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**Calendar No. 693**

| 108TH CONGRESS *2d Session* | SENATE | REPORT 108–339 |
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# TO REAUTHORIZE THE CONGRESSIONAL AWARD ACT

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## R E P O R T

OF THE

## COMMITTEE ON GOVERNMENTAL AFFAIRS UNITED STATES SENATE

TO ACCOMPANY

## S. 2639

TO REAUTHORIZE THE CONGRESSIONAL AWARD ACT



SEPTEMBER 14, 2004.—Ordered to be printed

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108TH CONGRESS, 2d Session | SENATE | REPORT 108–339

# TO REAUTHORIZE THE CONGRESSIONAL AWARD ACT

SEPTEMBER 14, 2004.—Ordered to be printed

Ms. COLLINS, from the Committee on Governmental Affairs, submitted the following

# R E P O R T

[To accompany S. 2639]

The Committee on Governmental Affairs, to which was referred the bill (S. 2639) to reauthorize the Congressional Award Act, having considered the same, reports favorably thereon and recommends that the bill do pass.

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## I. PURPOSE AND SUMMARY

S. 2639 reauthorizes the Congressional Award Program for 5 years, until October 1, 2009. Designed to promote initiative, achievement, and excellence among the youth of America, the Program arranges for medals to be awarded to young people who have satisfied specified standards of achievement. Members of Congress are included on the Board that administers the program, and they participate in the presentation of awards.

## II. BACKGROUND

The Congressional Award Act, Public Law 96–114, was enacted on November 16, 1979, as a bipartisan initiative led by Senator Malcolm Wallop (R–WY) and Representative James J. Howard (D–

NJ). Under the Congressional Award Program established by the Act, young people between the ages of 14 and 23 earn awards by completing a certain number of hours in each of four areas of achievement—volunteer public service, personal development, physical fitness, and expedition/exploration. The Award is non-competitive, and participants, with the guidance of adult advisors, establish their own goals and work to achieve them. Depending on how many hours are completed, participants earn Bronze, Silver, and Gold certificates, or Bronze, Silver, and Gold medals. Members of the House and Senate recognize their constituents who earn Bronze and Silver medals at in-state ceremonies, and Gold-medal winners are recognized at an annual ceremony in the Capitol presided over by House and Senate leadership. The Program is very popular, with more than 16,000 active participants and more than 10,000 adult mentors involved across the Nation.

Under the Act, the Congressional Award Program is administered by a 25-member Board. Twenty-four of the members are appointed by Congressional leadership—6 by each of the majority leader of the Senate, the minority leader of the Senate, the Speaker of the House of Representatives, and the minority leader of the House of Representatives. The Director of the Board, appointed by a majority vote of the Board, is the principal executive of the Program and sits as a non-voting member of the Board. By statute, four of the Board members must be Members of Congress. At present, Senator Max Baucus, Senator Larry E. Craig, Representative Barbara Cabin, and Representative Sheila Jackson-Lee serve on the Board.

The Board operates as a private, nonprofit, tax-exempt organization (under section 501(c)(3) of the Internal Revenue Code), called the Congressional Award Foundation. Financial sponsors of the Program include business corporations, charitable foundations, and labor unions. The Foundation receives its support from these tax-exempt contributions and, under current law, receives no federal appropriation. The Foundation does, however, receive a small amount of in-kind services from the federal government, including free office space in a House Office Building, an annual audit by the Government Accountability Office (GAO), and the design and striking of award medals by the U.S. Mint.

The Act has been reauthorized several times since November 16, 1979, when Public Law 96–114 was enacted, establishing the Board for a 6-year period. The Act was first reauthorized, for a further 3-year period, by Public Law 99–161, the Congressional Award Amendments of 1985. Public Law 100–674, the Congressional Award Act Amendments of 1988, reauthorized the Act for an additional 2 years, contingent upon the Board's complying with the established reporting requirements. Public Law 101–525, the Congressional Award Amendments of 1990, extended the Act for approximately an additional 2-year period, until October 1, 1992. Public Law 102–457, the Congressional Award Act Amendments of 1992, extended the Act for a 3-year period, and Public Law 104–208 extended the Act for a 4-year period. Most recently, Public Law 106–63 extended the Act for 5 years, until the current expiration date of October 1, 2004.

The Congressional Award Program is very popular and continues to grow rapidly. The number of Program participants has doubled

over a recent 3-year period, from approximately 8,000 in 2001 to over 16,000 at the end of the 2003 fiscal year. There are also more than 10,000 adult mentors involved in the program. By statute, GAO audits the Foundation's financial statements annually and has issued generally favorable reports. The Committee believes that the Congressional Award Program performs a valuable service, encouraging initiative, achievement, public service, and personal development in the Nation's youth, as well as providing an opportunity for service for the adult volunteers, and the Committee therefore supports and recommends reauthorization of the Program.

The Committee has received information, however, indicating that the financial condition of the Foundation is deteriorating. In the past, the Foundation has sustained itself with private donations, but it has faced increasing financial difficulty in recent years. The rapid growth of the Program has strained the Foundation's resources, and its financial situation has been further taxed by the downturn in the financial markets and by the general difficulty in maintaining charitable giving arising out of the recent recession.[1] Thus, cash contributions decreased from over $1 million in fiscal year 1999 to about $550,000 in fiscal year 2003. The Foundation responded by cutting its operating expenses, from over $1,700,000 in fiscal year 2002 to $725,000 in fiscal year 2003, but its overall financial situation is still in decline. In the most recent financial audit report for the Foundation, issued in May 2003, GAO found no reportable problem with the Foundation's financial statements, but reported that the Foundation faced a worsening financial condition—raising substantial doubt about its ability to continue as an ongoing concern.[2] On May 13, 2004, GAO wrote to Chairman Collins and Ranking Minority Member Lieberman, among others, indicating that the Foundation continues to experience financial difficulties, such that it no longer has the resources to prepare financial statements on a timely basis.[3]

Recognizing the Foundation's deteriorating financial situation, the Senate Appropriations Committee stated in its July 15, 2004 Report to accompany S. 2666, the Legislative Branch FY2005 Appropriations bill—

> The Committee notes that the Congressional Award program was established by Congress in 1979 to recognize initiative, achievement and service in young Americans and encourage volunteer and community service. While the program has been funded entirely by the private sector, a decrease in donations and income has forced cutbacks in the program. The Congressional Award Board is due to be reauthorized later this year. The Committee will consider funding for this program in the future based on reauthor-

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[1] GAO, "Financial Audit: Congressional Award Foundation's Fiscal Years 2002 and 2001 Financial Statements," May 2003 (GAO–03–737); Statement of Senator Craig, 149 Cong. Rec. S14939 (Nov. 17, 2003) (Senator Craig is a member of the Board of the Congressional Award Program).

[2] GAO, "Financial Audit: Congressional Award Foundation's Fiscal Years 2002 and 2001 Financial Statements," May 2003 (GAO–03–737).

[3] Letter from Steven J. Sebastian, Director, Financial Management and Assurance, GAO, to Senator Collins, Senator Lieberman, Congressman Boehner, and Congressman George Miller, Subject: Congressional Award Foundation Audit and Reporting Delay, May 13, 2004.

ization legislation, but anticipates any such funding will not supplant private donations.[4]

Senator Craig has advised the Governmental Affairs Committee that, when S. 2639 is considered by the Senate, he intends to offer an amendment authorizing an appropriation to the Board of $750,000 for each fiscal year through 2009, an amount that would cover between one-third and one-half of the Foundation's anticipated budget.

## III. Legislative History

S. 2639 was introduced by Senators Lieberman and Collins on July 13, 2004, and was referred to the Committee on Governmental Affairs. On July 21, 2004, the Committee considered S. 2639 and ordered the bill reported by voice vote without amendment. Senators present: Senators Collins, Voinovich, Specter, Fitzgerald, Lieberman, Akaka, Durbin, Carper, and Lautenberg.

## IV. Section-by-Section Analysis

Section 1, the only section of the bill, is entitled "Reauthorization of the Congressional Award Act."

Subsection (a) amends the Congressional Award Act to extend for 5 years the Comptroller General's responsibility to assess the fiscal controls and accounting procedures of the Congressional Award Program. Under section 104(c)(1) of the Act (2 U.S.C. § 804(c)(1)), as amended, the Director of the Board is responsible for ensuring that appropriate procedures for fiscal control and fund accounting are established for the Program, that operations are administered by personnel who are expert in accounting and financial management, and that the Board's liabilities not exceed its assets for any fiscal year. Under section 104(c)(2)(A) of the Act (2 U.S.C. § 804(c)(2)(A)), as amended, the Comptroller General must determine whether the Director has substantially complied with these requirements and must include his findings in annual reports to Congress. This subsection extends these responsibilities of the Comptroller General through calendar year 2009.

Subsection (b) amends the Congressional Award Act to extend for 5 years the existence of the Board. Under section 108 of the Act (2 U.S.C. § 808), as amended, the Board is now set to expire on October 1, 2004. This subsection extends the existence of the Board until October 1, 2009.

Subsection (c) makes non-substantive technical corrections to the Act.

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[4] Senate Committee on Appropriations, Report to accompany S. 2666, Legislative Branch Appropriations, 2005, S. Rep. 108–307, July 15, 2004, at pages 44–45.

## V. ESTIMATED COST OF LEGISLATION

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
*Washington, DC, July 28, 2004.*

Hon. SUSAN M. COLLINS,
*Chairman, Committee on Governmental Affairs,*
*U.S. Senate, Washington, DC.*

DEAR MADAM CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 2639, a bill to reauthorize the Congressional Award Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Matthew Pickford.

Sincerely,

ELIZABETH ROBINSON,
(For Douglas Holtz-Eakin, Director).

Enclosure.

*S. 2639—A bill to reauthorize the Congressional Award Act*

S. 2639 would reauthorize the Congressional Award Act for fiscal years 2005 through 2009. The Congressional Award Program recognizes excellence in public service and personal development among young people. The program is overseen by the Congressional Award Board, a nonprofit organization that receives no federal funding.

CBO estimates that implementing S. 2639 would cost less than $500,000 a year, assuming the availability of appropriated funds. In addition, by requiring the U.S. Mint to design and strike medals at the request of the Congressional Award Board, S. 2639 would increase direct spending by less than $500,000 a year.

Under S. 2639, the Congressional Award Board would continue to receive in-kind services from the federal government. Those services consist of free office space in the Ford House Office Building, including maintenance and utilities, and the performance of an annual audit by the Government Accountability Office. CBO estimates that the board's continued use of such services would cost less than $500,000 a year in appropriated funds.

In addition, young people recognized by the Congressional Award Program are awarded medals produced by the U.S. Mint. Based on information from the board and the Mint, CBO estimates that reauthorizing the program would increase direct spending from the U.S. Mint Public Enterprise Fund by less than $500,000 annually.

S. 2639 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Matthew Pickford. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

## VI. EVALUATION OF REGULATORY IMPACT

Pursuant to the requirements of paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee has considered the regulatory impact of this bill. The enactment of this legislation will not have a significant regulatory impact.

## VII. CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic and existing law, in which no change is proposed, is shown in roman):

**Congressional Award Act, as amended, Pub. L. 96–114, Nov. 16, 1979**

**Sections 103, 104, and 108, as codified at 2 U.S.C. §§ 803, 804, and 808**

# UNITED STATES CODE

# TITLE 2, THE CONGRESS

### CHAPTER 19—CONGRESSIONAL AWARD PROGRAM

### Subchapter I—Congressional Award Program

### § 803. Board organization

* * * * * * *

(b) TERMS OF APPOINTED MEMBERS; REAPPOINTMENT.—

(1) Appointed members of the Board shall continue to serve at the pleasure of the officer by whom they are appointed, and (unless reappointed under paragraph (3)) shall serve for a term of 4 years.

(2) For the purpose of adjusting the terms of Board members to allow for staggered appointments, the following distribution of Board terms shall take effect at the first meeting of the Board occurring after November 6, 1990:

(A) Those members who have served 10 years or more, as of the date of such meeting, shall have an appointment expiring on a date 2 years from October 1, 1990.

(B) Those members who have served for 6 months or less, as of the date of such meeting, shall have an appointment expiring on a date 6 years from October 11, 1990.

(C) All other members shall apportion the remaining Board positions between equal numbers of 2 and 4 year terms (providing that if there are an unequal number of remaining members, there shall be a predominance of 4 year terms), such apportionment to be made by lot.

(3)(A) Subject to the limitations in subparagraphs (B) and (C) of this paragraph, members of the Board may be reappointed, provided that no member may serve more than 2 consecutive terms.

(B) Members of the Board covered under paragraph (2)(A) of this [section] *subsection* shall not be eligible for reappointment to the Board. Members of the Board covered under subparagraphs (B) and (C) of paragraph (2) of this [section] *subsection* may be reappointed for 1 additional consecutive 4 year term.

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**§ 804. Administration**

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(c) REQUIREMENTS REGARDING FINANCIAL OPERATIONS; NONCOMPLIANCE WITH REQUIREMENTS.—

(1) The Director shall, in consultation with the Board, ensure that appropriate procedures for fiscal control and fund accounting are established for the financial operations of the Congressional Award Program, and that such operations are administered by personnel with expertise in accounting and financial management. Such personnel may be retained under contract. In carrying out this paragraph, the Director shall ensure that the liabilities of the Board do not, for any calendar year, exceed the assets of the Board.

(2)(A) The Comptroller General of the United States shall determine, for calendar years 1993, 1994, 1995, 1996, 1997, 1998, 1998, 1999, 2000, 2001, 2002, 2003, [and 2004] *2004, 2005, 2006, 2007, 2008, and 2009*, whether the Director has substantially complied with paragraph (1). * * *

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**§ 808. Termination**

The Board shall terminate [October 1, 2004] *October 1, 2009.*

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