

Calendar No. 136

109TH CONGRESS }
1st Session }

SENATE

{ REPORT
109-87

CONGRESSIONAL AWARD ACT

R E P O R T

OF THE

COMMITTEE ON HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

TO ACCOMPANY

S. 335

TO REAUTHORIZE THE CONGRESSIONAL AWARD ACT



JUNE 23, 2005.—Ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

39-010

WASHINGTON : 2005

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CONGRESSIONAL AWARD ACT

JUNE 23, 2005.—Ordered to be printed

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

R E P O R T

[To accompany S. 335]

The Committee on Homeland Security and Governmental Affairs, to whom was referred the bill (S. 335) to reauthorize the Congressional Award Act, having considered the same reports favorably thereon without amendment and recommends that the bill do pass.

I. PURPOSE AND SUMMARY

S. 335 reauthorizes the Congressional Award Program through 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 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 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. In fiscal year 2004, 1,343 participants were recognized with certificates, and 858 received medals, including 164 who earned gold medals. The Program is very popular, with more than 20,000 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—six 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 Cubin, 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 also receives a small amount of in-kind services from the federal government. As patrons of the Congressional Award program, the U.S. Congress provides office space in a House Office Building and an annual audit by the Government Accountability Office (GAO); moreover, the award medals are designed and struck by the U.S. Mint.¹

GAO has reported that the Foundation, which sustains itself with private donations, has faced increasing financial difficulty in recent years.² 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.³ Thus, cash contributions decreased from over \$1 million in fiscal year 1999 to about \$600,000 in fiscal year 2003. In the most recent financial audit report for the Foundation, issued in November 2004, 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.⁴ In its plan to deal with this deteriorating financial condition, the Foundation has significantly cut operating expenses, from over \$1,700,000 in fiscal year 2002 to \$760,000 in fiscal year 2003, to under \$500,000 in fiscal year 2004. The plan also calls for a modified approach to fund-

¹In the cost estimate prepared by the Congressional Budget Office (CBO) for S. 335, CBO estimated that the Board's use of House Office Building space and services costs less than \$500,000 a year, and the U.S. Mint's production of Congressional Award medals costs less than \$500,000 a year. These costs are under the threshold below which CBO does not report more precise estimates. Estimates provided by the U.S. Mint indicate that its costs are under \$50,000 annually.

²GAO, "Financial Audit, Congressional Award Foundation's Fiscal Years 2003 and 2002 Financial Statements," November 2004 (GAO-05-132).

³Id.; Statement of Senator Craig, 149 Cong. Rec. S14939 (Nov. 17, 2003) (Senator Craig is a member of the Board of the Congressional Award Program).

⁴GAO, "Financial Audit, Congressional Award Foundation's Fiscal Years 2003 and 2002 Financial Statements," November 2004 (GAO-05-132).

raising. The Foundation has recently begun holding more frequent but smaller and less expensive fundraising events, and is undertaking other efforts to keep current and former donors better informed and engaged in the award program's activities. It is too soon to know the outcome of these efforts, but the Foundation believes the trends are favorable.

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. Public Law 106-63 extended the Act for 5 years, until October 1, 2004. On September 14, 2004, the Committee on Governmental Affairs reported a bill, S. 2639, to reauthorize the Act for 5 additional years, until October 1, 2009. The Senate passed the bill by unanimous consent on September 29, but the House did not act on the legislation before the end of the 108th Congress.

The Congressional Award Program is very popular and continues to grow rapidly. The number of Program participants has more than doubled over a recent 4-year period, from approximately 8,000 in 2001 to over 20,000 at present. 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, at minimal cost to the taxpayer, 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. The Committee therefore supports and recommends reauthorization of the Program.

III. LEGISLATIVE HISTORY

S. 335 was introduced on February 9, 2005 by Senator Lieberman and is cosponsored by Chairman Collins and Senators Baucus and Craig. The bill was referred to the Committee on Homeland Security and Governmental Affairs, and on April 13, 2005, the Committee considered the bill and by voice vote ordered it reported favorably without amendment. Present were Senators Akaka, Carper, Chafee, Coburn, Coleman, Collins, Lautenberg, Lieberman, Levin, and Warner.

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 expired on October 1, 2004. Paragraph (1) of subsection (b) extends the existence of the Board until October 1, 2009, and paragraph (2) of this subsection is a savings provision, affirming the effectiveness of the Board's actions under the Act from October 1, 2004, until the date on which this reauthorization is enacted.

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

V. ESTIMATED COST OF LEGISLATION

S. 335—A bill to reauthorize the Congressional Award Act

S. 335 would reauthorize the Congressional Award Act through fiscal year 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. 335 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. 335 would increase direct spending by less than \$500,000 a year.

Under S. 335, 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. 335 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

(a) MEMBERSHIP; COMPOSITION; APPOINTMENT CRITERIA; DERIVATION OF APPOINTMENT—

(1) The Board shall consist of 25 members, as follows:

(A) Six members appointed by the majority leader of the Senate, 1 of whom shall be a recipient of the Congressional Award.

(B) Six members appointed by the minority leader of the Senate, 1 of whom shall be [a a local] *a local* Congressional Award program volunteer.

(C) Six members appointed by the Speaker of the House of Representatives, 1 of whom shall be [a a local] *a local* Congressional Award program volunteer.

(D) Six members appointed by the minority leader of the House of Representatives, 1 of whom shall be a recipient of the Congressional Award.

(E) The Director of the Board, who shall serve as a non-voting member.

* * * * *

(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; NON-COMPLIANCE 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, 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*.