

earlier this year. By the close of business today, this legislation has garnered a total of 29 cosponsors.

Mr. President, this is an outstanding show of support for this important piece of legislation. When each of us return home over recess, we meet with the people that we represent. We listen to their problems, and we listen to their solutions. And when we talk about drugs, and talk about what can be done to keep our kids from using drugs, it always comes back to the community. What matters most is what parents, schools, churches, law enforcement, community groups, and businesses do, working together, to keep our kids drug free.

This legislation will support these efforts. It will allow communities with established coalitions, coalitions that have a proven track record, to receive matching funds to support their efforts. It will provide additional resources in the hands of those who make a difference; people that our children respect and listen to: parents. Placing resources at the community level allows parents, teachers, community, and religious leaders to use these funds to make a difference in the lives of our children, our future.

I want to thank my colleagues and cosponsors on both sides of the aisle. I particularly want to thank Senator DASCHLE, Senator DEWINE, Senator BIDEN, and Senator HATCH and many others for their support and efforts in moving this legislation.

#### PROGRAM

Mr. GRASSLEY. Mr. President, on behalf of the majority leader, for the information of all Senators, for tomorrow's business it is the leader's hope that the Senate will be able to begin consideration of the very important Department of Defense authorization bill. Also, the leader is hopeful that the Senate will be able to consider the intelligence authorization bill. Therefore, votes can be expected to occur during the session of the Senate on Thursday.

I would remind all Members that there is a lot of work to be done before the Senate adjourns for the July 4th recess. Therefore, the leader would appreciate all Senators' cooperation in order to complete the business of the Senate in a responsible fashion.

#### ORDER FOR ADJOURNMENT

Mr. GRASSLEY. On behalf of the leader, I ask unanimous consent, if there is no further business to come before the Senate, that the Senate stand in adjournment under the previous order, following the remarks of the Senator from Iowa.

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

#### DOD'S PROBLEM DISBURSEMENTS

Mr. GRASSLEY. Mr. President, I would like to talk about the Depart-

ment of Defense's [DOD] problem disbursements.

I have spoken on the subject many times in the past.

I would like to speak on it again today because the Pentagon's Chief Financial Officer, or CFO, Mr. John Hamre, claims he's whipping the problem.

His claims do not seem to stand up to scrutiny.

The GAO has issued a new report on DOD's problem disbursements. It is entitled "Improved Reporting Needed For DOD Problem Disbursements."

This report rips Mr. Hamre's claims to shreds.

In May 1996, Mr. Hamre claimed he had an \$18 billion problem. Now, it's \$8 billion and falling.

The GAO says Mr. Hamre is understating the problem by at least \$25 billion.

Mr. Hamre is blowing smoke to hide the problem.

He is falling back on the oldest trick in the bureaucrat's book: Redefine the problem to make it appear smaller.

He did it by administrative decree in December 1996.

His decree arbitrarily excludes huge chunks of problem disbursements from official reports to Congress.

He just waved his magic wand and shrunk the universe.

It is not smaller because he cleaned up the books or reconciled delinquent accounts.

He did not do any oldtime book-keeping to get the job done.

In fact, he did not get the job done. He just wants us to think the did.

Mr. President, to understand what Mr. Hamre is up to, we need to understand problem disbursements. What are they, and why are they a problem?

The GAO says there are three types of problem disbursements: in-transit disbursements, unmatched disbursement, negative unliquidated obligations or NULO's.

An in-transit disbursement is one that is floating in limbo.

The check was written and the bill was paid. But the payment has not been posted to an account.

If Mr. Hamre were on the ball, there would be no in-transits. Transactions should be recorded as they occur. That's basic accounting 101 stuff.

That's how businesses operate.

The Pentagon's accounting guru—Mr. Keevey—says that's the right way to do it. I quote Mr. Keevey:

Under a good finance and accounting network, you would never make a payment until you check it against the underlying obligation and the underlying records.

If DOD practiced what Mr. Keevey preaches, there would be no problem disbursements. Period.

Congress has been telling DOD to do exactly the same thing every year for the last 3 years.

Section 8106 of last year's appropriations bill says:

Match disbursements with obligations before making payments.

But the bureaucrats complain: "No can do. It's just too hard."

They think it's normal for disbursements to float in limbo for up to 120 days or even longer. For them, a disbursement floating in outer space for 4 months is OK.

It's not a problem disbursement under Mr. Hamre's exclusion policy.

Here's a prime example of how well Mr. Hamre's policy works.

The GAO discovered, for example, that DOD excludes certain "recurring and routine" transactions.

Mr. President, you should see what the GAO found in the Pentagon's "recurring and routine" basket?

The GAO discovered \$4.5 billion of payroll disbursements from automated teller machines or ATM's that were once located on Navy ships.

They just weren't very fresh.

They were so old that their points of origin had disappeared off the face of the Earth. The ships that carried the ATM's have been decommissioned.

Time passed them by.

Most of these ATM transactions were at least 2 years old but some dated back to January 1988, or 9 years ago.

To the average citizen, a check that is not recorded in a checkbook register for 9 years just might be a problem.

But not to Mr. Hamre.

He says it's "normal and routine" for a disbursement to float around in outer space for 9 years. "It's OK. It doesn't count. Not to worry."

Unmatched disbursements are more troublesome than in-transits.

When in-transits finally reach the accountant's desk, the accountant tries to match the disbursement with its corresponding obligation.

An obligation is like a contractual commitment of money.

When a corresponding obligation cannot be identified, you have a problem—an unmatched disbursement.

In some cases, the hookup is made. Sometimes it takes months or even years. And sometimes, the match is never made.

That's an unmatchable disbursement. That happens when supporting documentation has disappeared.

When you have a check and no supporting documentation, you have a hot potato.

That's a problem, Mr. President. It's a big problem for anyone responsible for controlling public money.

CFO Hamre found a quick and easy cure for this ugly wart. He just lopped it off.

In 1995, he literally wrote off billions of dollars in unmatchable disbursements.

He just wiped them clean off the books. Problem solved.

When Mr. Hamre did this, I came to the floor and criticized him for doing it. I thought it set a terrible precedent.

Maybe Mr. Hamre had no choice, but when you write off billions of dollars of disbursements, some heads should roll. And it should never happen again.

Sadly, no one was held accountable.

The third category of problem disbursements are NULO's.

With a NULO, you get a quick match, but there is not enough money in the account to cover the check. It is overdrawn.

That could be a violation of the Anti-Deficiency Act, and that's a felony.

There is a fourth category of problem disbursements that DOD doesn't report. I did not mention it up front because it is not official. It was invented by the Senator from Iowa.

I call it mismatched disbursements.

I have spoken about Mr. Hamre's illegal progress payment policy several times this year.

Under the Hamre policy, checks are deliberately charged to the wrong accounts. That creates a mismatch.

It is a mismatched disbursement.

A mismatched disbursement is the flip side of an unmatched disbursement. It is a problem disbursement, for sure.

Mr. Hamre's progress payment scheme is producing a whole new category of problem disbursements.

And he doesn't even know it.

DOD makes over \$20 billion a year in progress payments.

If most are mismatched—as I suspect—then DOD's problem disbursements exceed the \$45 billion figure cited by the GAO.

If this were a \$1 million problem, I might not worry so much.

Unfortunately, billions of dollars of public money could be at risk. We just don't know—until DOD gets a good match.

When you have billions of dollars in checks with no documentation and you're writing them off right and left, your accounts are vulnerable to theft.

As CFO, Mr. Hamre is accountable for this mess.

Mr. President, Mr. Hamre has been selected by Secretary Cohen to fill the No. 2 spot at the Pentagon.

He would become the Deputy Secretary of Defense. That's a big job.

I am opposed to this nomination.

I will have much more to say about Mr. Hamre in the weeks ahead.

Mr. President, I want to be sure my colleagues understand where I am coming from.

#### CHIEF JUDGE KAZEN, U.S. DISTRICT COURT

Mr. GRASSLEY. Mr. President, I would like to briefly address an issue I talked about already on June 5. I want to clarify the record regarding an inaccurate Washington Post front-page story on Chief U.S. District Judge George P. Kazen of the southern district of Texas.

To refresh your memory, the Post reported on May 15 of this year that Judge Kazen had stated he was overworked, couldn't manage his caseload and needed more judges. The article then more than implied there was a backlog in his district and there was a crisis across the Nation which was cre-

ated by the Judiciary Committee playing politics at the cost of justice.

I had hoped we were done talking about that example of inaccurate and misleading reporting, but judging by a remark made Monday here on the floor, I must reiterate what I already said on June 5: there is no backlog in the southern district of Texas, the article III judges of that district, and of most districts of the country, for that matter, assure me that they can handle their caseloads just fine.

I noticed my colleague Senator LEAHY used this article Monday to once again complain about the pace of confirmations. Unfortunately, he has also become a victim of that misguided article.

As chairman of the Judiciary Subcommittee on Administrative Oversight and the Courts, I felt compelled to come before my colleagues and set the record straight on the southern district of Texas. Therefore, on June 5, I gave you the applicable statistics for the district and I gave you the responses my 1996 survey produced for that district. As you might recall, in an effort to keep the lines of communication open between this Congress and the judicial branch, I sent a comprehensive survey to all article III judges last year. Some of the questions in the survey addressed precisely this issue of a backlog. I said on June 5 and I'll repeat it today, both my survey and my communications with our Federal judges clearly show that there is no backlog and that a vast majority of the judges in the southern district of Texas, one of the largest and busiest in the Nation, can more than aptly manage their caseload. By the way, the same holds true for the Nation in general.

When I spoke to you on June 5, I wondered how come Judge Kazen would turn to the Washington Post and create such a different impression from what my research, my figures, and, most importantly, my communications with our Federal judges indicated. Well, it turns out that Judge Kazen was as surprised by the article as I was. You see, I just received a letter from Judge Kazen on June 6 and it has now become clear that Judge Kazen is as much a victim of inaccurate reporting as everyone who ended up reading that article is. According to Judge Kazen, he only talked to the reporter regarding his district's contemplation to move the home seat of a judicial vacancy from Houston to either Laredo or McAllen.

Incidentally, the vacancy Judge Kazen was talking about has been around since 1990. It therefore appears that my Democratic colleagues, who are so quick to cry "politics" when the Judiciary Committee dares to scrutinize a Clinton nominee, had ample opportunity to fill that seat and for one reason or another they chose not to do so.

Judge Kazen insists in his letter that while the article ultimately quoted him as speaking about judicial vacan-

cies, the conversation he had with the reporter was solely on the proposed move of the future judge's home seat. Judge Kazen further states that the article's focus on filling vacancies was never the focus of his conversation with the Post reporter. If mentioned at all, it was nothing more than a passing reference. Judge Kazen, in his letter to me, is adamant that he never described "any caseload as being unmanageable."

Therefore, not Judge Kazen, but the Washington Post used this one example to complain of backlog and unmanageable caseloads. Mr. President, the vast majority of the judges who have responded to my survey, who have written me letters, who have called my offices, or who have come before the Judiciary Committee or my subcommittee are not backlogged and are quite able to manage their caseloads. Judge Kazen's letter to me underscores that fact, and I ask unanimous consent that the letter be printed in the RECORD.

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

U.S. DISTRICT COURT,  
SOUTHERN DISTRICT OF TEXAS,  
June 6, 1997.

Hon. CHARLES E. GRASSLEY,  
*Chairman, Subcommittee on Administrative Oversight and the Courts, Senate Hart Building, Washington, DC.*

DEAR SENATOR GRASSLEY: Your letter of May 30, 1997, prompts me to seek clarification of what issues you believe that I raised in the Washington Post article of May 15. That article was the result of a telephone call in April from a Texas reporter working for the Post. She inquired about a letter I had written in February to the Democratic members of Congress from southern Texas. The letter had apparently been released to the media by one or more of the recipients, as it had already been the subject of press reports in Texas.

The purpose of my letter was to advise the Representatives that our Court was contemplating a request to the Judicial Council of the Fifth Circuit that the home seat of the judge who would eventually succeed former Chief Judge Norman Black be moved from Houston to either Laredo or McAllen. The possibility of such a move had been discussed off and on during 1996, but no action had been taken. We knew that this position would not be filled immediately, and we could have deferred action until later. However, we learned in February that the Representatives were meeting soon to recommend a nominee to the White House. They were doing so under the natural assumption that the person would sit in Houston. We decided that basic fairness required us to at least alert the Representatives to our plan.

The letter advised that the Court would "probably" request the move and that our final decision would be made at a meeting of the full Court in May. The letter stated in general terms why we were taking this step. This included the fact that the four "border" divisions of our Court have long borne the burden of one of the heaviest criminal dockets in this country. We advised that scores of new Border Patrol agents are scheduled for assignment to Laredo and the Rio Grande Valley this year, along with projected increases of other law enforcement agents. We concluded that many more agents inevitably will lead to more arrests and more prosecutions in our southern divisions. At least, this