Iraq. On top of this, only $25 million for ''justice, public safety, and civil society'' has been obligated. This is less than 3 percent of the $1 billion appropriated.

Not one dime of the $1.85 billion appropriated in the supplemental has been obligated for ''health care,'' ''private sector development,'' ''roads, bridges and construction,'' and ''transportation and telecommunications.''

It would be one thing if the administration had warned us they were going to have trouble spending the $18 billion, but they said the opposite. They told us these funds were urgent. It was ''an emergency.'' The money had to be appropriated immediately, and not one dime less than the amount requested. There was no time for Congress to carefully consider this legislation. It had to be rammed through as fast as possible.

The administration resisted accountability for how it would spend these billions and billions of dollars, and that fact was, and is, a major concern that many in the Senate have had about that supplemental appropriations bill.

In a letter to Congress on September 17, 2003, the President stated: ''This request reflects urgent and essential requirements. I ask the Congress to appropriate the funds as requested, and promptly return the bill to me for signature.''

Ambassador Bremer testified before the Senate Foreign Relations Committee on September 24, 2003: ''No one part of this $87 billion supplemental is dispensable, and no part is more important than the others . . . This is a carefully considered, integrated request. This request is urgent. The urgency of military operations is self-evident. The funds for nonmilitary action in Iraq are equally urgent. Unless this supplemental passes quickly, Iraqis face an indefinite period with blackouts eight hours a day. The link to the safety of our troops is indirect but no less real.''

I would point out to Ambassador Bremer, who I respect a great deal, that less than 8 percent of the funds for ''electricity'' have been obligated. That is $428 million out of $5.6 billion.

I could go on, but by now the point is clear: If every dime of the $18 billion was so necessary, as a lump sum, to pay for the reconstruction of Iraq this year, why then has so little been obligated nearly 4 months after the President signed the bill?

I did not vote for the $18 billion and at the time I discussed my reasons in detail. But one of the reasons was that it was obvious that the White House was asking for far more than they could effectively use this year because they did not want to revisit this issue in an election year. They did not want to have to defend this controversial program again in the court of public opinion. They did not want the accountability that should accompany the spending of such large sums.

This is one Senator who does not believe we should spend billions of dollars of the taxpayers' money without proper accountability. We all knew we would have to spend billions to help rebuild Iraq. But the issue was how many billions, over what period of time, and how to pay for it in a time of rising deficits. Back when we were asked to vote on the supplemental, I urged, as did others, that because the situation in Iraq was, and is, so unpredictable, that we appropriate only as much as could be effectively used. I said that we should then revisit the issue this year, see how the funds were being used, make any necessary adjustments to the reconstruction program, count what other nations were contributing, and then decide how much additional U.S. funding this year would be needed to fill gaps in resources.

But the White House would have none of that. The President insisted on getting every dime up front, paid for by increasing the deficit rather than reducing the President's tax cut for the wealthiest Americans, even though, as the CPA–IG and OMB reports clearly show, they cannot possibly spend it all this year. They probably will not be able to spend half of it. All that talk about how this had to be done in the blink of an eye and without adequate checks and balances was baloney.

Congress received some of the first indications that the administration was going to have trouble handling all of this money when the Office of Management and Budget published a plan, on January 5, 2004, that projected CPA spending at a modest $1.4 billion by the end of the first quarter. The CPA–IG report confirms that the administration is having difficulty handling all of this money, as many of us predicted.

We all want this money spent wisely, and no one wants any administration to spend money for the sake of spending money. Also, this is not to take anything away from the brave men and women who are working so hard, under extremely difficult conditions, to rebuild Iraq.

But the issue exposed by this report is not the administration's spending rate in Iraq. The issue it exposes is the administration's credibility. It seems self-evident that a large portion of the money was not as urgently needed as administration officials insisted at the time, or the CPA, as press reports have suggested, is tied up in bureaucratic knots and is not able to move fast enough to rebuild Iraq. I submit that the answer is both of the above, but I will let the numbers speak for themselves.

Perhaps we will see a large ramping up of spending in the second quarter, as the administration suggests it will do according to OMB's spending plan. Perhaps the administration can provide a good explanation for why these projects have proceeded so slowly. But regardless, it is clear that Congress could, and I believe should, have appropriated only a portion of the money last year. There is plenty of opportunity to act on another supplemental this year, instead of frittering away the Senate's time on hot-button political issues designed to score points in an election year.

I believe the Congress can encourage the administration to do better in Iraq, shaping a more effective strategy in the process. This Vermonter believes that more debate, more transparency, and even a dose of frugality, especially when it comes to spending $18 billion of the taxpayers' money would be a good thing.

I yield the floor.

EXHIBIT 1

The CPA has allocated $7.9 billion of the $18.4 billion. Additionally, the CPA has established a $4 billion reserve. Table 8 below contains more detail on program status.

TABLE 8.—PROGRAM STATUS[1] (IN MILLIONS) AS OF FEBRUARY 29, 2004

Sector 2207	Report[2] spending plan	Apportioned	Committed	Obligated
Security and law enforcement	$3,243.0	$2,232.7	$850.4	$292.0
Electricity	5,560.0	1,683.1	1,301.4	428.2
Oil infrastructure	1,701.0	1600.0	772.2	4.0
Justice, public safety, and civil society	1,018.0	560.9	130.3	25.0
Democracy	458.0	458.0	106.0	106.0
Education, refugees, human rights, governance	280.0	138.5	32.6	27.1
Roads, bridges and construction	370.0	119.3	0.0	0.0
Health care	793.0	330.0	0.0	0.0
Transportation and telecommunications	500.0	164.0	61.9	0.0
Water resources and sanitation	4,332.0	496.2	18.0	18.0
Private sector development	184.0	64.5	2.0	0.0
Total by sector	18,439.0	7,947.2	3,273.0	900.3
Construction	12,611.0	3,950.0	1,783.2	595.8
Nonconstruction	5,370.0	3,539.2	1,383.8	198.5
Democracy	458.0	458.0	106.0	106.0
Total by program	18,439.0	7,947.2	3,273.0	900.3

[1] Have not been formally reviewed or audited by the CPA–IG.

[2] Public Law 108–106 Section 2207 is the CPA quarterly progress report. As of the date of this report, CPA was revising the IRRF allocations.

INTERNATIONAL ATOMIC ENERGY AGENCY SAFEGUARDS AGREEMENT

Mrs. FEINSTEIN. Mr. President, I rise today to congratulate the Senate for ratifying the International Atomic Energy Agency—IAEA—Safeguards Agreement by unanimous consent last night.

The Additional Protocol will augment the IAEA's safeguards monitoring system and provide early warning about illicit nuclear weapons-related activities under the Nuclear Nonproliferation Treaty.

By acting swiftly to ratify the treaty, the United States Senate has sent a clear signal to the international community that the United States is committed to not only maintaining a leadership role in the effort to prevent the proliferation of nuclear weapons but also to work closely with other nations in that endeavor.

We know that we cannot go it alone and we will need the help of our friends and allies.

In addition, the Additional Protocol will strengthen the IAEA in its work in dealing with nuclear programs in Iran, Libya and elsewhere and encourage other countries to ratify their own additional protocols.

Clearly, there is much work to be done and the international community will face additional challenges in the near future. Nevertheless, I am pleased that the United States Senate has taken this important step to protect our citizens and our national security interests.

STOCK OPTION ACCOUNTING REFORM ACT

Mr. WARNER. Mr. President, I rise in support of S. 1890, the Stock Option Accounting Reform Act. I am pleased to cosponsor this important legislation, and I applaud the distinguished Senator from Wyoming, Senator ENZI, and the distinguished Democratic whip for their leadership.

I urge all my colleagues to pay close attention to this legislation, and to join those of us who believe that the mandatory expensing of stock options would harm American companies, and more importantly, harm American workers who benefit from the issuance of stock options from their employers.

The Financial Accounting Standards Board—FASB—may soon take action that would require public companies to record employee stock options as an expense. This will unequivocally impede economic growth and stifle the economic recovery of our high-tech sector as well as other industries.

As a result of FASB's proposal, companies will take a massive earnings charge based on stock option ‘‘costs’’. Just as we hope to turn the corner, the tech industry will be disproportionately hit with phantom costs that will undermine general investor confidence in the tech recovery.

Expensing will destroy our partnership culture of distributing stock options to our entire workforce. We know from empirical research that broad-based employee ownership delivers higher returns to shareholders, greater productivity, and increased returns on equity.

In addition, small companies and start-ups, which depend on employee stock options to attract the smartest and brightest, will be dealt a detrimental blow. The costs associated with the implementation of this new rule will inhibit small business growth. In a time when the United States is struggling to keep more jobs in America, this proposal undermines U.S. competitiveness.

Talented and skilled U.S. workers will be forced to look to our competitors, countries such as Taiwan and Singapore, for high paying technology based employment.

It is imperative that the United States retains its status as a global technology leader. Innovation and hard work are two basic fundamentals that founded our country. Broad based employee stock options provide incentives for workers to work harder, promote savings and serve as an incentive for creating new ideas, which ultimately promotes economic growth.

I commend my colleagues for introducing this important piece of legislation, and it is my hope that you will join me in voting in favor of S. 1980.

Mr. ENSIGN. Mr. President, our worse fears about FASB's seemingly predetermined crusade against stock options have unfortunately proven true. As expected, FASB has released a proposed expensing rule for stock options that is a lose-lose for individual investors and the American economy.

Trial lawyers are gearing up for the biggest windfall of the 21st Century. They will be the only winners in this misguided action. FASB's proposed rule would allow companies to either use Black Scholes or a Binomial method to expense options. Both are flawed models and will yield very different and certainly inaccurate results.

There is no question that market capital will be destroyed when these flawed numbers hit financial statements. Because companies have to choose the method they use to expense, and the inputs that feed into that flawed model, they will most certainly be barraged by class action lawsuits from greedy trial lawyers who will exploit the difficult decisions that FASB is going to force companies to make.

Ironically, despite FASB's stated goal of improving information for investors, individual investors will now have absolutely no ability to make meaningful comparisons between companies. Different companies using different flawed valuation models will confuse and mislead the very people FASB purports to help.

Our technology sector is on the cusp of recovery. We cannot afford to let bad accounting destroy jobs and cripple our global competitiveness. There are bigger picture issues here that FASB is neither tasked with examining, nor equipped to look at. That is the responsibility of the Congress and Administration.

This move represents a tremendous threat to our global competitiveness. Communist China has, as a part of their 5 year plan, the use of stock options. They are setting out to duplicate the success of our very own Silicon Valley and stock options are at the very heart of the Chinese government plan.

This is not about executive compensation. That is a separate and distinct issue. WorldCom and Enron had nothing to do with stock options. In fact, the Enzi-Baker bill says go ahead and expense for the top 5 executives. This is about small businesses and rank and file workers and preserving their ability to use this powerful tool for innovation and growth. This is about preserving broad-based employee stock ownership plans.

Make no mistake about it. If FASB's rule goes into effect, rank and file workers are the ones that will suffer. We need to support policies that create jobs and wealth for Americans, not destroy them.

Mr. ALLEN. Mr. President, yesterday the Financial Accounting Standards Board, FASB, released an exposure draft of a rule that will require companies to treat employee stock options as an accounting expense. I find this proposal fundamentally flawed for a number of reasons and urge my colleagues to support legislation to prevent this from becoming a reality.

During my time as Governor of Virginia, I witnessed unparalleled growth in the technology sector of my State's economy. Many new and exciting businesses brought their products, services, and, most importantly, jobs to Virginia.

Many of these technology companies that located to Virginia were small ‘‘start-ups’’ with little more than a good idea and the willingness to take a risk for the hope of reward later. These technology companies contributed greatly to the tremendous economic expansion witnessed during the 1990s.

However, technology companies were able to attract and retain top talent and key directors without having to raise large amounts of capital by granting employee stock options. In the end, shareholders and employees won. Employee stock options granted by many technology companies were awarded broadly to employees not only to give them an ownership interest in the company, but also to better align the interests of employees and shareholders.

I think employee ownership and incentives are great. It is desirable to have motivated employees caring abut the success of their company. Broad-based employee stock options give employees—from the newly graduated worker to the experienced CEO—ownership in the company. Indeed, a well-respected technology CEO has said that employees with stock options are like homeowners, whereas those without stock options are like renters—there is a difference in the attitude, commitment and level of entrepreneurial spirit. The proposed FASB action will destroy our partnership culture of distributing stock options to the entire workforce of a company. Broad-based employee ownership delivers higher returns to shareholders, greater productivity, increased return on equity, and higher returns on assets.

Unfortunately, the unelected officials of the Financial Accounting Standards Board want to bring this era to an end. In their effort to treat employee stock options as an accounting expense, they are disregarding three fundamental issues. First, employee options are not freely tradable. How do you value something that has no market? How do you put a price on something if it is not for sale? The answer is that you cannot. There is no accurate way to value these options without an open market.