.

Bill Moyers: You give me a loan, no questions asked?

William K. Black: No real questions asked. Certainly no answers checked. In fact, we just had hearings last week about WaMu, which is also a huge player—

Bill Moyers: Washington Mutual—

William K. Black [continuing]: In these frauds. Washington Mutual, which used to make, run all those ads making fun of bankers who, because they were stuffy and looked at loan quality before they made a loan. Well, WaMu didn't do any of that stuff. And of course, WaMu had just massive failures. And who got in trouble at WaMu? Who got in trouble at Lehman? You got in trouble if you told the truth. They fired the people who found the problems. They promoted the people that caused the problem, and they gave them massive bonuses.

Bill Moyers: I watched the testimony where you were present the other day in the Lehman hearings. And there was a very moving moment with a former vice-president of Lehman Brothers who had gone and tried to blow the whistle, who tried to get people to pay attention to what was going on. Take a look.

Matthew Lee: I hand-delivered my letter to the four addressees and I'll give a quick timeline of what happened, May 16th was a Friday, on the Monday I sat down with the

chief risk officer and discussed the letter, on the Wednesday I sat down with the general counsel and the head of internal audit, discussed the letter. On the Thursday I was on a conference call to Brazil. Somebody came into my office, pulled me out, and fired me on the spot without any notification. I stayed, sorry.

Bill Moyers: Matthew Lee, vice-president of Lehman Brothers, fired because he tried to blow the whistle. What does that say to you?

William K. Black: Well, it tells me that they were covering up the frauds, that they knew about the frauds and that they were desperate to prevent other people from learning.

Bill Moyers: Matthew Lee told the accounting firm Ernst & Young what was going on. Isn't the accounting firm supposed to report this, once they learn from somebody like him that there's fraud going on?

William K. Black: Yes, they're supposed to be the most important gatekeeper. They're supposed to be independent. They're supposed to be ultra-professional. But they have an enormous problem, and it's compensation. And that is, the way you rise to power within one of these big four accounting firms is by being a rainmaker, bringing in the big clients.

And so, every single one of these major frauds we call control frauds in the financial sphere has been—their weapon of choice has been accounting. And every single one, for many years, was able to get what we call clean opinions from one of the most prestigious audit firms in the world, while they were massively fraudulent and deeply insolvent.

Bill Moyers: I read an essay last night where you describe what you call a criminogenic environment. What is a criminogenic environment?

William K. Black: A criminogenic environment is a steal from pathology, a pathogenic environment, an environment that spreads disease. In this case, it's an environment that spreads fraud. And there are two key elements. One we talked about. If you don't regulate, you create a criminogenic environment because you can get away with the frauds. The second is compensation. And that has two elements. One is the executive compensation that people have talked about that creates the perverse incentives. But the second is for these professionals. And for the lower level employees, to give the bonuses. And it creates what we call a Gresham's dynamic. And that just means cheaters prosper. And when cheaters prosper, markets become perverse and they drive honesty out of the market.

Bill Moyers: You also wrote that the New York Federal Reserve knew about this so-called three-card monte routine. But that, the man who led it, at the time, Timothy Geithner, now the treasury secretary, testified that there was nothing he could do.

Timothy Geithner: In our system the Federal Reserve was a fire station, a fire station with important, if limited, tools to put foam on the runway, to provide liquidity to markets in extremis. However, the Federal Reserve, under the laws of this land was not given any legal authority to set or enforce limits on risk-taking by large financial institutions like the independent investment banks, insurance companies like AIG, Fannie and Freddie, or the hundreds of non-bank financial firms that operated outside the constraints of the banking system.

Bill Moyers: Now, what I hear is the gentleman who was then chairman of the New York Fed, saying, I, we had this job to do, but we didn't have the authority to do it.

William K. Black: Yeah.

Bill Moyers: We were the fire truck, but we didn't have any water in our hose.

William K. Black: Yeah, this was pretty disingenuous, because other portions of his testimony, he explained why there was this gap. And he said it was because we repealed Glass-Steagall. Well, the Fed pushed for the repeal of Glass-Steagall.

Bill Moyers: Glass-Steagall was the act that was repealed in the late nineties that separated regular banks from investment banks, right?

William K. Black: Correct. So this is a deliberately created regulatory black hole, created by the Fed. And then the Fed comes into the hearing, eight years later, and said, we were helpless. Helpless to do anything, because of a black hole we designed.

INTERVIEW: EXCERPTS FROM BILL MOYERS JOURNAL, APRIL 16, 2010, GUESTS: SIMON JOHNSON AND JAMES KWAK

Simon Johnson is a former chief economist at the International Monetary Fund. He now teaches at MIT's Sloan School of Management and is a Senior Fellow at the Peterson Institute for International Economics.

James Kwak is studying law at Yale Law School—a career he decided to pursue after working as a management consultant at McKinsey & Company and co-founding the successful software company, Guidewire. Together James Kwak and Simon Johnson run the indispensable economic website BaselineScenario.com.

Welcome to you both.

Let me get to the blunt conclusion you reach in your book. You say that two years after the devastating financial crisis of '08 our country is still at the mercy of an oligarchy that is bigger, more profitable, and more resistant to regulation than ever. Correct?

Simon Johnson: Absolutely correct, Bill. The big banks became stronger as a result of the bailout. That may seem extraordinary, but it's really true. They're turning that increased economic clout into more political power. And they're using that political power to go out and take the same sort of risks that got us into disaster in September 2008.

Bill Moyers: And your definition of oligarchy is?

Simon Johnson: Oligarchy is just—it's a very simple, straightforward idea from Aristotle. It's political power based on economic power. And it's the rise of the banks in economic terms, which we document at length, that it'd turn into political power. And they then feed that back into more deregulation, more opportunities to go out and take reckless risks and—and capture huge amounts of money.

Bill Moyers: And you say that these this oligarchy consists of six megabanks. What are the six banks?

James Kwak: They are Goldman Sachs, Morgan Stanley, JPMorgan Chase, Citigroup, Bank of America, and Wells Fargo.

Bill Moyers: And you write that they control 60 percent of our gross national product?

James Kwak: They have assets equivalent to 60 percent of our gross national product. And to put this in perspective, in the mid-1990s, these six banks or their predecessors, since there have been a lot of mergers, had less than 20 percent. Their assets were less than 20 percent of the gross national product.

Bill Moyers: And what's the threat from an oligarchy of this size and scale?

Simon Johnson: They can distort the system, Bill. They can change the rules of the game to favor themselves. And unfortunately, the way it works in modern finance is when the rules favor you, you go out and you take a lot of risk. And you blow up from time to time, because it's not your problem. When it blows up, it's the taxpayer and it's the government that has to sort it out.

Bill Moyers: So, you're not kidding when you say it's an oligarchy?

James Kwak: Exactly. I think that in particular, we can see how the oligarchy has actually become more powerful in the last since the financial crisis. If we look at the way they've behaved in Washington. For example, they've been spending more than \$1 million per day lobbying Congress and fighting financial reform. I think that's for some time, the financial sector got its way in Washington through the power of ideology, through the power of persuasion. And in the last year and a half, we've seen the gloves come off. They are fighting as hard as they can to stop reform.

Simon Johnson: I know people react a little negatively when you use this term for the United States. But it means political power derived from economic power. That's what we're looking at here. It's disproportionate, it's unfair, it is very unproductive, by the way. Undermines business in this society. And it's an oligarchy like we see in other countries.

Mr. KING of Iowa. Reclaiming my time and, Mr. Speaker, I would point out that it is unusual for Democrats and Republicans to share time spontaneously on the floor, but it's because there is a bond of common interest and a bond of a serious legislator that I recognize that's here on the floor for a serious reason.

I thank the gentlelady from Ohio for the presentation.

I'm going to shift off now into the subject matters that I had on the front of my mind, but I was compelled to address this and I appreciate the response.

Mr. Speaker, I come here to the floor tonight to talk about a range of issues. Perhaps if I would pick up on the financial side of this and go through a list of some of the things that have happened that I think contributed to the "Great Recession" that some refer to it as. And I would take us back a long ways. I would take us far back to the time that there became implicit guarantees that the Federal Government would do bailouts.

I remember those years of the eighties that the gentlelady mentioned. I went through 28 years of business, and I was highly leveraged going into the farm crisis of the eighties. I know the pain of that. I lived for 3½ years with a knot in my stomach that didn't go away unless there was something incredibly distracting that would cause it to disappear, and then I remember it would form again.

The SPEAKER pro tempore. The gentleman will suspend.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 2499, PUERTO RICO DEMOCRACY ACT OF 2009

Mr. ARCURI, from the Committee on Rules, submitted a privileged report (Rept. No. 111-468) on the resolution (H. Res. 1305) providing for consideration of the bill (H.R. 2499) to provide for a federally sanctioned self-determination process for the people of Puerto Rico, which was referred to the House Calendar and ordered to be printed.

ECONOMIC CRISIS IN AMERICA

The SPEAKER pro tempore. The gentleman may resume.

Mr. KING of Iowa. I am always happy to yield when the Rules Committee is conducting business here on the floor.

So I will go back to the beginning, Mr. Speaker, and that is this: that if we would go to 1978—and I want to illustrate the chronology of how we got to where we are today financially. Excuse me, Mr. Speaker, I will take it back even further than that. Let's go back to October of 1929 when the stock market crashed and it launched the Great Depression rather than the Great Recession. We saw a downward spiral in the value of that Dow Jones Stock Exchange and the other shares that were not registered on the Dow at the time, or as part of the Dow Jones Industrial Average, and Americans lost equity. Some jumped out of windows—actually, not nearly as many as history would have us believe—but that crash in the stock market precipitously dropped. Of course it came up and went down, and it's always been a sawtooth.

But we went through the thirties. We saw Franklin Delano Roosevelt being elected in 1932. And actually, prior to that, but certainly accelerated from that point, he borrowed money and spent money and created make-work projects, and he put the United States in debt like never before and never envisioned by the Founding Fathers. Even his own people, including John Maynard Keynes, got nervous with the amount of money that was spent. His Treasurer, Morgenthau, expressed his concern that we spent all this money and what do we have to show for it. Unemployment is still high; the economy still hasn't recovered. And they lumbered all the way through the thirties with marginal improvement in the economy.

And one has to question if it ever would have recovered if it hadn't been for World War II. In fact, the President of the United States, the current President, has made the remark that World War II was the largest stimulus plan ever. He can make that statement and challenge it or not, I don't take issue with the concept that he is illustrating in that point, Mr. Speaker.

But I would continue and make this point, that from October of 1929 we saw all of this spending in the New Deal era of the Great Depression throughout the thirties. We saw all the borrowed money that went into winning World War II, and it's a good thing that we did. I believe Franklin Delano Roosevelt was an outstanding war leader for the better part of the Second World War, not so much of an economic leader, in my view, nor a social and cultural one; but he did hold us together as a Nation and he provided that clear voice and that leadership that was so important during that period of time, and he stood on the ground of unconditional surrender. So I tip my hat to that contribution to history to that man.

However, by the end of World War II, we had not recovered economically from where we were in 1929. And by the beginning of the Korean War—let me say by the beginning of the Cold War in 1948, as it was illustrated by Winston Churchill—we had not recovered from the Great Depression. By the beginning of the Korean War, we had not yet recovered from the Great Depression. And by the end of the Korean War, we had still not yet recovered from the Great Depression. If you measure it as the Dow Jones Industrial Average recovering back to the place where it was in October of 1929, that happened, Mr. Speaker, 9 years after Franklin Delano Roosevelt had passed away. It was 1954 when the stock market got back to where it was in October of 1929. All of those years.

And I will argue, Mr. Speaker, that overspending by government, the interest and the principal overspending by government delays the recovery. It may diminish the depths to which we might have otherwise fallen, but it delays the recovery.

It's the same as in a business. Let's say, for example, you're a small business and you're grossing \$500,000 a year and meeting a payroll and all the bills that I talked about earlier and you have a flood that wipes out your asset base. Then along comes FEMA, and if you're in business, they're not going to give you a grant; they might help you get an SBA loan. So if there's a disaster loan, it might even be a preferable interest rate, but let's say your debt was \$100,000 and you're grossing \$500,000 and meeting a payroll of \$250,000 a year. Now, it takes another \$400,000 to put all the pieces back in your business, and you're able to borrow that money at 4 percent or 5 or 6 percent.

Now you have the interest rate on the \$400,000, plus the requirement to pay the principal off on that \$400,000. All of that money that you're spending now that is the result of the overleveraging that may be necessary to keep you in business is money that's earned, it's money that you had to earn, you would have earned it anyway, but now that money goes off for interest and principal rather than capital investment, which is what creates jobs.

□ 1830

At a certain point, you can't service the debt any longer. At a certain point, a business can't pay the interest; it can't pay the principal, and it becomes insolvent if the debt and the leverage is too high. That is true for a family that runs their credit card bills up too much to where they can't service even the interest or the minimum payments on their credit cards. It's true also for a small business. It's true for a large business—and, Mr. Speaker, it's true for a government. It's true for a small government like Greece. It's true for a large government like the United States of America. At some point, this

debt that we have taken on here in this time, in this era, becomes too great for even the most robust economy in the world to overcome—to service, to pay the interest, and to pay the principal on that debt.

That's where I think we are headed. We may already be there.

That was the fear that they had during the thirties, and that was something that may have restrained Roosevelt in his spending to where we were able to recover from it; although, it took a long, long time—from 1929 until 1954, until 9 years after the Second World War was over and 9 years after Franklin Delano Roosevelt passed away. We carried this burden throughout this whole period of time.

Through the fifties, during those idyllic years of Fun with Dick and Jane, which is the life that I grew up in, we were responsible for our budgets. The people who were coming into adulthood at that period of time had now cut their economic teeth on fiscal responsibility because they had pinched pennies and had made it through the Great Depression. Then they fought and won a world war. Then they were engaged in a Cold War. Of course, we had the war in Korea that was a negotiated settlement in the end. These were a frugal, hardened people who were the sons and daughters, in my part of the country, of pioneers who came across the prairie in a covered wagon—generally walking beside the team of oxen, not riding in the wagon—to live free or die on the prairie. These were independent, hard-working, industrious, entrepreneurial spirited, strong faith family people who took advantage of the opportunity to be legally here in America, to build lives for themselves and to lay the foundation for their children and their grandchildren. These were the people in the fifties.

Now we watch the next generation, the baby boomer generation, blossom with the component of the generation which was referred to as the “flower children,” who didn't take that responsibility, who weren't hardened by those experiences, which were only the secondhand experiences of what had been transferred from their parents to them, and they began to push this irresponsibility.

By 1978, the class envy component got high enough, and there were some things that were inappropriate in what was going on, but the lending institutions were redlining neighborhoods. They would look at the inner cities in America that were losing asset value. Now think of this: If you owned an apartment—a “condominium” is how we refer to it today—or a house or a piece of industrial or commercial property in an inner city that was being run down, the value of the real estate was diminished sometimes by the crime rates that were there, by the abusive drugs, by the businesses that weren't sustaining their value and their cash flows. So you might have a

nice home in a neighborhood that's not as nice as it used to be. Even though you keep your home up, people don't want to buy that home because they don't want to move into that neighborhood, so the value is going down.

The bankers and the lenders were doing what they call “redlining.” I have a red pen in my hand. They would draw, Mr. Speaker, a line around this neighborhood or this area in the city, and they would make a determination that they were no longer going to lend money on real estate in those neighborhoods or in those commercial industrial property areas that were being run down.

It may well have been a prudent business decision. It was defined as a racist decision, and in some cases, I think it probably was. This Congress passed legislation called the Community Reinvestment Act. It compelled lenders to make bad loans in bad neighborhoods. That was in 1978. ACORN was formed and shaped around that same period of time.

As this moved forward into the 1990s, under the Clinton administration, there was a refreshment of the Community Reinvestment Act that set yet higher standards for making more bad loans into bad neighborhoods. They had found that Fannie Mae and Freddie Mac had become quasi-government entities for formerly private entities who were not making, according to the opinion of this Democrat majority in this Congress, enough bad loans into bad neighborhoods. So they changed the standards in the Community Reinvestment Act. They were lobbied by ACORN to lower the standards for Fannie Mae and Freddie Mac. They lowered the standards for Fannie Mae and Freddie Mac for the secondary loan market so that more lenders could make more bad loans in more bad neighborhoods and could peddle them off into the secondary loan market of Fannie Mae and Freddie Mac.

Now we are into the mid-1990s, and still it wasn't such a crisis until such time as the dot-com bubble burst. The dot-com bubble burst, I think, was initiated by the lawsuits against Microsoft that were joined by several State attorneys general, including by my State attorney general, Tom Miller. I think that he and others wielded the lance that pierced the dot-com bubble when they filed the class-action lawsuit against Bill Gates' operation and Microsoft. Even though I believe that that bubble was swelling and that it would have burst at some point, I think the lance that was wielded was by those State attorneys general. That brought about the bursting of the dot-com bubble.

In the aftermath of the bursting of the dot-com bubble, we had, I'll say, a mini recession. Alan Greenspan saw that mini recession. Mr. Speaker, this is my interpretation of his actions. Certainly, this is subject to rebuttal by Alan Greenspan or by somebody else who may have some knowledge that

I'm not privy to. He set about a policy here in the United States to unnaturally lower the interest rates so that more people could buy homes in order to drive the housing market. This was to partially compensate for the bursting of the dot-com bubble. We had more homes built than before, a higher demand because of the unnaturally low interest rates and favorable terms, and we had the lower underwriting standards that had been provided to Fannie Mae and Freddie Mac as far as their secondary mortgages were concerned.

There was pressure that was put on the lenders. They had been pushed by ACORN, which found itself in the inner-city neighborhoods brokering home loans and approving the conduct of the lenders as to whether they were complying with the Community Reinvestment Act.

So we have a political organization that has turned out to be a corrupt criminal enterprise, promoting bad loans in bad neighborhoods at unnaturally low interest rates, driving up a false economy in the housing market to, presumably to some degree, compensate for the bursting of the dot-com bubble that was brought about by the suits of the States' attorneys general, including by my attorney general, Tom Miller.

While all of that was going on, we got hit by the September 11 attack on our financial centers. There were the ensuing extra costs involved, and there was a tremendous loss in life and in treasure that took place due to that. Then what do we see happening here?

We have seen now an economic crisis that has been, perhaps, averted, but maybe it would have been better if we would have simply allowed some of those businesses that were too big to fail to just simply fail. We'd have reorganized them, and we would have put them through the process to get them back into the system again. We would have recovered more quickly. It may have hurt more, but in the end, we would have reestablished the principle that you simply cannot have “too big to fail” unless you are going to have a government guarantee. Now the government guarantee on Fannie and Freddie is \$5.5 trillion in contingent liabilities. All of this has taken place, and it has moved us away from those standards of free enterprise and accountability.

I would be very happy to yield so much time as she may consume to the gentlewoman from Minnesota, who is on the Financial Services Committee and who is extremely knowledgeable about this and about any subject that she might choose to change it to.

Mrs. BACHMANN. I thank the gentleman from Iowa for laying out the history of where we are today in terms of the financial problem.

Really, the concern that I have on the bill that is being debated over on the Senate side right now is that it seems that this bill effectively wants to institutionalize the very bad government interventionist policies that got

us to the point at which we are now. Here are just a couple of things that this bill will do over on the Senate side:

Number one, it makes bailouts permanent. It's as though we had bailout 1.0, which no one really liked. It was a \$700 billion bailout. I know Congressman KING and I both voted against the original \$700 billion bailout, but it would institutionalize and make permanent the bailouts.

This is something that is not generally known: With the first bailout—and it was under President Bush, unfortunately, that the first bailout was passed—the President had to come to Congress and ask us for our permission for the \$700 billion fund to be created. Now, remember, this never had happened in the history of the United States whereby the Secretary of the Treasury was given a blank check for \$700 billion. The Treasury Secretary virtually was able to do whatever he wanted to do with that \$700 billion, and he had, effectively, no oversight from Congress. He got a blank check for \$700 billion.

In good conscience, I could not give that kind of money to one single individual, because, if you give that sum of money, which had never before been given to any individual in American history, you know there is going to be waste; you know there is going to be fraud; you know there is going to be abuse. That is something that government tends to do when it spends too much money. So, of course, that's what we saw. We saw that the money went all over the place, and we still don't have a full accounting of where all of the TARP money is.

Yet what did that money fund? Think of it.

That money allowed the United States to purchase the largest banks in this country, and the United States Federal Government still owns those private banks—Citibank and Bank of America. That money also allowed the Federal Government to buy AIG, the largest insurance company in America.

Barack Obama, who is now our President, was elected in November of 2008. Shortly after his election, he went to then-President George Bush and said, President Bush, I would like to have something under \$20 billion. I want to set up an automobile task force because, if we don't spend money now, Chrysler and GM could fail, and to prevent their failure and to prevent job loss, we need to have an automobile task force fund.

President Bush was on his way out the door. He was ending his Presidency. President Obama was about to begin his. He gave that amount of money over to President Obama and to his team to set up the automobile task force. We all know what happened. The automobile task force was set up. Literally, billions of dollars were pumped into Chrysler and GM.

What happened?

Chrysler filed bankruptcy. GM filed bankruptcy. In fact, it was so bad that

GM stock was taken off of the New York Stock Exchange because the value of their stock plummeted so far. So, contrary to what President Obama said as to his being able to save the car companies with this bailout fund, the car companies went under. They failed.

As a matter of fact, President Obama then decided—I don't know where he got the power from—to fire the head of GM. Out of what power? No one knows. So here you have the President of the United States deciding that a CEO of a company is going to be fired. That is a jurisdictional issue. The President of the United States does not have the power to fire anyone in the private sector, but isn't it amazing what a whole lot of money will do for a person. That money put so much power into one man's hands that he was able to do virtually anything he wanted, including overturning about 150 years of bankruptcy law.

How was that? Because Chrysler bondholders, who are the people who invested money into the Chrysler car company, had an investment.

Let's say you put \$100 into a company that your friend holds. That's your money that you put in. Then the company gives you a bond. It says, Hey, if anything happens to our company, we'll make sure that your \$100 is paid back first before anyone else is paid back, and we'll pay you back all of your \$100.

Well, unfortunately, President Obama and his team decided to turn upside down 150 years of bankruptcy law. What they did is they said, You bondholders who have a secured interest in your investment are no longer getting your secured investment. We are taking your money, and we are giving it to well-connected political people. We want to make sure they get that money. In that case, those people were their friends at the UAW, at the unions.

Mr. KING of Iowa. Will the gentlelady yield?

Mrs. BACHMANN. Yes.

Mr. KING of Iowa. I thank the gentlelady.

In reclaiming my time, I wanted to explore this "secured creditor" so that the Speaker and those who are observing will understand clearly what this means. A "secured creditor" would be someone who holds collateral, which is a guaranty that's behind the bond.

I'm going to ask you to flesh this out a little bit, but I'm going to say that it includes, perhaps, real property, which could be the actual factory, itself. It could be the equipment inside the factory. It could be cash collateral, security. It could be the cars sitting as ready for shipment to the dealers but not the cars in the dealers' lots, because they own those cars.

Is that a reasonable picture of what "secured collateral" is when you talk about bondholders and the secured creditors?

I would yield to the gentlelady.

Mrs. BACHMANN. That's right, and there is something else to know on secured creditors.

Usually, secured creditors take a lower interest rate. They get paid back at a lower rate because they are first in line. When Chrysler went under, what happened is that, rather than making the bondholders whole first, they actually had their secured interests taken away from them, and other creditors were made whole first.

□ 1845

How can you do that? That's an abrogation of contract law; an abrogation of bankruptcy law. And so we saw a violation of law. That's something that is foundational to the United States that gives us a good business climate. The rule of law is a good thing. The sanctity of contracts works. When we start violating the law and when we start penetrating contracts and violating contracts, that's when we get into trouble with our business climate. We saw that happen in this bailout.

Not only did the Federal Government take money that we don't have. Remember, we had to borrow money. So this wasn't money that we had sitting in a bank vault here in Washington, D.C., where we opened up the bank vault and we pulled out big wads of \$700 billion that we could give to the Treasury Secretary to give out to whatever his favorite private business was or his favorite group was. No. We had to borrow that money from the Chinese or whoever we could go and sell our debt to. And so who's going to pay that back? That money is going to be paid back by the debt-paying generation. That gets us into a whole 'nother area.

The gentleman was talking about the financial mess we're in. You were talking about ACORN. You were talking about the subprime mortgages, where all of that's gone, Freddie and Fannie. And the point I guess that I'm trying to make is that the Federal Government with this TARP bailout ended up taking that money and, rather than making our economy whole, rather than creating jobs, because, remember, President Obama said, again, this is with the stimulus spending, \$787 worth of stimulus spending, we were promised that we wouldn't see unemployment go above 8 percent, and we were promised that he would create 3½ million jobs.

I know my colleague STEVE KING knows that rather than creating 3½ million jobs, we lost 3½ million jobs. So the spread of error for President Obama is about 7 million jobs, let alone the fact that the debt-paying generation that will pay back the \$787 billion, those today that are age 5 to age 30, that age cohort for the next 45 years of their work history will have to pay back the same amount of money as if they went to the store and bought an iPod for \$300. So the 5- to 30-year-olds for the next 45 years of their work life will have to go down to a store, buy an iPod, at the end of the month crush the iPod under their heel; then buy another one the next month, crush it; buy one the next month. Every month for 45 years of work history, the debt-paying generation in America will have to

effectively buy an iPod and crush it and then replace it to equal what will be spent in this stimulus bill. That's just one of the egregious spending bills.

And when I think of the debt-paying generation, the 5- to 30-year-olds are saving up and would love to buy an iPod, just own one. But now they're condemned to, for 45 years of their life every month, going out and buying a brand new iPod and effectively giving it over to the Federal Government.

Mr. KING of Iowa. Reclaiming my time, I would add onto that that I hadn't thought of that in terms of, and this is a presumption that iPods will stay the price they are, which we know that competition and mass production will probably reduce the cost. But under current value and current dollars, a child born today, for being a natural-born American citizen, their share of the national debt is \$44,000. That's like here's your mortgage, sign here with your little ink footprint when you're born, we'll wheel you right out of the delivery room and you've got a \$44,000 debt that you have to pay the interest and the principal on. That same child born today, by the time they start fifth grade in school, their share of the national debt will be \$88,000. That's the difference between the Obama budget and the budget that we had coming into the Obama administration. That's that kind of a burden that I'm going to presume cross-references to the \$300 a month that the gentledady from Minnesota has talked about.

Mrs. BACHMANN. Also, remember, that's if every American is paying taxes and paying the debt. But one thing that we saw from this current filing of income tax is that 47 percent of Americans paid no taxes. Now, that doesn't mean that 47 percent of Americans are deadbeats, because they aren't. Many Americans don't have income because they're senior citizens living off of fixed assets. There are a number of reasons. But still the number remains true, that 47 percent of Americans aren't paying the taxes. An increasingly smaller group of people are paying a larger share of the taxes. And so the debt burden on particular Americans will be especially egregious.

Mr. KING of Iowa. One of the important studies was done not that long ago by Robert Rector of the Heritage Foundation. He's done a couple of very important studies in the last 2 years. One of them was the level of welfare that's here in the country. I believe he counted 72 different programs that distribute the wealth from taxpayers in America to people who are sometimes taxpayers but more often a greater share of them are tax users. Of those programs, even though we brought down some of the welfare in the mid nineties, it didn't really reduce it so much as it produced a temporary plateau; and then it was built up again with a whole series of programs that we can't track.

Well, he has done so. And it's a chilling thing to see what happens to a

society that was a meritocracy, that rewarded people for their work, that now has become a welfare state.

One of his definitive studies, Mr. Speaker, was this. He went in and looked at households that are headed by high school dropouts, without regard to their immigration status; whether they were legal, illegal, foreign or natural-born Americans, whatever their category might have been with their immigration status, if they headed households, and the average household, a family of four, and they were a high school dropout, they would draw down an average of \$32,000 a year in taxes in the whole collection of the benefits that are there and they would pay about \$9,000 a year in taxes. They would draw down 32, they would pay about \$9,000 a year in taxes. The net cost to the taxpayer was \$22,449 a year, and that's an average, and the average sustained life of that household, Mr. Rector calculated, was 50 years.

So the math comes out to about \$1.5 million to subsidize that household. And we've got people here in this country that are arguing that we need to open up our borders and bring in any number of people because our economy needs this labor and we need someone to pay for the Social Security of the baby boomers. Well, if they can't sustain themselves here, if they're undereducated, even though we have entrepreneurs that fit that category, that are going to make millions of dollars and create millions of jobs, on average it is a net cost to the taxpayer of \$22,449 a year, \$1.5 million for the duration of that household, that's a burden on the taxpayers that is not a stimulation to the economy, it's a drag and a drain on the economy. And the argument that they are paying Social Security with the payroll tax and, therefore, that's good for those of us that are looking at retirement, members of the baby boom generation, which I am and Mrs. BACHMANN is not. That's my little pandering piece here, Mr. Speaker.

Mrs. BACHMANN. If I could just add with Robert Rector from the Heritage Foundation, he also did a study on welfare and increasing use of welfare in the United States. The trajectory that we're on with the growth in welfare is also unsustainable. And we also recall that shortly after President Obama came into office, one thing that he did is he rescinded all of the welfare reform regulations that were put into place by the Republican Congress after they won control in 1994. So all of the reforms that actually got people off of welfare and into working jobs and actually plateaued the cost of the welfare, now all of those restraints have been taken off. We're seeing a dramatic increase in the trajectory in welfare spending.

But something else that was interesting from Robert Rector, he said that if an individual on the full panoply of welfare benefits leaves welfare, that that individual would have to seek a

job paying in excess of \$44,000 a year to replace the welfare benefits that they're receiving from the Federal Government. That is the level of generosity of the welfare benefits that are currently available to people in the United States. There are people in my district that would love to be making an income of \$44,000 a year. And yet that is what the United States is providing on average for welfare benefits across the United States. Of course there are exceptions to that, but that's on average. Again I would refer people, Mr. Speaker, to the heritage Web site and the work is by Robert Rector.

Mr. KING of Iowa. Reclaiming my time, I appreciate the gentledady refreshing that point. I had actually forgotten that number. I remember it now when you say it. \$44,000. And now I think in terms of, if you have all the free time in the world to do whatever it is you want to do and you have rent subsidy and heat subsidy and food stamps and the refundable child care credit and the earned income tax credit.

Mrs. BACHMANN. And you've got a home mortgage, a home mortgage that is subsidized by the taxpayers. Because, remember, this was a part of the problem with the amendments to the Community Reinvestment Act in the 1990s, and it was this: An individual could have no income, no assets, no job. With all of that, you could still get a mortgage just based on your welfare benefits. This was a complete change in the way mortgages were given out. And welfare is inherently unstable.

So to think that a 30-year mortgage is being given to someone on the basis of their welfare payments. We had never done that before in the United States. And so what we saw is a correlation with a very high rate of foreclosure. What inducement or incentive is there for an individual to save up to buy a house, save up for a down payment, be frugal, do what you need to do to have a good credit score to get into a house when in fact because of the Community Reinvestment Act, banks were forced to not look at credit scores essentially and to give mortgages to people on the basis of their welfare checks?

And a lot of these mortgages that were given would give cash back to people. Then people went out and took home equity loans against their home and they had virtually nothing in the home. No wonder we're in the problem we're in. If you change your banking standards to ones that don't even rank up with a comic strip level of regulations, you're going to get disastrous results. That's what we're in the middle of living with now.

Unfortunately the bill that's going through the Senate is institutionalizing the worst aspects that there are about government policy that led to the financial meltdown.

Mr. KING of Iowa. Reclaiming my time, I think it might be useful for the gentledady and I to go through this list

of things that have happened about the nationalization. Because if I look at the dialogue in the country, we've carried this dialogue, I think, back and forth together and teamed up on it.

The gentlelady has talked about \$700 billion in TARP. We haven't brought it up so much, but it is part of this, that three large investment banks were nationalized, either by action of or the support and approval of President Obama; along with AIG, the large insurance company, for some amount around \$180 billion. We might have used \$185 billion at one time. It's in that area. Then we've seen Fannie Mae and Freddie Mac, which I did mention earlier. The President by his executive order has swallowed up the balance of the risk, put it on the taxpayers, to the tune of \$5.5 trillion in the contingent liability should Fannie and Freddie, either combination of them, collapse.

While that's going on, we watched the nationalization, the takeover, of two of our proud American car companies: General Motors and Chrysler. We saw the CEO of General Motors fired and replaced by a CEO that was essentially de facto hired by the President of the United States. We've seen all but two of the board of directors of General Motors put in place by the President of the United States who doesn't even deny it. He takes a little bow and a smile as if that's what we should be doing with government.

We have them looking in at CEOs' pay. We look at the student loan program that's been taken over by the Federal Government. We've watched the nationalization of our skin and everything inside it with ObamaCare taken over by the Federal Government. Now we're watching the financial institutions all the way down to the smallest credit transaction will be looked over by the Federal Government. This is a chilling display of the continuum of history of the last 18 months.

Mrs. BACHMANN. What we have witnessed in the last 18 months is effectively an economic coup. Because as you have correctly stated with Fannie and Freddie, today the Federal Government owns over 50 percent of all private home mortgages in this country. So over 50 percent of the homes, they aren't owned by the people occupying them paying the mortgage. It's really owned by the Federal Government. Not only that, for anyone going to secure a mortgage today for a home, nine times out of 10 they have to go to the Federal Government to get their mortgage. So that number will swell for the number of homes that are owned by the Federal Government.

According to an economist from Arizona State University, if you add up all of those sectors of the private economy, we've gone from, 18 months ago, 100 percent of the private economy, private, now we have over 51 percent of the private economy effectively directly owned or controlled by the Federal Government.

But President Obama isn't done. He is demanding that the Federal Govern-

ment effectively control the energy industry. That's another 8 percent of the economy. He also wants to have the Federal Government control the financial services industry. Some people calculate that at 15 percent. So that would take us from 51, an additional 8 with cap and trade, to 59 percent. Then if we add the financial services sector on, that would take us then up to 74 percent.

President Obama hasn't even been in office 18 months, and we're already at the point where we could be at effectively nearly three-fourths of the private economy under the thumb of Uncle Sam, which is why we absolutely have no choice. This fall we have to see constitutional conservatives retake both the House and the Senate, and then 2 years from now we need a President who will be a constitutional conservative President so we can repeal the government takeover of health care and truly unwind the Federal Government getting out of owning or controlling private businesses.

□ 1900

We have no choice, because otherwise we will go the way of the rest of the world. And all we have to do is take a page out of Greece. Greece is effectively a bankrupt country that's being bailed out by the European Union. Because of the bailouts that the European Union is giving to Greece, the Euro is dropping in value.

The same thing with the United States. We can't think that just because we have been the greatest power and the greatest Nation the world has ever known that we will always continue that way. If we change our economic policies so they have more in line with left of socialist nations, if that's our economic policy that we are embracing, then should we be surprised if the result is analogous to that of countries that are left of socialist-embracing economies? That's not who we are. It's not our character as a people.

And I think it would shock the American people to realize, Mr. Speaker, that today the Federal Government owns or controls 51 percent of the private economy. That cannot be. And I know Congressman KING joins me in putting his marker in the ground, saying that on his watch in Congress he will do everything he can, as I will do everything I can, to get the Federal Government in its proper realm of jurisdictional authority.

The government doesn't have sovereignty over private business. Only private business has sovereignty over private business.

Mr. KING of Iowa. And reclaiming my time, I do wish to join in that pledge and putting my marker here. We have joined together in the introduction of legislation to repeal ObamaCare, to pull it out root and branch, lock, stock, and barrel, to eliminate ObamaCare so there is not one vestige of ObamaCare DNA left behind that could reproduce itself and

further poison our legislation and our laws in America and further diminish the vitality of the American people.

I recall that President Obama as a candidate consistently was critical of President Bush for not having an exit strategy in Iraq. He pounded on President Bush for not having an exit strategy in Iraq. However, that exit strategy actually is being implemented, ironically by the very individual who was so critical.

My point is that Barack Obama has been involved in the nationalization of these huge sections of our private sector, as the gentlelady has described, more than 51 percent of our private sector activity. And when we add the financial sector to it, it becomes a number that approaches that three-quarters, as she has said.

I sent a letter to Secretary Geithner, a formal letter. The response needed to be under oath because it was within a hearing of Financial Services and Agriculture hearing that we did jointly. The question was if the President was elected at least in part because he was critical of President Bush for not having an exit strategy in Iraq, what's President Obama's exit strategy to divest the taxpayers of their invested interest in this whole list of private entities that we have talked about from the banks to AIG to Fannie and Freddie to the car companies? I didn't get to the point of the student loan or ObamaCare because that hadn't been nationalized yet at that point.

Two months later I did get an answer. And it took a couple of days for the smartest lawyers I had to analyze all the language, which boils down to this: The response from Secretary of the Treasury Geithner, well, we will divest ourselves of these assets when the time is right. And only he would know when that was. But there was no criteria for the Federal Government getting out of this business.

It appears that there is a powerful incentive that is driven within the White House and within the progressives, the very liberals in this Congress, of which there are at least 77, to continue the nationalization, the management now that they are seeking to do of managing all of our financial industry, taking over student loans, and now every credit account in America. And additionally to that, I would give a new example that was exposed to me the other day.

We have an example of how the Federal Government takes over the insurance industry. They did so in about 1963 or 1964 with the Federal flood insurance program. They argued that the private sector didn't produce enough competition so that you couldn't buy flood insurance in flood plains. Maybe there was a reason for that, because you would be flooded and the risks were too high. So they set up the Federal flood insurance program to provide competition to the private sector that was property and casualty at the time.

In a few years, it came to pass that—and it is true today—that the only

flood insurance that you can buy in America is under the Federal flood insurance program. It's also true today that that program is \$19.2 billion in the red because their premiums don't reflect the risk because they offer this insurance—and by the way, it's compulsory to buy that insurance if you borrow the money through a mortgage loan under a national bank. So it looks to me as though FEMA has been assigned by Congress and is carrying out an action that has now expanded the flood plains dramatically so that the people in these flood plains have to buy more and more flood insurance.

And I looked at one area within one county in my district where there are 2,200 more properties and 1,100 more property owners that will be compelled to pay for the national flood insurance premium. Presumably, if you expand the areas that people are compelled to buy insurance and do business with the Federal Government, then you will be able to bring this Federal flood insurance out of their \$19.2 billion in the red.

Think of what happens when the Federal Government sticks their regulatory nose in every transaction in America, every credit transaction, every private flood insurance transaction, every health insurance transaction, operates and manufactures probably two-thirds of the American cars, probably not quite that many actually, and has already taken over the secondary loan market to where they are in more than 50 percent of the real estate.

Mrs. BACHMANN. It even gets more minute than that because under the bill that's being debated right now over in the Senate, if a person has a transaction where it's four payments or more, so presumably if you buy braces for your child and you are paying by payments for your child's braces. If you have four payments or more that's a financial transaction that could come under the purview of the Federal Government. So the orthodontist would then have to conform with regulatory requirements from the Federal Government. That's how insidious this is getting.

As a matter of fact, the bill I believe on the House side would give the Federal Government the authority through a new pay czar that has been selected who would establish the wages of like a bank teller in Peoria, Illinois. So the Federal Government isn't just getting into big things, they are getting into every small area of our life. And I think we just haven't begun to see the levels of involvement.

The other thing you had mentioned, Congressman KING, and Madam Speaker, is that you had wondered about President Obama and where he is going. There is no exit strategy because this current financial reform bill that we are looking at is all we need to know about where President Obama and the Democrats that control Congress want to go. They want more Fed-

eral Government intervention. They want more Federal Government spending, which necessitates more Federal Government borrowing, which will mean more taxes.

But what are those taxes? The President has punted that issue to his new commission. But we all know a boatload of taxes needs to be raised. And we are in all likelihood looking at a new form of a national sales tax with a VAT tax, which would mean every item we purchase would have a tax of about 25 percent attached to it. So if you go through the value drive-in meal at McDonald's or a fast food place, although I guess we aren't going to be allowed to eat fast food anymore, it looks like that's the road we are going down next, instead of paying a dollar for that item, now we are going to have to pay \$1.25.

All of this means real consequences for real people's lives. It means fewer choices we can make. And apparently what President Obama and the Democrats who control Congress believe is that the American people have too much discretionary income and the American people shouldn't have that discretionary income. They really are the party of big government and of government making the choices over our lives.

The Republicans have a different view. We believe that people make the better choices, and we want them to keep their money. But unfortunately, President Obama has laid all his cards down on the table, as have the Democrats that run Congress, and they have made a decision. It's very clear. We know because their bills are already before us. Anyone can read them online. And they want to be involved in the smallest financial transactions of our lives. And ultimately they want to decide who will get credit in this country and who won't. That will stifle every one of us in this country. And it won't mean job growth, it won't mean job creation. But we can do far better than that.

Mr. KING of Iowa. Well, and they decided who would get the credit on home loan mortgages based upon the cash flow of the welfare check. And it didn't work out so well. That's one of the examples. I am standing here thinking about this. Where would they stop? A party whose policy is change, who don't have any timeless values, there is not even a definition of truth over on that side that they can agree on, it is about change.

And I have often said that if you would give me the magic wand and I could grant to the progressives, the liberals, the people that fit that definition of folks on that side of the aisle their wish, which would be the entire wish list of all the things that they could compile on that list between now and New Year's, and say to them you get all of this, you get all of this, every policy that you can possibly dream of, and we are going to give it to you when the ball drops at Times Square for New

Year's, but the deal is then you have to clam up and not be clamoring for change any more, you have to live under all of the rules and all of the changes that you advocate for, here is what I can guarantee you. They would work night and day to make this list as complete as possible.

They would work right up to the last minute. They would have an amendment they were trying to slip in as the ball was dropping at Times Square to bring New Year's about and grant them their wish. And then when they were granted everything they wished, they would stay up the rest of the night trying to figure out how they got cheated and what they forgot. And they would never keep their word about having to live under the rules and the regulations that were part of their wish list.

We, on the other hand, believe in timeless values. We believe in the integrity of the human being. We believe that our rights come from God. We believe in free enterprise capitalism. We believe in property rights. We think that people that work should live better than those that don't. We believe the wealth of this Nation is not a zero sum game, but it's something that's built upon the entrepreneurial spirit and the foundations of free enterprise, property rights, individual rights, not group rights. And the destiny of America is going to be determined by the amount of liberty that we can grant to people out of this Congress instead of diminish from them.

And my mission is to go forth and to give back out of this Congress the rights that rightfully come from God to the people that have worked so hard to build this country, and not to destroy it incrementally by these huge bites out of our freedom and our liberty. And the question that comes to me is what would a socialist do, what would a progressive do, what would a liberal do that a communist would not? Where do they draw the line? This has been a breathtaking sweep into a takeover of huge chunks of our economy. And they have designs on big chunks of the economy yet. When there is no restraint except the American people and the constitutional conservatives that are filling the streets of America.

They come out with their American flags, their yellow Gadsden "Don't Tread on Me" flags, their constitutions in their pocket, and patriotism in their hearts, and tears running down their cheeks because of what they see is happening to America under this ruling troika of Obama, PELOSI, and REID. And it's going to turn around, Mr. Speaker. It's going to turn around this November. It's coming back into the hands of the people. And we will have a lot of work to do to clean up the mess.

One of the things is on the immigration cards, the flash cards that train people to study their naturalization and pass the test. On one side it will say, "Who is the father of our country?" You snap it around and it says, "George Washington." You pick up I

think it's card 11, and it says, "What is the economic system of the United States?" You flap that card around and it says, "Free enterprise capitalism." It probably isn't the case today given what's happened.

I don't want to have to pull that card out of the deck. I want the freedom, the liberty card in the deck. And I want to be able to see my children and grandchildren and every succeeding generation not live the American dream, but live the American dream in addition with a higher standard of living and greater aspirations and more liberty than we had, which is tremendous.

This is what is pulling at the heart of America. This is why the constitutional conservatives, which are comprised of the Obamaites with buyers' remorse, the independents that really don't want a label but they understand the Constitution and free enterprise, the 9-12 Project people that have been so activated here on September 12, all of the Tea Party groups that are there, the conservative Republicans, in fact, almost every Republican constitutional conservative, people that understand that our default position needs to be the Constitution itself and not some activist judge's idea of what they would want that Constitution to say, but what it actually says, what it was understood to mean at the time of its ratification.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. CULBERSON (at the request of Mr. BOEHNER) for today until 3:15 p.m. on account of illness.

SPECIAL ORDERS GRANTED

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

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

Ms. WOOLSEY, for 5 minutes, today.

Mr. DAVIS of Illinois, for 5 minutes, today.

Ms. KAPTUR, for 5 minutes, today.

Mr. DEFAZIO, for 5 minutes, today.

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

Mr. MORAN of Kansas, for 5 minutes, May 5.

Mr. POE of Texas, for 5 minutes, May 5.

Mr. JONES, for 5 minutes, May 5.

ADJOURNMENT

Mr. KING of Iowa. Madam Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 14 minutes

p.m.), the House adjourned until tomorrow, Thursday, April 29, 2010, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XIV, executive communications were taken from the Speaker's table and referred as follows:

7227. A letter from the Assistant Secretary, Financial Management and Comptroller, Department of the Navy, transmitting Fiscal Year 2009 annual report on the authority granted therein to pay for meals sold by messes for United States Navy and Naval Auxiliary vessels; to the Committee on Armed Services.

7228. A letter from the Chairman, Occupational Safety and Health Review Commission, transmitting Buy American Act report for Fiscal Year 2009; to the Committee on Education and Labor.

7229. A letter from the Secretary, Department of Health and Human Services, transmitting written notification of the determination that a public health emergency exists and has existed in the state of North Dakota since February 26, 2010, pursuant to 42 U.S.C. 247d(a) Public Law 107-188, section 144(a); to the Committee on Energy and Commerce.

7230. A letter from the Department Director, Regulations Policy and Management Staff, Department of Health and Human Services, transmitting the Department's "Major" final rule — Regulations Restricting the Sale and Distribution of Cigarettes and Smokeless Tobacco To Protect Children and Adolescents [Docket No.: FDA-1995-N-0259] (formerly Docket No. 1995N-0253) (RIN: 0910-AG33) received April 20, 2010, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

7231. A letter from the Administrator, Environmental Protection Agency, transmitting the FY 2008 Superfund Five-Year Review Report to Congress, in accordance with the requirements in Section 121(c) of the Comprehensive Environmental Response, Compensation, and Liability Act, as amended by the Superfund Amendments and Reauthorization Act of 1986; to the Committee on Energy and Commerce.

7232. A letter from the Deputy Chief Human Capital Officer and Director for Human Resources Management, Department of Commerce, transmitting the Department's report on the use of the Category Rating System; to the Committee on Oversight and Government Reform.

7233. A letter from the Chairman, National Labor Relations Board, transmitting the Board's FY 2009 Buy American Act report; to the Committee on Oversight and Government Reform.

7234. A letter from the Deputy Assistant Administrator for Regulatory Programs, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule — Fisheries Off West Coast States; Coastal Pelagic Species Fisheries; Annual Specifications [Docket No.: 0912281446-0111-02] (RIN: 0648-XT32) received April 9, 2010, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Natural Resources.

7235. A letter from the Director Office of Sustainable Fisheries, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule — Fisheries of the Caribbean, Gulf of Mexico, and South Atlantic; Snapper-Grouper Fishery of the South Atlantic; Closure [Docket No.: 040205043-4043-01] (RIN: 0648-XU86) received April 9, 2010, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Natural Resources.

7236. A letter from the Director Office of Sustainable Fisheries, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule — Fisheries of the Exclusive Economic Zone Off Alaska; Sablefish Managed Under the Individual Fishing Quota Program [Docket No.: 0910131362-0087-02 and 0910131363-0087-02] (RIN: 0648-XV03) received April 9, 2010, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Natural Resources.

7237. A letter from the Acting Director, Office of Sustainable Fisheries, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule — Fisheries of the Exclusive Economic Zone Off Alaska; Pollock in Statistical Area 630 in the Gulf of Alaska [Docket No.: 0910091344-9056-02] (RIN: 0648-XV12) received April 9, 2010, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Natural Resources.

7238. A letter from the Deputy Assistant Administrator for Regulatory Programs, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule — Magnuson-Stevens Fishery Conservation and Management Act Provisions; Fisheries of the Northeastern United States; Monkfish Fishery [Docket No.: 0907221160-91412-02] (RIN: 0648-AY01) received April 8, 2010, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Natural Resources.

7239. A letter from the Paralegal Specialist, Department of Transportation, transmitting the Department's final rule — Airworthiness Directives; Various Aircraft Equipped With Honeywell Primus II RNZ-850(-)/851() Integrated Navigation Units [Docket No.: FAA-2008-0556; Directorate Identifier 2007-NM-028-AD; Amendment 39-16246; AD 2010-07-02] (RIN: 2120-AA64) received April 13, 2010, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7240. A letter from the Paralegal Specialist, Department of Transportation, transmitting the Department's final rule — Certification of Aircraft and Airmen for the Operation of Light-Sport Aircraft; Modifications to Rules for Sport Pilots and Flight Instructors With a Sport Pilot Rating; Correction [Docket No.: FAA-2007-29015; Amdt. No. 61-125A] (RIN: 2120-AJ10) received April 13, 2010, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7241. A letter from the Paralegal Specialist, Department of Transportation, transmitting the Department's final rule — Airworthiness Directives; The Boeing Company Model 767-200, -300, and -300F Series Airplanes [Docket No.: FAA-2008-0978; Directorate Identifier 2008-NM-014-AD; Amendment 39-16234; AD 2010-06-10] (RIN: 2120-AA64) received April 13, 2010, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7242. A letter from the Paralegal Specialist, Department of Transportation, transmitting the Department's final rule — Establishment of Class E Airspace; Kindred, ND [Docket No.: FAA-2009-0802; Airspace Docket No. 09-AGL-22] received April 13, 2010, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7243. A letter from the Paralegal Specialist, Department of Transportation, transmitting the Department's final rule — Airworthiness Directives; SOCATA Model TBM 700 Airplanes [Docket No.: FAA-2009-1256; Directorate Identifier 2009-CE-064-AD; Amendment 39-16252; AD 2010-07-07] (RIN: 2120-AA64) received April 13, 2010, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7244. A letter from the Paralegal Specialist, Department of Transportation, transmitting the Department's final rule — Airworthiness Directives; Aircraft Industries

a.s. Model L23 Super Blanik Gliders [Docket No.: FAA-2010-0357; Directorate Identifier 2010-CE-017-AD; Amendment 39-16256; AD 2010-08-01] (RIN: 2120-AA64) received April 13, 2010, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7245. A letter from the Paralegal Specialist, Department of Transportation, transmitting the Department's final rule — Airworthiness Directives; Turbomeca ARRIEL 1B, 1D, 1D1, 2B, and 2B1 Turboshift Engines [Docket No.: FAA-2009-0302; Directorate Identifier 2009-NE-09-AD; Amendment 39-16245; AD 2009-08-08R1] (RIN: 2120-AA64) received April 13, 2010, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7246. A letter from the Paralegal Specialist, Department of Transportation, transmitting the Department's final rule — Amendment to Restricted Area R-2510A; El Centro, CA [Docket No.: FAA-2010-0346; Airspace Docket No. 10-AWP-3] (RIN: 2120-AA66) received April 13, 2010, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7247. A letter from the Paralegal Specialist, Department of Transportation, transmitting the Department's final rule — Airworthiness Directives; Kelly Aerospace Energy Systems, LLC Rebuilt Turbochargers [Docket No.: FAA-2009-1259; Directorate Identifier 2009-NE-41-AD; Amendment 39-16253; AD 2010-07-08] (RIN: 2120-AA64) received April 13, 2010, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7248. A letter from the Paralegal Specialist, Department of Transportation, transmitting the Department's final rule — Airworthiness Directives; Bombardier, Inc. Model BD-100-1A10 (Challenger 300) Airplanes [Docket No.: FAA-2009-1214; Directorate Identifier 2009-NM-091-AD; Amendment 39-16251; AD 2010-07-06] (RIN: 2120-AA64) received April 13, 2010, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7249. A letter from the Paralegal Specialist, Department of Transportation, transmitting the Department's final rule — Airworthiness Directives; Rolls-Royce plc RB211-Trent 700 Series Turbofan Engines [Docket No.: FAA-2005-19559; Directorate Identifier 2004-NE-03-AD; Amendment 39-16254; AD 2010-07-09] (RIN: 2120-AA64) received April 13, 2010, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7250. A letter from the Paralegal Specialist, Department of Transportation, transmitting the Department's final rule — Airworthiness Directives; The Boeing Company Model 747-200C and -200F Series Airplanes [Docket No.: FAA-2009-0684; Directorate Identifier 2008-NM-149-AD; Amendment 39-16247; AD 2010-07-03] (RIN: 2120-AA64) received April 13, 2010, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7251. A letter from the Paralegal Specialist, Department of Transportation, transmitting the Department's final rule — Airworthiness Directives; The Boeing Company 737-600, -700, -700C, -800, -900, and -900ER Series Airplanes [Docket No.: FAA-2010-0230; Directorate Identifier 2010-NM-071-AD; Amendment 39-16250; AD 2010-06-51] (RIN: 2120-AA64) received April 13, 2010, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7252. A letter from the Paralegal Specialist, Department of Transportation, transmitting the Department's final rule — Airworthiness Directives; Airbus Model A300 B2-1C, B2K-3C, B2-203, B4-2C, B4-103, and B4-203 Airplanes [Docket No.: FAA-2009-1166; Direc-

torate Identifier 2009-NM-107-AD; Amendment 39-16255; AD 2010-07-10] (RIN: 2120-AA64) received April 13, 2010, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7253. A letter from the President and Chief Executive Officer, Amtrak, National Railroad Passenger Corporation, transmitting the Corporation's FY 2011 General and Legislative annual report supporting documents; to the Committee on Transportation and Infrastructure.

7254. A letter from the Chairman, Board of Veterans' Appeals, Department of Veterans Affairs, transmitting a copy of the Report of the Chairman for FY 2009; to the Committee on Veterans' Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

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

Mr. POLIS: Committee on Rules. House Resolution 1305. Resolution providing for consideration of the bill (H.R. 2499) to provide for a federally sanctioned self-determination process for the people of Puerto Rico (Rept. 111-468). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

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

By Mr. MILLER of North Carolina (for himself, Mr. CHANDLER, Mr. COHEN, Mr. ELLISON, and Mr. SHERMAN):

H.R. 5159. A bill to provide for a safe, accountable, fair, and efficient banking system, and for other purposes; to the Committee on Financial Services.

By Mr. RANGEL (for himself, Mr. LEVIN, and Mr. CAMP):

H.R. 5160. A bill to extend the Caribbean Basin Economic Recovery Act, to provide customs support services to Haiti, and for other purposes; to the Committee on Ways and Means.

By Mr. REYES:

H.R. 5161. A bill to authorize appropriations for fiscal year 2011 for intelligence and intelligence-related activities of the United States Government, the Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes; to the Committee on Intelligence (Permanent Select).

By Mr. CHILDERS (for himself, Mr. SOUDER, Mr. ALTMIRE, Mr. DAVIS of Alabama, Mr. MELANCON, Mr. MICA, Mr. CARNEY, Mr. BURTON of Indiana, Mr. DAVIS of Tennessee, Mr. SHULER, Mr. ROSS, Mr. GINGREY of Georgia, Mr. SESSIONS, Mr. SHUSTER, Mr. WESTMORELAND, Mr. WILSON of South Carolina, Mr. SIMPSON, Mr. ELLSWORTH, Mr. WILSON of Ohio, Mr. BISHOP of Georgia, Mr. CARDOZA, Mr. BOUCHER, Mr. KAGEN, Mr. BARROW, Mr. WALZ, Mr. HILL, Mr. HOLDEN, Mr. HEINRICH, Mr. YOUNG of Alaska, Mr. PATRICK J. MURPHY of Pennsylvania, Mr. MACK, Mr. MARSHALL, Mr. KISSELL, Mr. MORAN of Kansas, Mr. RAHALL, Mr. DINGELL, Mr. DONNELLY of Indiana, Mr. KINGSTON, Mr. MINNICK, Mr. TIAHRT, Mr. TEAGUE, Mr. JONES, Mr. OWENS, Ms. JENKINS, Mr. BOYD, Mr. GENE GREEN of Texas, Mr. CHANDLER, Mr. MCHENRY, Mr.

BACHUS, Mrs. HALVORSON, Mr. WHITFIELD, Mr. HODES, Mr. TAYLOR, Mr. GERLACH, Mr. CALVERT, Mr. PERRIELLO, Ms. GIFFORDS, Mr. MCNERNEY, Mr. STUPAK, Ms. MARKEY of Colorado, Mr. DENT, Mr. TANNER, and Mr. BISHOP of Utah):

H.R. 5162. A bill to restore Second Amendment rights in the District of Columbia; to the Committee on Oversight and Government Reform.

By Mr. ALTMIRE (for himself, Mr. BARTON of Texas, Mr. FOSTER, Mr. HALL of Texas, Mr. ROSS, Mr. UPTON, Mr. MELANCON, Mrs. MYRICK, Mr. MCMAHON, Mr. ROGERS of Michigan, Mr. MURPHY of New York, Mr. BARTLETT, Mr. PERRIELLO, Mrs. BIGGERT, Mr. MURPHY of Connecticut, Mr. SHIMKUS, Mr. SALAZAR, Mrs. BONO MACK, Mrs. HALVORSON, and Mr. GRIFFITH):

H.R. 5163. A bill to amend the Energy Policy Act of 2005 to require the Secretary of Energy to carry out a research program to reduce manufacturing and construction costs relating to nuclear reactors, and for other purposes; to the Committee on Science and Technology.

By Mr. ALTMIRE (for himself, Mr. BARTON of Texas, Mr. FOSTER, Mr. UPTON, Mr. ROSS, Mrs. MYRICK, Mr. MELANCON, Mr. ROGERS of Michigan, Mr. MCMAHON, Mr. BARTLETT, Mr. MURPHY of New York, Mrs. BIGGERT, Mr. PERRIELLO, Mr. SHIMKUS, Mr. MURPHY of Connecticut, Mrs. BONO MACK, Mr. SALAZAR, Mr. GRIFFITH, and Mrs. HALVORSON):

H.R. 5164. A bill to amend the Energy Policy Act of 2005 to require the Secretary of Energy to carry out programs to develop and demonstrate 2 small modular nuclear reactor designs, and for other purposes; to the Committee on Energy and Commerce, and in addition to the Committee on Science and Technology, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. CASTLE:

H.R. 5165. A bill to amend title V of the Elementary and Secondary Education Act of 1965 to provide grants to State educational agencies in order to provide subgrants to eligible local entities to promote financial education to students in the classroom; to the Committee on Education and Labor.

By Mr. DENT:

H.R. 5166. A bill to amend the Immigration and Nationality Act to provide for the loss of United States citizenship by individuals who are unprivileged enemy belligerents; to the Committee on the Judiciary.

By Mr. ELLISON:

H.R. 5167. A bill to amend the Richard B. Russell National School Lunch Act to reduce stigma associated with unpaid meal fees, and for other purposes; to the Committee on Education and Labor.

By Mr. ELLSWORTH:

H.R. 5168. A bill to amend the Internal Revenue Code of 1986 to extend the first-time homebuyer tax credit through December 31, 2010, and for other purposes; to the Committee on Ways and Means.

By Mr. GENE GREEN of Texas:

H.R. 5169. A bill to amend title 49, United States Code, to require the Secretary of Transportation to promulgate rules to require that all motor vehicles be equipped with event data recorders by 2015, and for other purposes; to the Committee on Energy and Commerce.

By Mr. HOLT (for himself, Ms. SHEA-PORTER, Mr. GEORGE MILLER of California, Ms. BERKLEY, Mr. BARTLETT, and Mr. HIMES):

H.R. 5170. A bill to amend title 10, United States Code, to direct the Secretary of Defense to provide members of the Individual Ready Reserve who served in Afghanistan or Iraq with information on counseling to prevent suicide; to the Committee on Armed Services.

By Mr. GARY G. MILLER of California:

H.R. 5171. A bill to create a program under which qualified and available United States construction workers and appropriate equipment can be sent to Haiti to assist Haitians in the rebuilding of their country after the devastating January 12, 2010, earthquake, as requested by the government of Haiti, and for other purposes; to the Committee on Foreign Affairs.

By Mr. SARBANES (for himself, Mr. POLIS, and Ms. FUDGE):

H.R. 5172. A bill to amend the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.) to authorize competitive grants to train school principals in instructional leadership skills and to promote the incorporation of standards of instructional leadership into State-level principal certification or licensure; to the Committee on Education and Labor.

By Mr. TIAHRT (for himself, Mr. BILBRAY, Mr. ROHRBACHER, Mr. AKIN, and Mr. CALVERT):

H.R. 5173. A bill to provide for certain enhanced border security measures, and for other purposes; to the Committee on Homeland Security.

By Mr. TONKO:

H.R. 5174. A bill to amend the Internal Revenue Code of 1986 to modify the credit for qualified fuel cell motor vehicles by maintaining the level of credit for vehicles placed in service after 2009 and by allowing the credit for certain off-highway vehicles; to the Committee on Ways and Means.

By Ms. LEE of California (for herself, Mr. BAIRD, Mr. FILNER, and Mr. ELLISON):

H. Con. Res. 270. Concurrent resolution calling on the United States Government to investigate the case of Tristan Anderson, a United States citizen from Oakland, California, who was critically injured in the West Bank village of N'lin on March 13, 2009, and expressing sympathy to Tristan Anderson and his family, friends, and loved ones during this trying time; to the Committee on Foreign Affairs.

By Ms. NORTON:

H. Res. 1306. A resolution expressing the sense of the House of Representatives that a postage stamp should be issued to honor the lives of Joseph Curseen, Jr. and Thomas Morris, Jr., the two United States Postal Service workers and District of Columbia natives who died as a result of their contact with anthrax while working at the United States Postal Service facility located at 900 Brentwood Road, NE, Washington, D.C., during the anthrax attack in the fall of 2001; to the Committee on Oversight and Government Reform.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

267. The SPEAKER presented a memorial of the House of Representatives of the State of Maine, relative to House Joint Resolution 1326 urging the United States Congress to support the restoring and conserving the Northeast Great Waters; to the Committee on Appropriations.

268. Also, a memorial of the House of Representatives of the State of Maine, relative

to House Joint Resolution 1302 urging the United States Congress to enact the Lyme and Tick-Borne Disease Prevention, Education, and Research Act of 2009; to the Committee on Energy and Commerce.

ADDITIONAL SPONSORS

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

H.R. 24: Ms. MARKEY of Colorado, Mr. CANTOR, Ms. KILROY, Mr. POLIS, Mr. INSLEE, and Mr. PERRIELLO.

H.R. 40: Mr. SERRANO, Mr. MEEKS of New York, Mr. ELLISON, Mr. JACKSON of Illinois, Mr. FILNER, and Mr. KUCINICH.

H.R. 211: Ms. HIRONO.

H.R. 275: Mr. TIBERI, Mr. PETRI, Ms. TITUS, and Mr. COLE.

H.R. 313: Mr. MEEKS of New York.

H.R. 333: Mr. VAN HOLLEN and Mr. STARK.

H.R. 442: Mr. BOSWELL.

H.R. 484: Mr. WILSON of South Carolina.

H.R. 673: Ms. PINGREE of Maine.

H.R. 855: Mr. HEINRICH.

H.R. 886: Ms. WASSERMAN SCHULTZ, Mr. ELLISON, Mr. LARSEN of Washington, Mr. LATHAM, Mr. PLATTS, Ms. CLARKE, and Mr. ARCURI.

H.R. 1017: Mr. ARCURI.

H.R. 1034: Mr. BOUCHER.

H.R. 1126: Ms. FUDGE and Mr. LUJÁN.

H.R. 1173: Mr. ROONEY.

H.R. 1193: Ms. MARKEY of Colorado, Mr. VAN HOLLEN, and Mr. HOLT.

H.R. 1410: Mr. BOSWELL.

H.R. 1422: Mr. TIM MURPHY of Pennsylvania.

H.R. 1503: Mr. CONAWAY.

H.R. 1547: Mr. GARAMENDI, Mr. SENSENBRENNER, and Mr. TIBERI.

H.R. 1551: Ms. HARMAN.

H.R. 1570: Ms. LEE of California.

H.R. 1587: Mr. ROSKAM.

H.R. 1596: Ms. RICHARDSON.

H.R. 1597: Mr. HODES.

H.R. 1708: Ms. SHEA-PORTER.

H.R. 1806: Mr. BLUMENAUER.

H.R. 1826: Ms. FUDGE.

H.R. 1939: Mr. LEE of New York.

H.R. 2000: Mr. WESTMORELAND, Mr. PITTS, and Mr. YOUNG of Florida.

H.R. 2030: Mr. CAPUANO.

H.R. 2049: Mr. GINGREY of Georgia.

H.R. 2067: Mr. STARK, Ms. SPEIER, and Mr. WAXMAN.

H.R. 2149: Mr. TAYLOR and Mr. BARROW.

H.R. 2378: Mr. FOSTER.

H.R. 2413: Mr. COHEN, Mr. CARNAHAN, and Mr. RYAN of Ohio.

H.R. 2417: Mr. HODES and Ms. BERKLEY.

H.R. 2555: Mr. FILNER, Mr. MICA, and Mr. DEUTCH.

H.R. 2906: Mr. BLUMENAUER and Mr. MCGOVERN.

H.R. 3035: Mr. MCGOVERN, Mr. ELLISON, Mr. HARE, Ms. MOORE of Wisconsin, Mr. LATOURETTE, Mr. CHANDLER, Ms. MCCOLLUM, Mr. BISHOP of Georgia, Mr. CLAY, Mr. AUSTRIA, and Mr. SCHOCK.

H.R. 3151: Mr. BISHOP of Georgia and Mr. KAGEN.

H.R. 3339: Mr. PASTOR of Arizona.

H.R. 3393: Mr. MICHAUD.

H.R. 3421: Mr. MCCARTHY of New York.

H.R. 3439: Mr. CONNOLLY of Virginia.

H.R. 3457: Ms. WOOLSEY.

H.R. 3517: Mr. MCDERMOTT.

H.R. 3564: Mr. CUELLAR.

H.R. 3577: Ms. PINGREE of Maine.

H.R. 3615: Mrs. DAHLKEMPER and Mr. THOMPSON of Pennsylvania.

H.R. 3662: Mr. ELLISON.

H.R. 3712: Mr. RAHALL and Mr. REICHERT.

H.R. 3764: Ms. WATERS.

H.R. 3781: Mr. SALAZAR.

H.R. 3790: Mr. MCMORRIS RODGERS, Mr. COLE, Mr. SMITH of New Jersey, and Mr. ROGERS of Michigan.

H.R. 3995: Mr. CLAY.

H.R. 4011: Mr. FORBES.

H.R. 4085: Mr. MINNICK and Mr. STARK.

H.R. 4109: Ms. VELÁZQUEZ.

H.R. 4191: Mr. DEUTCH.

H.R. 4286: Mr. STARK and Mr. CLAY.

H.R. 4301: Mr. STARK.

H.R. 4302: Mr. MCNERNEY, Mr. HASTINGS of Florida, Mr. AL GREEN of Texas, Mr. ROSS, Mr. JOHNSON of Georgia, Mrs. DAHLKEMPER, Mr. SKELTON, Ms. HERSETH SANDLIN, Ms. MARKEY of Colorado, Mr. MCGOVERN, and Mrs. CAPPS.

H.R. 4321: Mr. HINCHEY.

H.R. 4322: Mr. PASTOR of Arizona.

H.R. 4472: Ms. KILPATRICK of Michigan and Mr. SCHAUER.

H.R. 4530: Mr. SARBANES and Mr. YARMUTH.

H.R. 4544: Mr. HOLT.

H.R. 4671: Mr. STARK.

H.R. 4674: Mr. SULLIVAN.

H.R. 4684: Mr. BOCCIERI and Mr. DAVIS of Tennessee.

H.R. 4720: Mr. CARNAHAN, and Ms. TSONGAS.

H.R. 4722: Mr. KIND, Mr. BOUCHER, and Mr. JACKSON of Illinois.

H.R. 4728: Mr. BILIRAKIS, Mr. SCHOCK, and Mr. ISSA.

H.R. 4755: Mr. ROGERS of Michigan.

H.R. 4812: Ms. CASTOR of Florida and Mr. SCHIFF.

H.R. 4844: Mrs. MCMORRIS RODGERS and Mr. KAGEN.

H.R. 4850: Ms. KOSMAS and Mr. BLUMENAUER.

H.R. 4858: Mr. POLIS.

H.R. 4869: Mr. CLAY and Mr. THOMPSON of Mississippi.

H.R. 4876: Mr. DINGELL and Mr. KILDEE.

H.R. 4879: Mr. WELCH, Mr. MOORE of Kansas, Mr. CARNAHAN, and Mr. MCDERMOTT.

H.R. 4886: Mr. CALVERT.

H.R. 4890: Mr. COHEN.

H.R. 4903: Mr. COLE.

H.R. 4933: Mr. STARK.

H.R. 4947: Mr. BOOZMAN and Mr. KING of Iowa.

H.R. 4959: Mr. DOGGETT and Mr. MCNERNEY.

H.R. 4960: Mr. OLSON.

H.R. 4972: Mr. PRICE of Georgia.

H.R. 5000: Ms. BERKLEY and Mr. CAPUANO.

H.R. 5015: Mrs. NAPOLITANO.

H.R. 5019: Mr. CONNOLLY of Virginia, Mr. BISHOP of New York, Mr. SCOTT of Georgia, Mr. POLIS, Mr. PATRICK J. MURPHY of Pennsylvania, Ms. NORTON, Mr. CARNEY, Mr. JACKSON of Illinois, Mr. DOYLE, Ms. RICHARDSON, Ms. HIRONO, Ms. MATSUI, and Mr. PERRIELLO.

H.R. 5037: Mr. CAPUANO and Mr. FRANK of Massachusetts.

H.R. 5040: Mr. SKELTON.

H.R. 5041: Mr. CARSON of Indiana and Ms. GIFFORDS.

H.R. 5091: Ms. MOORE of Wisconsin and Mr. LEWIS of Georgia.

H.R. 5092: Ms. HIRONO, Mr. MOORE of Kansas, Mr. PAYNE, Ms. ESHOO, Ms. KILPATRICK of Michigan, Mr. PASTOR of Arizona, Mr. RADANOVICH, Mr. SCOTT of Georgia, Mr. COFFMAN of Colorado, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. SMITH of New Jersey, Mr. ROE of Tennessee, Ms. LEE of California, Mrs. NAPOLITANO, Mrs. MILLER of Michigan, Mr. CARNAHAN, and Mr. YOUNG of Florida.

H.R. 5117: Ms. ZOE LOFGREN of California, Mr. POMEROY, and Ms. WOOLSEY.

H.R. 5121: Mr. CLAY.

H.R. 5125: Mr. FARR.

H.R. 5128: Mr. GEORGE MILLER of California, Mr. MATHESON, Mr. MEEKS of New York, Mr. HODES, Mr. SHULER, Mr. MARKEY of Massachusetts, Ms. MARKEY of Colorado, Mr. SALAZAR, Mrs. CAPPS, Mr. NADLER of New York, Mr. RAHALL, Mr. KILDEE, Mr. CONNOLLY of Virginia, and Ms. DEGETTE.

- H.R. 5138: Mr. KILDEE.
 H.R. 5142: Mr. MCDERMOTT, Mr. MAFFEI, Ms. KILROY, Ms. KAPTUR, Mr. MARKEY of Massachusetts, Mr. INSLEE, and Mr. BISHOP of New York.
 H.J. Res. 14: Mr. COLE.
 H.J. Res. 81: Mr. CROWLEY, Mr. ENGEL, and Mr. MAFFEI.
 H. Con. Res. 49: Mr. BUTTERFIELD.
 H. Con. Res. 262: Mr. LIPINSKI, Mr. MCGOVERN, Ms. KILPATRICK of Michigan, Ms. NORTON, Mr. TOWNS, Ms. MATSUI, Mr. MCNERNEY, Mr. THOMPSON of Mississippi, Mr. BUTTERFIELD, Mr. HARE, Mr. SCOTT of Georgia, and Mr. HASTINGS of Florida.
 H. Con. Res. 266: Mr. AUSTRIA and Mr. EHLERS.
 H. Res. 20: Mrs. MYRICK.
- H. Res. 416: Mr. MCDERMOTT.
 H. Res. 988: Mr. GRAVES.
 H. Res. 1016: Ms. LEE of California.
 H. Res. 1158: Mr. MORAN of Virginia and Ms. KILROY.
 H. Res. 1196: Mr. HASTINGS of Washington.
 H. Res. 1211: Ms. RICHARDSON.
 H. Res. 1226: Mr. SIMPSON, Mr. BOOZMAN, Mrs. MALONEY, and Mr. ISSA.
 H. Res. 1256: Mr. BARROW, Mr. LINDER, Mr. LEWIS of Georgia, and Mr. JOHNSON of Georgia.
 H. Res. 1258: Mr. LUJAN, Mr. FRANK of Massachusetts, Mr. LEVIN, Ms. ESHOO, Mr. GONZALEZ, Mr. PIERLUISI, Mr. KILDEE, Ms. BALDWIN, Mr. BARROW, Mrs. CAPPS, Mr. ENGEL, Mr. GENE GREEN of Texas, Mr. MELANCON, Mr. PALLONE, Ms. SCHAKOWSKY, Mr. STUPAK,
- Mr. WEINER, Mr. THOMPSON of California, Mr. HALL of New York, Ms. ZOE LOFGREN of California, Mr. LYNCH, Ms. DELAURO, Mr. CONYERS, and Mr. HONDA.
 H. Res. 1261: Ms. NORTON.
 H. Res. 1273: Mr. CASSIDY, Mr. HALL of Texas, Mr. JONES, Mr. BOEHNER, Mr. COFFMAN of Colorado, Mr. SENSENBRENNER, Mr. WHITFIELD, Mr. REHBERG, Mr. NUNES, Mr. MARCHANT, Mr. TURNER, Mr. RYAN of Wisconsin, and Mr. ROHRABACHER.
 H. Res. 1283: Mr. CONYERS.
 H. Res. 1294: Mr. BRIGHT.
 H. Res. 1297: Ms. PINGREE of Maine, Mr. DINGELL, Ms. BALDWIN, Mr. LOEBSACK, Mr. SNYDER, and Mr. MOORE of Kansas.