

S. 2062, a bill to amend the procedures that apply to consideration of interstate class actions to assure fairer outcomes for class members and defendants, and for other purposes.

S. 2141

At the request of Mr. LUGAR, the name of the Senator from Indiana (Mr. BAYH) was added as a cosponsor of S. 2141, a bill to amend the Farm Security and Rural Investment Act of 2002 to enhance the ability to produce fruits and vegetables on soybean base acres.

S. 2152

At the request of Mr. MILLER, the name of the Senator from Maine (Ms. COLLINS) was added as a cosponsor of S. 2152, a bill to amend title 10, United States Code, to provide eligibility for reduced non-regular service military retired pay before age 60, and for other purposes.

S. 2192

At the request of Mr. JOHNSON, his name was added as a cosponsor of S. 2192, a bill to amend title 35, United States Code, to promote cooperative research involving universities, the public sector, and private enterprises.

S. 2195

At the request of Mr. BIDEN, the name of the Senator from New Jersey (Mr. LAUTENBERG) was added as a cosponsor of S. 2195, a bill to amend the Controlled Substances Act to clarify the definition of anabolic steroids and to provide for research and education activities relating to steroids and steroid precursors.

S. 2214

At the request of Mr. BURNS, the name of the Senator from Montana (Mr. BAUCUS) was added as a cosponsor of S. 2214, a bill to designate the facility of the United States Postal Service located at 3150 Great Northern Avenue in Missoula, Montana, as the "Mike Mansfield Post Office".

S. 2236

At the request of Ms. CANTWELL, the name of the Senator from Arizona (Mr. MCCAIN) was added as a cosponsor of S. 2236, a bill to enhance the reliability of the electric system.

S. 2353

At the request of Mr. CRAIG, the name of the Senator from Illinois (Mr. DURBIN) was added as a cosponsor of S. 2353, a bill to reauthorize and amend the National Geologic Mapping Act of 1992.

S. 2363

At the request of Mr. LEAHY, the names of the Senator from Maryland (Mr. SARBANES), the Senator from South Dakota (Mr. JOHNSON) and the Senator from Florida (Mr. GRAHAM) were added as cosponsors of S. 2363, a bill to revise and extend the Boys and Girls Clubs of America.

At the request of Mr. NELSON of Florida, his name was added as a cosponsor of S. 2363, *supra*.

At the request of Mrs. MURRAY, her name was added as a cosponsor of S. 2363, *supra*.

At the request of Mr. SHELBY, his name was added as a cosponsor of S. 2363, *supra*.

At the request of Mr. HATCH, the names of the Senator from Virginia (Mr. ALLEN), the Senator from Mississippi (Mr. LOTT) and the Senator from Washington (Ms. CANTWELL) were added as cosponsors of S. 2363, *supra*.

At the request of Mrs. HUTCHISON, her name was added as a cosponsor of S. 2363, *supra*.

S. 2411

At the request of Ms. MURKOWSKI, her name was added as a cosponsor of S. 2411, a bill to amend the Federal Fire Prevention and Control Act of 1974 to provide financial assistance for the improvement of the health and safety of firefighters, promote the use of life saving technologies, achieve greater equity for departments serving large jurisdictions, and for other purposes.

S. 2425

At the request of Mr. BYRD, the names of the Senator from South Carolina (Mr. HOLLINGS) and the Senator from South Dakota (Mr. DASCHLE) were added as cosponsors of S. 2425, a bill to amend the Tariff Act of 1930 to allow for improved administration of new shipper administrative reviews.

S. 2434

At the request of Mr. HATCH, the name of the Senator from New York (Mr. SCHUMER) was added as a cosponsor of S. 2434, a bill to establish the Commission to Study the Potential Creation of a National Museum of the American Latino Community to develop a plan of action for the establishment and maintenance of a National Museum of the American Latino Community in Washington, D.C., and for other purposes.

S. 2439

At the request of Mrs. HUTCHISON, the names of the Senator from Illinois (Mr. FITZGERALD) and the Senator from Louisiana (Ms. LANDRIEU) were added as cosponsors of S. 2439, a bill to award a congressional gold medal to Michael Ellis DeBakey, M.D.

S. 2449

At the request of Mr. DASCHLE, the names of the Senator from Washington (Mrs. MURRAY), the Senator from Idaho (Mr. CRAIG) and the Senator from Nebraska (Mr. NELSON) were added as cosponsors of S. 2449, a bill to require congressional renewal of trade and travel restrictions with respect to Cuba.

S. 2451

At the request of Mr. DASCHLE, the name of the Senator from North Dakota (Mr. DORGAN) was added as a cosponsor of S. 2451, a bill to amend the Agricultural Marketing Act of 1946 to restore the application date for country of origin labeling.

S. 2461

At the request of Mr. DEWINE, the names of the Senator from Maine (Ms. COLLINS), the Senator from Georgia (Mr. MILLER), the Senator from Iowa

(Mr. HARKIN) and the Senator from Illinois (Mr. DURBIN) were added as cosponsors of S. 2461, a bill to protect the public health by providing the Food and Drug Administration with certain authority to regulate tobacco products.

S. 2463

At the request of Mr. BROWNBACK, the name of the Senator from Georgia (Mr. MILLER) was added as a cosponsor of S. 2463, a bill to terminate the Internal Revenue Code of 1986.

S. 2468

At the request of Ms. COLLINS, the names of the Senator from New Jersey (Mr. LAUTENBERG) and the Senator from Minnesota (Mr. COLEMAN) were added as cosponsors of S. 2468, a bill to reform the postal laws of the United States.

S. CON. RES. 113

At the request of Mr. SMITH, the names of the Senator from Connecticut (Mr. DODD) and the Senator from Arkansas (Mrs. LINCOLN) were added as cosponsors of S. Con. Res. 113, a concurrent resolution recognizing the importance of early diagnosis, proper treatment, and enhanced public awareness of Tourette Syndrome and supporting the goals and ideals of National Tourette Syndrome Awareness Month.

S. RES. 221

At the request of Mr. SARBANES, the name of the Senator from Missouri (Mr. TALENT) was added as a cosponsor of S. Res. 221, a resolution recognizing National Historically Black Colleges and Universities and the importance and accomplishments of historically Black colleges and universities.

S. RES. 330

At the request of Mr. WYDEN, the name of the Senator from Maryland (Mr. SARBANES) was added as a cosponsor of S. Res. 330, a resolution expressing the sense of the Senate that the President should communicate to the members of the Organization of Petroleum Exporting Countries ("OPEC") cartel and non-OPEC countries that participate in the cartel of crude oil producing countries the position of the United States in favor of increasing world crude oil supplies so as to achieve stable crude oil prices.

S. RES. 357

At the request of Mr. CAMPBELL, the names of the Senator from California (Mrs. BOXER) and the Senator from North Carolina (Mrs. DOLE) were added as cosponsors of S. Res. 357, a resolution designating the week of August 8 through August 14, 2004, as "National Health Center Week".

#### STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. LIEBERMAN:

S. 2497. A bill to amend the securities laws to provide for enhanced mutual fund investor protections, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

Mr. LIEBERMAN. Mr. President, today I am introducing legislation that

would bring needed changes to our financial markets so that the interests of America's small individual investors are protected and defended.

The recent revelations about unethical and illegal practices in the mutual fund industry have been deeply disturbing—to me and to ordinary investors throughout the country. In November 2003, the Governmental Affairs Committee's Subcommittee on Financial Management, the Budget, and International Security heard testimony from the Director of the Securities and Exchange Commission's (SEC's) Enforcement Division about a survey of fund practices that the SEC had just completed. The survey found that half of the largest 88 mutual funds had permitted a practice called market-timing, which allows some investors to trade quickly in and out of the funds, even though many of those funds had explicit policies against such trading because of its detrimental impact on other investors in the fund. The survey also found that a full one-quarter of the brokerage firms it looked at indicated that they had allowed certain customers to engage in late-trading, an illegal practice that allows favored investors to execute trades based on that day's price after the market had closed, when new information had come to light. Perhaps most shocking, the survey found that, in some cases, fund company officials profited personally at the expense of their customers by market-timing their own funds. In a later hearing, we learned about the problem of excessive fees at some funds and the fact that such fees may not be prominently disclosed to investors or, as is the case with some types of fees, not disclosed at all.

These concerns are of particular importance because, in a very real sense, mutual fund investments are investments in the American dream. They hold the nest eggs, the retirement savings, and the college funds for millions of America's working families. But they also feed capital into today's economy, fueling the engine that creates and maintains American jobs. Mutual funds are where so many Americans put their money: 95 million people, at last count, own shares in these funds. Indeed, in the wake of the Enron scandal, when investigators uncovered widespread deceptions and conflicts of Wall Street stock analysts, conventional wisdom said average investors would find safe haven in mutual funds rather than in individual stocks. It is therefore particularly—and—ironically disheartening to see the scandals and breaches of trust that have now afflicted the mutual fund industry.

The recent revelations about mutual funds, however, provides us with the opportunity and the responsibility to accomplish real, structural reform in the fund industry. That is why I have joined with Senator AKAKA and Senator FITZGERALD in introducing S. 1822, the Mutual Fund Transparency Act, and why I have also joined Senators

CORZINE and DODD in introducing S. 1971, the Mutual Fund Investor Confidence Restoration Act. Both of these bills take on many of the significant mutual fund problems that have come to light in recent months. Together, they bar late trading and discourage market timing; reform mutual fund governance rules to require that the chairman and 75 percent of board members of mutual fund companies be independent and strengthen the definition of independent; require far more extensive disclosure of fund fees and expenses; and work to increase financial literacy.

But beyond these important, basic reforms, we need to craft new approaches that address the changing nature of this country's investor class. In the last two decades, a near-revolutionary expansion in the number of people participating in the financial markets has occurred. Since 1980, we've seen the share of U.S. households owning mutual funds soar from less than 6 percent to nearly 50 percent in 2002. The number of families owning stocks, directly or indirectly through funds, has increased 60 percent in the last fifteen years and, as of 2001, exceeded half of all families. Along with this phenomenon, and contributing to it, we've seen individuals increasingly taking responsibility for investing their own retirement money—a responsibility that was once entrusted to professionals. It used to be that employees were typically enrolled in so-called "defined benefit" pension plans that guaranteed them certain income and for which the employer took responsibility for investing the money properly. Now individuals are more frequently given responsibility for investing their retirement savings themselves through 401(k) plans. In fact, since 1983, the number of defined-benefit plans has declined over 70 percent, while participation in 401(k) plans has been increasing. Forty-eight million Americans now have 401(k) plans.

Neither changes in the law, nor changes by federal regulators, however, have kept pace with the increasing participation and the increasing responsibilities of small investors. When the Investment Company Act was enacted in 1940, it brought sweeping changes, and, for the first time, Federal regulation, to the fund industry, which had been fraught with fraud and abuse in the 1920's. The 1940 Act and the other securities laws passed in the wake of the 1929 stock market crash were instrumental in restoring investor confidence and in establishing the basic disclosure regime that continues to undergird securities regulation today. But the 1940 Act remains much as it was when it was enacted, and disclosure requirements that once appeared radical now often result in forms of technical compliance that little serve average investors who have neither the time nor guidance to find their way through the verbiage of fund disclosures. Nor has the SEC, created in the

same era and charged with protecting investors, adequately kept up with the shifting makeup and needs of contemporary investors. To its credit, the SEC in recent months has made a number of changes and proposals specifically to address the problems uncovered in the mutual fund industry, and in the 1990's it undertook a serious effort to ensure that more securities documents were written in "plain English." The Commission, however, has not accomplished the more fundamental reorientation that I believe is called for—and that indeed I did call for in the aftermath of the Enron scandal—to an agency that does not merely regulate and punish the securities industry but affirmatively and proactively seeks ways to assist and protect ordinary investors.

The Small Investor Protection Act that I am introducing today would bring about these needed changes by ensuring that the SEC is more routinely attuned to the needs of average investors. In doing so, this bill serves as an important complement to, though surely not a replacement for, the other mutual fund reform legislation I have cosponsored. And I am pleased that the bill has the support of the Consumer Federation of America, Fund Democracy, Inc., Public Citizen's Congress Watch, Consumer Action and Consumers Union.

To accomplish the goal of better protecting small investors, the bill would take the following four steps:

1. Create a Division of the Investor. Too often in recent years, the interests of ordinary investors have not seemed to be the driving force behind the Commission's regulatory actions. Wall Street's representatives regularly meet with Commission staff to comment on each new Commission proposal but the voice of the small investor has been harder to hear. To ensure that the voices of small investors are heard, my bill would create a separate division within the Commission—coequal with the other four major divisions at the SEC—to provide for a permanent and institutionalized advocate for the interests of ordinary investors. The Division of the Investor would be responsible for such things as providing the small investor's perspective on new rule and policy proposals, identifying new issues of particular concern to small investors, and serving as a conduit for the concerns of outside advocates for small investors.

2. Establish an Office of Risk Assessment. As part of the Governmental Affairs Committee's investigation into the Enron scandal, former Senator Thompson and I released a bipartisan staff report concluding, among other things, that the SEC needed to move away from simply reacting to cases of financial fraud to actively rooting out fraud. In other words, the SEC needed to "reconceptualize its role as a more proactive force in protecting the marketplace against financial fraud." This conclusion has only been reinforced by

the fact that the recent and widespread problems in the mutual fund industry were apparently not identified by the Commission but were uncovered by others. I am therefore very encouraged that Chairman Donaldson has announced the creation of an Office of Risk Assessment to gather and analyze data on new trends and risks and identify new areas of concern for the Commission. This effort, in my view, is critical to protecting small investors because it will increase the likelihood that practices detrimental to small investors will be proactively identified and addressed before they reach scandalous proportions. To ensure the SEC continues to pursue this important function, my bill would provide formal legislative recognition to the Office of Risk Assessment and institutionalize its responsibilities.

3. Require Consumer Research to Gauge Whether Disclosures are Easily Understood by Consumers. The disclosure of information to investors is fundamental to securities regulation in the U.S. With respect to mutual funds, for instance, the SEC requires a wide array of disclosures to be made in prospectuses, annual reports to shareholders, advertising, and in other media. None of these disclosures, however, is likely to serve its intended purpose if ordinary investors can't understand them. There is little empirical evidence on whether investors do in fact understand the disclosures being made. Although the SEC has from time-to-time engaged in consumer research, such as surveys, focus groups, etc., it does not routinely or systematically test its proposed disclosures to determine if they are likely to be understood by ordinary investors. My bill would change that by requiring that the Commission consider empirical consumer research to determine whether a proposed disclosure—including its wording, format, and the context in which it appears—is likely to improve the understanding of ordinary investors.

4. Require Investment Companies to Provide Brief, Easy-to-Understand Disclosures of Mutual Fund Characteristics. All too often, the important details of a mutual fund purchase are lost among the pages and pages an investor receives from his or her investment company. That is why the Small Investor Protection Act would also require investment companies to provide purchasers with a brief summary that will clearly and succinctly outline the relevant characteristics of a mutual fund. Ideally, this summary would be on a single page, and it could not exceed four pages; it would include information such as expenses and risks associated with the fund, as well as the degree to which the fund is diversified. By providing this information in an easy-to-understand format, the Act would help investors make decisions about which funds are best suited to their particular needs and financial goals.

If enacted, these proposals, taken as a whole, would go a long way towards reorienting the regulation of our financial markets to better address the needs of the small investors who have become such an integral part of our economy and for whom investments in the market have become such a large part of their economic security. These proposals would ensure that the concerns of ordinary investors receive as much prominence in regulatory decisions as the concerns of Wall Street giants, that average investors receive relevant information in a form they can understand, and that they are better protected from existing conflicts of interest.

In short, this legislation would help level the playing field for small investors. That is something that we need to do to restore confidence to our financial markets, which have been damaged by more than two years of scandals, and that we must do because it is the right thing for the millions of Americans who are saving and investing to provide a better future for themselves and their children. They deserve nothing less.

I ask unanimous consent that a letter in support of this legislation from Consumer Federation of America, Fund Democracy, Inc., Public Citizen's Congress Watch, Consumer Action and Consumers Union be printed in the RECORD.

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

CONSUMER FEDERATION OF AMERICA,  
FUND DEMOCRACY, INC., PUBLIC  
CITIZEN'S CONGRESS WATCH, CON-  
SUMER ACTION, CONSUMERS UNION,  
May 18, 2004.

Hon. JOSEPH I. LIEBERMAN,  
U.S. Senate, Washington, DC.

DEAR SENATOR LIEBERMAN: We are writing on behalf of Consumer Federation of America, Fund Democracy, Public Citizen, Consumer Action, and Consumers Union, to express our strong support for your draft bill to give greater prominence to the concerns of individual investors, particularly small investors, in the policy and rulemaking of the Securities and Exchange Commission.

The last several decades have seen a dramatic expansion of the investor class. Many of these new investors are middle class workers with little financial sophistication and less experience with the securities markets. The major laws that govern our markets were not written with these investors in mind. Although the laws have been continually updated and revised to address changing market conditions, individual investors often find it difficult to have their voices heard during those policy debates.

The recent mutual fund reform efforts offer a number of examples of how policies are often developed with little apparent thought to the needs of average, unsophisticated investors. One such example involves the Securities and Exchange Commission's efforts to improve mutual fund cost disclosure. Among other reforms they advocated, investor advocates argued in favor of individualized cost disclosure on mutual fund account statements on the grounds that this was the place where the disclosures were most likely to be seen by average investors and their impact understood. The SEC quick-

ly rejected that approach, however, echoing industry arguments that the disclosures would be too costly.

In reaching its conclusion, the Commission gave little apparent consideration to how the account statement disclosures might be provided. In fact, one mutual fund company, MFS, has since announced that it has found an economical way to do so. This suggests that, had the SEC not been so quick to dismiss the views of investor advocates, it might have been equally successful in finding a cost-effective way to provide account statement cost disclosures. Instead, the Commission opted for new hypothetical disclosures in annual and semi-annual reports. Again, despite serious questions raised by investor advocates, the Commission appears to have made no effort to determine whether their alternative approach would be effective in reaching the unsophisticated investors who are not well served by the current disclosure system.

Your legislation would help to rectify this situation through several means. First, it would create an office with a formally recognized role representing the interests of individual investors, and small investors in particular, in identifying areas of concern or where additional protections are needed, analyzing rule proposals, and serving as a liaison between investor organizations and the Commission. In particular, the provision requiring that the views of the Director of the Division of the Investor be included, in summary form, in all rule proposals should help to give real clout to this office as those rule proposals are being developed.

We also support the requirement that the Commission consider content, format, and placement when developing new disclosure proposals to ensure that they are likely to be effective. Too often, disclosures investors receive read as though they had been written by lawyers to communicate with other lawyers. Your legislation should help to ensure that new disclosures are written with an eye toward how to convey information effectively to average investors. We would like to see this provision expanded, to require a review over several years of all existing disclosures in light of the same considerations.

The bill's specific requirement for pre-sale disclosure covering key information about mutual funds would also benefit investors by giving them the bare minimum information they need to make an informed decision, at a time when it is useful to them in making their purchase decision, and in a form they are able to understand. Investor advocates have long advocated such an approach, and our organizations have recently reiterated our support for simplified pre-sale disclosure as part of a comprehensive mutual fund reform agenda.

Finally, our organizations have applauded Chairman Donaldson for his publicly stated commitment to improving the Commission's risk assessment practices. Your legislation supports that goal by codifying it. This will help to ensure that this important initiative does not get left by the wayside once new leadership, with new priorities, takes over the agency.

Small investors play a crucial role in our markets. They should be given equally prominent consideration in the policies that govern those markets. Your legislation would help to bring that about. We look forward to working with you to win its passage.

Respectfully submitted,

BARBARA ROPER,  
Director of Investor  
Protection.

TRAVIS PLUNKETT,  
Legislative Director  
Consumer Federa-  
tion of America.

FRANK CLEMENTE,  
Director Public Citizens' Congress Watch.  
SALLY GREENBERG,  
Senior Counsel Consumers Union.  
MERCER BULLARD,  
Founder and President Fund Democracy, Inc.  
KENNETH MCELDOWNEY,  
Executive Director Consumer Action.

By Mr. LUGAR:

S. 2500. A bill to amend the Foreign Assistance Act of 1961 to provide assistance for orphans and other vulnerable children in developing countries, and for other purposes; to the Committee on Foreign Relations.

Mr. LUGAR. Mr. President, I rise to introduce the Assistance for Orphans and Other Vulnerable Children in Developing Countries Act of 2004.

The unprecedented AIDS orphan crisis in sub-Saharan Africa has profound implications for political stability, development, and human welfare that extend far beyond the region. Sub-Saharan African nations stand to lose generations of educated and trained professionals who can contribute meaningfully to their countries' development. Orphaned children, many of whom are homeless, are more likely to resort to prostitution and other criminal behavior to survive. Most frighteningly, these uneducated, poorly socialized, and stigmatized young adults are extremely vulnerable to being recruited into criminal gangs, rebel groups, or extremist organizations that offer shelter and food and act as "surrogate" families. It is imperative that the international community respond to this crisis that threatens stability within individual countries, the region, and around the world.

An estimated 110 million orphans live in sub-Saharan Africa, Asia, Latin America, and the Caribbean. The HIV/AIDS pandemic is rapidly expanding the orphan population. Currently an estimated 14 million children have been orphaned by AIDS, most of whom live in sub-Saharan Africa. This number is projected to soar to more than 25 million by 2010. The pandemic is orphaning generations of African children and is compromising the overall development prospects of their countries.

Most orphans in the developing world live in extremely disadvantaged circumstances. Poor communities in the developing world struggle to meet the basic food, clothing, health care, and educational needs of orphans. Experts recommend supporting community-based organizations to assist these children. Such an approach enables the children to remain connected to their communities, traditions, rituals, and extended families.

My bill seeks to improve assistance to orphans and other vulnerable children in developing countries. It would require the United States Government

to develop a comprehensive strategy for providing such assistance and would authorize the President to support community-based organizations that provide basic care for orphans and vulnerable children.

Orphans are less likely to be in school, and more likely to be working full time. Yet only education can help children acquire the knowledge and develop the skills they need to build a better future. Studies have shown that school food programs provide an incentive for children to stay in school. School meals provide basic nutrition to children who otherwise do not have access to reliable food.

For many children, the primary barrier to an education is the expense of school fees, uniforms, supplies, and other costs. My bill aims to improve enrollment and access to primary school education by supporting programs that reduce the negative impact of school fees and other expenses. It also would reaffirm our commitment to international school lunch programs.

Many children who lose one or both parents often face difficulty in asserting their inheritance rights. Even when the inheritance rights of women and children are spelled out in law, such rights are difficult to claim and are seldom enforced. In many countries it is difficult or impossible for a widow—even if she has small children—to claim property after the death of her husband. This often leaves the most vulnerable children impoverished and homeless. My bill seeks to support programs that protect the inheritance rights of orphans and widows with children.

The AIDS orphan crisis in sub-Saharan Africa has implications for political stability, development, and human welfare that extend far beyond the region, affecting governments and people worldwide. Every 14 seconds another child is orphaned by AIDS. Turning the tide on this crisis will require a coordinated, comprehensive, and swift response. I am hopeful that Senators will join me in backing this legislation.

I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 2500

*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 "Assistance for Orphans and Other Vulnerable Children in Developing Countries Act of 2004".

#### SEC. 2. FINDINGS.

Congress makes the following findings:

(1) More than 110,000,000 orphans live in sub-Saharan Africa, Asia, Latin America, and the Caribbean. These children often are disadvantaged in numerous and devastating ways and most households with orphans cannot meet the basic needs of health care, food, clothing, and educational expenses.

(2) It is estimated that 121,000,000 children worldwide do not attend school and that the

majority of such children are young girls. According to the United Nations Children's Fund (UNICEF), orphans are less likely to be in school and more likely to be working full time.

(3) School food programs, including take-home rations, in developing countries provide strong incentives for children to remain in school and continue their education. School food programs can reduce short-term hunger, improve cognitive functions, and enhance learning, behavior, and achievement.

(4) The lack of financial resources prevents many orphans and other vulnerable children in developing countries from attending school because of the requirement to pay school fees and other costs of education. Providing children with free primary school education, while simultaneously ensuring that adequate resources exist for teacher training and infrastructure, would help more orphans and other vulnerable children obtain a quality education.

(5) The trauma that results from the loss of a parent can trigger behavior problems of aggression or emotional withdrawal and negatively affect a child's performance in school and the child's social relations. Children living in families affected by HIV/AIDS or who have been orphaned by AIDS often face stigmatization and discrimination. Providing culturally appropriate psychological counseling to such children can assist them in successfully accepting and adjusting to their circumstances.

(6) Orphans and other vulnerable children in developing countries routinely are denied their inheritance or encounter difficulties in claiming the land and other property which they have inherited. Even when the inheritance rights of women and children are spelled out in law, such rights are difficult to claim and are seldom enforced. In many countries it is difficult or impossible for a widow, even if she has young children, to claim property after the death of her husband.

(7) The HIV/AIDS pandemic has had a devastating affect on children and is deepening poverty in entire communities and jeopardizing the health, safety, and survival of all children in affected areas.

(8) The HIV/AIDS pandemic has increased the number of orphans worldwide and has exacerbated the poor living conditions of the world's poorest and most vulnerable children. AIDS has created an unprecedented orphan crisis, especially in sub-Saharan Africa, where children have been hardest hit. An estimated 14,000,000 orphans have lost 1 or both parents to AIDS. By 2010, it is estimated that over 250,000,000 children will have been orphaned by AIDS.

(9) Although a number of organizations seek to meet the needs of orphans or other vulnerable children, extended families and local communities continue to be the primary providers of support for such children.

(10) The HIV/AIDS pandemic is placing huge burdens on communities and is leaving many orphans with little support. Alternatives to traditional orphanages, such as community-based resource centers, continue to evolve in response to the massive number of orphans that has resulted from the pandemic.

(11) The AIDS orphans crisis in sub-Saharan Africa has implications for political stability, human welfare, and development that extend far beyond the region, affecting governments and people worldwide, and this crisis requires an accelerated response from the international community.

(12) Although, section 403(b) of the United States Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act of 2003 (22 U.S.C. 7673(b)) establishes the requirement that not less than 10 percent of amounts appropriated

for HIV/AIDS assistance for each of fiscal years 2006 through 2008 shall be expended for assistance for orphans and other vulnerable children affected by HIV/AIDS, there is an urgent need to provide assistance to such children prior to 2006.

(13) Numerous United States and indigenous private voluntary organizations, including faith-based organizations, provide assistance to orphans and other vulnerable children in developing countries. Many of these organizations have submitted applications for grants to the United States Agency for International Development to provide increased levels of assistance for orphans and other vulnerable children in developing countries.

(14) Increasing the amount of assistance that is provided by the Administrator of the United States Agency for International Development through United States and indigenous private voluntary organizations, including faith-based organizations, will provide greater protection for orphans and other vulnerable children in developing countries.

(15) It is essential that the United States Government adopt a comprehensive approach for the provision of assistance to orphans and other vulnerable children in developing countries. A comprehensive approach would ensure that important services, such as basic care, mental health and related services, school food programs, increased educational opportunities and employment training and related services, and the protection and promotion of inheritance rights for such children, are made more accessible.

(16) Assistance for orphans and other vulnerable children can best be provided by a comprehensive approach of the United States Government that—

(A) ensures that Federal agencies and the private sector coordinate efforts to prevent and eliminate duplication of efforts and waste in the provision of such assistance; and

(B) to the maximum extent possible, focuses on community-based programs that allow orphans and other vulnerable children to remain connected to the traditions and rituals of their families and communities.

### **SEC. 3. ASSISTANCE FOR ORPHANS AND OTHER VULNERABLE CHILDREN IN DEVELOPING COUNTRIES.**

Chapter 1 of part I of the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.) is amended by adding at the end the following section:

#### **“SEC. 135. ASSISTANCE FOR ORPHANS AND OTHER VULNERABLE CHILDREN.**

“(a) FINDINGS.—Congress finds the following:

“(1) There are more than 110,000,000 orphans living in sub-Saharan Africa, Asia, Latin America, and the Caribbean.

“(2) The HIV/AIDS pandemic has created an unprecedented orphan crisis, especially in sub-Saharan Africa, where children have been hardest hit. The pandemic is deepening poverty in entire communities, and is jeopardizing the health, safety, and survival of all children in affected countries. It is estimated that 14,000,000 children have lost one or both parents to AIDS.

“(3) The orphans crisis in sub-Saharan Africa has implications for human welfare, development, and political stability that extend far beyond the region, affecting governments and people worldwide.

“(4) Extended families and local communities are struggling to meet the basic needs of orphans and vulnerable children by providing food, health care, education expenses, and clothing.

“(5) Providing assistance to such children is an important expression of the humanitarian concern and tradition of the people of the United States.

“(b) DEFINITIONS.—In this section:

“(1) AIDS.—The term ‘AIDS’ has the meaning given the term in section 104A(g)(1) of this Act.

“(2) CHILDREN.—The term ‘children’ means persons who have not attained the age of 18.

“(3) HIV/AIDS.—The term ‘HIV/AIDS’ has the meaning given the term in section 104A(g)(3) of this Act.

“(4) ORPHAN.—The term ‘orphan’ means a child deprived by death of one or both parents.

“(c) ASSISTANCE.—The President is authorized to provide assistance for programs in developing countries to provide basic care and services for orphans and other vulnerable children. Such programs should provide assistance—

“(1) to support families and communities to mobilize their own resources through the establishment of community-based organizations to provide basic care for orphans and other vulnerable children;

“(2) for school food programs, including the purchase of local or regional foodstuffs where appropriate;

“(3) to reduce barriers to access to primary education through the elimination of school fees where appropriate, helping to otherwise cover costs of education, and improving the quality of teaching and education infrastructure;

“(4) to provide employment training and related services for orphans and other vulnerable children who are of legal working age;

“(5) to protect and promote the inheritance rights of orphans, other vulnerable children, and widows with children; and

“(6) to provide culturally appropriate mental health treatment and related services to orphans and other vulnerable children.

“(d) AUTHORIZATION OF APPROPRIATIONS.—

“(1) IN GENERAL.—There is authorized to be appropriated to the President to carry out this section such sums as may be necessary for each of the fiscal years 2005 and 2006.

“(2) AVAILABILITY OF FUNDS.—Amounts made available under paragraph (1) are authorized to remain available until expended and are in addition to amounts otherwise available for such purposes.

“(3) RELATIONSHIP TO OTHER LAWS.—Amounts made available for assistance pursuant to this subsection, and amounts made available for such assistance pursuant to any other provision of law, may be used to provide such assistance notwithstanding any other provision of law.”.

### **SEC. 4. STRATEGY OF THE UNITED STATES.**

(a) REQUIREMENT FOR STRATEGY.—Not later than 180 days after the date of enactment of this Act, the President shall develop a strategy for coordinating and implementing assistance programs for orphans and vulnerable children.

(b) CONTENT.—The strategy required by subsection (a) shall include—

(1) the identity of each agency or department of the Federal Government that is providing assistance for orphans and vulnerable children in foreign countries;

(2) a description of the efforts of the head of each such agency or department to coordinate the provision of such assistance with other agencies or departments of the Federal Government or nongovernmental entities;

(3) a description of a coordinated strategy to provide the assistance authorized in section 135 of the Foreign Assistance Act of 1961, as added by section 3 of this Act; and

(4) an analysis of additional coordination mechanisms or procedures that could be implemented to carry out the purposes of such section.

Mr. CRAIG:

S. 2502. A bill to allow seniors to file their Federal income tax on a new Form 1040S; to the Committee on Finance.

Mr. CRAIG. Mr. President, today I am introducing the Simple Tax for Seniors Act. This bill would allow seniors age 65 and older with Social Security and pension income to file a short form similar to the 1040EZ Internal Revenue Service form.

Under current IRS rules, millions of Americans are prohibited from using the 1040EZ short form simply because they are age 65 or older. Many currently file using only the standard deduction.

The Simple Tax for Seniors Act would crate the new 1040S form, allowing seniors who receive pension income to avoid filing the burdensome and complicated itemized deduction forms. As many as 11 million seniors would be able to file in the first year, in less time, on a simplified, two-page form. Seniors no longer would be forced annually to disclose more information on their retirement savings and pension plan than necessary.

The Simple Tax for Seniors Act makes no change in the tax code itself, so taxpayers using the new form would pay the same amount as under Standard Form 1040.

This is common sense legislation. It is a win for seniors because it will make life easier and it is a win for taxpayers since it will cost less to process the new form. It is also non-controversial. On Tuesday, the House of Representatives passed similar legislation by a vote of 418–0.

I invite my colleagues to cosponsor this sensible legislation. I ask unanimous consent that the text of the bill appear with this statement in the RECORD.

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

S. 2502

*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 “Simple Tax for Seniors Act of 2004”.

#### **SEC. 2. FORM 1040S FOR SENIORS.**

(a) IN GENERAL.—The Secretary of the Treasury (or the Secretary’s delegate) shall make available a form, to be known as “Form 1040S”, for use by individuals to file the return of tax imposed by chapter 1 of the Internal Revenue Code of 1986. Such form shall be as similar as practicable to Form 1040EZ, except that—

(1) the form shall be available to individuals who have attained age 65 as of the close of the taxable year,

(2) the form may be used even if income for the taxable year includes—

(A) social security benefits (as defined in section 86(d) of the Internal Revenue Code of 1986),

(B) distributions from qualified retirement plans (as defined in section 4974(c) of such Code), annuities or other such deferred payment arrangements,

(C) interest and dividends, or

(D) capital gains and losses taken into account in determining adjusted net capital gain (as defined in section 1(h)(3)), and

(3) the form shall be available without regard to the amount of any item of taxable income or the total amount of taxable income for the taxable year.

(b) **EFFECTIVE DATE.**—The form required by subsection (a) shall be made available for taxable years beginning after December 31, 2004.

By Mr. KYL:

S. 2503. A bill to make permanent the reduction in taxes on dividends and capital gains; to the Committee on Finance.

Mr. KYL. Mr. President, I join my colleagues in celebrating the first anniversary of the Jobs and Growth Tax Reconciliation Act of 2003, which was signed into law by President Bush on May 28, 2003. Also, I want to announce that today I am introducing legislation to make the dividends and long-term capital gains tax cuts permanent.

It has been one year since Congress and President Bush joined together to enact pro-growth, supply-side tax cuts. Now, since some in the Senate are proposing that we repeal the tax cuts—this would be one of the largest tax increases in history—let's review the impact these cuts have had on our economy.

The 2003 tax cuts have triggered the fastest growing economy in two decades. Real gross domestic product grew at an annual rate of 8.2 percent in the third quarter of 2003, 4.1 percent in the fourth quarter, and 4.4 percent in the first quarter of 2004. If we sustain this pace, our economy will double in 13 years. When the tax cuts were enacted last year, the national unemployment rate was 6.3 percent. Today, it has dropped nearly 11 percent to 5.6 percent, which is lower than the average unemployment rate of the 1970s, 1980s, and 1990s. A growing economy means good, high-paying jobs and a better quality of life for all Americans.

I want to draw my colleagues' attention to research published by the National Bureau of Economic Research (NBER)—the Nation's leading non-profit economic research organization. This study demonstrates that the 2003 tax cuts corrected a terrible mistake we made in 2001 when we phased in the marginal rate cuts. The phase-in of the 2001 tax cuts prompted workers and firms to delay work until the tax cuts were fully implemented. Employment, output, and investment actually fell in response to the phased-in tax cuts.

The NBER study found that, "Just as the phased-in nature of the 2001 tax law may have delayed production and employment, the immediate tax relief included in the 2003 law may have contributed towards the increased pace of economic activity in the second half of 2003." I am confident that, as more economic data comes in and as the 2003 tax cuts are studied further, we will find that the 2003 tax cuts are directly responsible for the economic growth we are seeing today.

The NBER study demonstrates that individuals really do delay economic activity in anticipation of lower future tax rates. It also corroborates the theory that high marginal tax rates cause individuals to restrict economic activity in order to minimize the tax burden imposed on their next dollar earned. Because the tax cuts were accelerated in 2003, individuals had an incentive to work harder and longer immediately because their next dollar of income would be taxed at a lower rate.

Among the taxpayers benefited by the reductions in the individual rate are America's small businesses. The top individual rate is often called the small business rate because most small businesses are organized as pass-through entities, which pay at individual rates. Owners of pass-through entities, including small business owners and entrepreneurs, comprise more than two-thirds, about 500,000, of the 750,000 tax returns that benefited from speeding up the reduction in the top tax bracket. These small business owners received 79 percent, about \$10.4 billion, of the \$13.3 billion in tax relief from accelerating the reduction in the top tax bracket to 35 percent.

The task for us now is to make the individual rate reductions permanent. If Congress fails to act, the tax cuts will expire at the end of 2010. The bottom rate would increase from 10 percent to 15 percent, an increase of 33 percent; the top rate would increase from 35 percent to 39.6 percent, an increase of 11 percent. The effect such tax increases would have on our economy would be devastating.

Not only did Congress and President Bush work together to bring down individual income tax rates, but we also reduced the tax on dividend distributions and long-term capital gains. Before the 2003 tax cuts, our tax code actually discouraged dividend payouts. The 2003 tax cut lowered the tax rate imposed on dividends from 38.6 percent to 15 percent through 2008. Before 2003, corporate earnings were taxed once at the corporate level, 35 percent, and again at the individual rate, as high as 38.6 percent, meaning they were double-taxed. It made no sense for investors to seek out dividend-paying stocks, from a tax perspective.

While dividends are still double-taxed, the tax penalty is greatly reduced. This has made dividend-paying stocks more attractive to investors, which has helped companies raise capital to expand and grow their businesses. Further, because dividends must be paid from cash, companies that pay dividends must have actual profits, thus making it more difficult for companies to hide financial mismanagement.

Some of my colleagues want to repeal the dividend tax cut. This is obviously misguided, since we have strong evidence that the dividend tax cut has worked. Since the 2003 tax cut was signed into law, 374 companies on the S&P 500 pay dividends—an increase of

22 companies. Companies have increased dividend payments to shareholders by 40 percent, reversing a two-decade decline. The Dow Jones Industrial index has risen more than 1,400 points since the 2003 tax cuts were signed into law.

Similarly the capital gains tax cut has also encouraged economic growth. It reduced the tax imposed on long-term capital gains from 20 percent to 15 percent. This has made it more attractive for individuals to risk their hard-earned money by investing it in businesses. The result is that it is easier for businesses to raise needed capital to expand and create new jobs. Stock market gains, the strong GDP we have experienced, and falling unemployment all indicate that the economy has recovered.

Now, to help our economy to continue to grow and create new jobs, the dividend and capital gains tax cuts must be made permanent. If we allow the dividend rate to return to the individual rate, we will increase taxes on dividends by 62 percent. Allowing the capital gains rate to return to 20 percent will be a 25 percent tax increase. We must make the 15 percent rate for each permanent, and then we must work to reduce both the dividends and the capital gains rates to zero, so that we eliminate the double-taxation of corporate earnings. The Senate bill actually would have brought the dividend tax rate to zero for three years, but the agreement that we worked out with the House was to tax dividends at 15 percent. The dividends and capital gains tax relief will expire in 2009.

The most important thing we can do next year is make the 2003 tax cuts permanent. Today I am introducing legislation that will make the dividends and capital gains tax relief permanent. I will work to make the individual income tax rate cuts permanent as well. To allow the tax cuts to expire—or worse, to seek to higher taxes at the very time our economy has pulled out of the recession and is growing strong—would be unthinkable.

By Mr. COCHRAN (for himself, Mr. FRIST, and Mr. LEAHY):

S.J. Res. 38. A joint resolution providing for the appointment of Eli Broad as a citizen regent of the Board of Regents of the Smithsonian Institution; to the Committee on Rules and Administration.

Mr. COCHRAN. Mr. President, today I am introducing a Senate Joint Resolution appointing a citizen regent to the Board of Regents of the Smithsonian Institution. I am pleased that my fellow Smithsonian Institution Regents, Senators FRIST and LEAHY, are cosponsors.

The Smithsonian Institution Board of Regents recently recommended the following distinguished individual for appointment to a 6-year term on the on the Board: Eli Broad of California.

I ask unanimous consent that his biography and the text of the joint resolution be printed in the RECORD.



There being no objection, the biography and the joint resolution were ordered to be printed in the RECORD, as follows:

ELI BROAD

Eli Broad is a renowned business leader who built two Fortune 500 companies from the ground up over a five-decade career in business. He is chairman of AIG Retirement Services Inc. (formerly SunAmerica Inc.) and founder-chairman of KB Home (formerly Kaufman and Broad Home Corporation).

Today, he is focused on philanthropy. The Broad family's commitment to philanthropy and community is both deep and wide-ranging. It includes ongoing leadership roles in art, education, science and civic development.

Avid supporters of contemporary art, Mr. Broad and his wife, Edythe, have created one of the world's finest collections. Since 1984, The Broad Art Foundation has operated an active "lending library" of its extensive collection to more than 400 museums and university galleries worldwide. In 2001-2003, an exhibition of the Broads' collection was shown at the Los Angeles County Museum of Art, the Corcoran Gallery of Art in Washington, DC, the Museum of Fine Arts in Boston, and the Guggenheim Museum in Bilbao, Spain. Mr. Broad was the founding chairman of the board of trustees of The Museum of Contemporary Art in Los Angeles, and is currently a trustee and member of the executive committee of the Los Angeles County Museum of Art, where the Broads recently announced a major gift to build The Broad Contemporary Art Museum.

In 1999, the Broads founded The Broad Foundation, whose mission is to dramatically improve urban public education through governance, management and labor relations. In its first five years, the Foundation has committed over \$400 million to support new ideas and innovative leadership in the nation's largest urban school systems. The Foundation also has launched four national flagship initiatives—The Broad Prize for Urban Education, The Broad Center for Superintendents, The Broad Residency in Urban Education and The Broad Institute for School Boards. Mr. Broad has said, "I can imagine no more important contribution to our country's future than a long-term commitment to improving urban K-12 public schools."

In 2001, The Eli and Edythe L. Broad Foundation created the Broad Medical Research Program, which seeks to stimulate innovative research that will lead to progress in the prevention, therapy or understanding of inflammatory bowel disease.

In June 2003, in an unprecedented partnership with the Massachusetts Institute of Technology, Harvard University and Whitehead Institute, the Broads announced the founding gift to create The Eli and Edythe Broad Institute for biomedical research. The Institute's aim is to realize the promise of the human genome to revolutionize clinical medicine and to make knowledge freely available to scientists around the world.

The Broads have been tireless advocates of Los Angeles, their adopted hometown. Committed to the belief that all great cities need a vibrant center, Mr. Broad is currently leading the effort to turn Los Angeles' Grand Avenue into a truly "grand avenue," to rival the main boulevards of the world's greatest cities. In 1996, he and Mayor Richard Riordan took on the task of raising sufficient funds to build the Frank Gehry-designed Walt Disney Concert Hall, which opened to worldwide acclaim in October 2003.

Strong believers in higher education, the Broad Foundations have made a major contribution to the School of Arts and Architec-

ture at UCLA toward the construction of The Broad Art Center, designed by Richard Meier. Mr. Broad is a member of the board of trustees of CalTech, where the Broads gave the cornerstone gift to create the Broad Center for the Biological Sciences, designed by James Freed. Mr. Broad also served as chairman of the board of trustees of Pitzer College and vice chairman of the board of trustees of the California State University system. In 1991, the Broads endowed The Eli Broad College of Business and The Eli Broad Graduate School of Management at Michigan State University, from which Mr. Broad graduated cum laude in 1954.

S.J. RES. 38

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That, in accordance with section 5581 of the Revised Statutes (20 U.S.C. 43), the vacancy on the Board of Regents of the Smithsonian Institution, in the class other than Members of Congress, resulting from the death of Barber B. Conable, Jr., is filled by the appointment of Eli Broad of California. The appointment is for a term of 6 years, beginning upon the date of enactment of this joint resolution.

SUBMITTED RESOLUTIONS

SENATE CONCURRENT RESOLUTION 114—CONCERNING THE IMPORTANCE OF THE DISTRIBUTION OF FOOD IN SCHOOLS TO HUNGRY OR MALNOURISHED CHILDREN AROUND THE WORLD

Mrs. DOLE (for herself and Mr. HARKIN) submitted the following concurrent resolution; which was considered and agreed to:

S. CON. RES. 114

Whereas there are more than 300,000,000 chronically hungry and malnourished children in the world;

Whereas more than half of these children go to school on an empty stomach, and almost as many do not attend school at all, but might if food were available;

Whereas the distribution of food in schools is one of the simplest and most effective strategies to fight hunger and malnourishment among children;

Whereas when school meals are offered to hungry or malnourished children, attendance rates increase significantly, particularly for girls;

Whereas the distribution of food in schools encourages better school attendance, thereby improving literacy rates and fighting poverty;

Whereas improvement in the education of girls is one of the most important factors in reducing child malnutrition in developing countries;

Whereas girls who attend schools tend to marry later in life and have fewer children, thereby helping them escape a life of poverty;

Whereas by improving literacy rates and increasing job opportunities, education addresses several of the root causes of terrorism;

Whereas the distribution of food in schools increases attendance of children who might otherwise be susceptible to recruitment by groups that offer them food in return for their attendance at extremist schools or participation in terrorist training camps;

Whereas the Global Food for Education Initiative pilot program, established in 2001, donated surplus United States agricultural

commodities to the United Nations World Food Program and other recipients for distribution to nearly 7,000,000 hungry and malnourished children in 38 countries;

Whereas a recent Department of Agriculture evaluation found that the pilot program created measurable improvements in school attendance (particularly for girls), increased local employment and economic activity, produced greater involvement in local infrastructure and community improvement projects, and increased participation by parents in the schools and in the education of their children;

Whereas the Farm Security and Rural Investment Act of 2002 (Public Law 107-171, 116 Stat. 134) replaced the pilot program with the McGovern-Dole International Food for Education and Child Nutrition Program, which was named after former Senators George McGovern and Robert Dole for their distinguished work to eradicate hunger and poverty around the world; and

Whereas the McGovern-Dole International Food for Education and Child Nutrition Program provides food to nearly 2,000,000 hungry or malnourished children in 21 countries: Now, therefore, be it

*Resolved by the Senate (the House of Representatives concurring), That Congress—*

(1) expresses its grave concern about the continuing problem of hunger and the desperate need to feed hungry and malnourished children around the world;

(2) recognizes that the global distribution of food in schools to children around the world increases attendance, particularly for girls, improves literacy rates, and increases job opportunities, thereby helping to fight poverty;

(3) recognizes that education of children around the world addresses several of the root causes of international terrorism;

(4) recognizes that the world will be safer and more promising for children as a result of better school attendance;

(5) expresses its gratitude to former Senators George McGovern and Robert Dole for supporting the distribution of food in schools around the world to children and for working to eradicate hunger and poverty around the world;

(6) commends the Department of Agriculture, the Agency for International Development, the Department of State, the United Nations World Food Program, private voluntary organizations, non-governmental organizations, and cooperatives for facilitating the distribution of food in schools around the world;

(7) expresses its continued support for the distribution of food in schools around the world;

(8) supports expansion of the McGovern-Dole International Food for Education and Child Nutrition Program; and

(9) requests the President to work with the United Nations and its member states to expand international contributions for the distribution of food in schools around the world.

AMENDMENTS SUBMITTED AND PROPOSED

SA 3261. Mr. CANTWELL (for herself, Mr. HOLLINGS, Mrs. MURRAY, Mrs. CLINTON, Mrs. FEINSTEIN, Mr. LAUTENBERG, and Mr. SCHUMER) proposed an amendment to the bill S. 2400, to authorize appropriations for fiscal year 2005 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe personnel strengths for such fiscal year for the Armed Services, and for other purposes.

SA 3262. Mr. CRAPO (for himself, Mr. CRAIG, Mr. ALEXANDER, and Mr. GRAHAM, of