

Lakes and several major ports along the St. Lawrence Seaway including Detroit, Cleveland, Chicago, Milwaukee, and Green Bay. In addition, Southeast Michigan is home to three of our nation's busiest border crossings and an unparalleled industrial base vital to our economy and national security. I hope you agree that the establishment of a Northern Border Air Wing site in Michigan is a national priority and I would appreciate your timely response to the above questions.

Should your staff have any questions, please feel free to have them contact Michael Noblet of my staff at (202) 224-3999.

Sincerely,

CARL LEVIN.

CUSTOMS AND BORDER PROTECTION

Mr. LEVIN. I would like to enter into a colloquy with my friend from New Hampshire, Senator GREGG, and my friend from North Dakota, Senator CONRAD, regarding funds that have been included in this bill for customs and border protection, CBP, air and marine interdiction, operations, maintenance, and procurement.

The Northern Border Air Wing, NBAW, initiative was launched by the Department of Homeland Security, DHS, in 2004 to provide air and marine interdiction and enforcement capabilities along the Northern Border. Original plans called for DHS to open five NBAW sites in New York, Washington, North Dakota, Montana, and Michigan.

The New York and Washington NBAW sites have been operational since 2004. Unfortunately, none of the other three sites have yet been stood up, leaving large portions of our Northern Border unpatrolled from the air. In the conference report accompanying the fiscal year 2006 DHS appropriations bill, the conferees noted that these remaining gaps in our air patrol coverage of the northern border should be closed as quickly as possible.

Given that the threat from terrorists, drug traffickers, and others who seek to enter our country illegally has not diminished, I believe an adequate portion of the funds included in this bill for air and marine interdiction, operations, maintenance, and procurement should be used by customs and border protection to complete the remaining assessments, evaluations, and other activities necessary to prepare and equip the Michigan, North Dakota, and Montana NBAW sites with appropriate CBP air and marine assets.

This bill requires that DHS submit an expenditure plan to the appropriations committee before any of the funds may be obligated. I urge DHS to include in their plan the funds necessary to stand up, equip, and begin operations at the three remaining northern border air wing sites in Michigan, North Dakota, and Montana.

Mr. CONRAD. I agree with my friend from Michigan. The fiscal year 2006 DHS appropriations bill included a small amount of funds to begin initial preparations for a NBAW site in my home state of North Dakota, but more funds are needed for the site to become operational. Secretary Chertoff has told us that the establishment of the three additional northern border air wings will be complete in fiscal year 2007.

A small portion of the air and marine interdiction funds in this bill would go a long way toward meeting this deadline and the goal of securing our long and currently porous northern border. I join Senator LEVIN in encouraging the DHS to include funds sufficient to stand up and equip the North Dakota, Michigan, and Montana sites.

Mr. GREGG. My friends from Michigan and North Dakota raise important points. I agree the establishment and equipping of the three remaining northern border air wings is a priority. The northern border has long been ne-

glected compared to the southern border. As my colleagues are aware, funds were appropriated in the fiscal year 2006 Department of Homeland Security Appropriations Act to initiate funding of the third northern border air wing in North Dakota. I am committed to seeing that the establishment of the remaining northern border air wings is accomplished as expeditiously as possible.

Mr. MCCONNELL. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. DEMINT). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MCCONNELL. I ask unanimous consent that the order for the quorum call be rescinded.

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

MORNING BUSINESS

Mr. MCCONNELL. Mr. President, I ask unanimous consent that there now be period of morning business with Senators permitted to speak for up to 10 minutes each.

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

SOLE-SOURCE CONTRACTS AND IRAQ

Mr. DORGAN. Mr. President, this morning in the Washington Post there was an article announcing a decision by the Defense Department that relates to something I have held a good many hearings on through the Democratic Policy Committee in the past several years. We have been holding hearings on waste, fraud, and abuse with respect to the very large sole-source contracts that have been given to certain companies to do business in Iraq and provide food and fuel and logistics support for our troops. What we have discovered is very substantial waste, fraud and abuse.

This morning, finally, the Washington Post says: "The Army to End Expansive, Exclusive Halliburton Deal. Logistics Contract to be Open for Bidding." One of the side bars of the story talks about: "Whistle-blowers told how the company charged \$45 per case of soda, double-billed on meals, and allowed troops to bathe in contaminated water." All of these were issues given us to us by whistle-blowers who came to our Committee to testify because there was virtually no oversight on these issues by the other Committees.

The decision to terminate these sole-source contracts is long overdue. Sole-source contracts are contracts that are, in my judgment, invitations for abuse. The bill that I introduced some months ago, along with 30 other Senators, called S. 2361, the Honest Leadership and Accountability in Contracting Act of 2006, is a piece of legislation that insists on this exact provision, but goes much, much further—the provision that says we ought to break up these contracts and have them competed for so that the competition for contracts will give the taxpayers some feeling they are not being cheated.

A fellow named Henry Bunting testified at a hearing we held. He was a whistle-blower. He actually worked for Halliburton in Kuwait. His job in Kuwait was to purchase hand towels for American soldiers. So he got a requisition to buy hand towels for American soldiers, and he would order the hand towels. But then he was told: No, we don't want you to order those hand towels; we want you to order new hand towels. He brought a sample of the hand towels with him. The reason they wanted him to order different hand towels is they wanted the company name to be embroidered on the hand towels, which tripled the cost of the towels for the taxpayers.

No one would have believed that soldiers need to have hand towels with the embroidered name of the contractor providing the hand towels. That is exactly what happened. And it is exactly what the whistle-blowers told us was happening with respect to procurement.

This whistle-blower, who worked with the company, said: This is something my supervisor said we are going to do, and we did it. He said: We saw \$8,500-a-month SUV rentals. We saw \$40, \$45 a case for Coca-Cola.

It is pretty unbelievable when you hear all of the stories. Those stories come from giving billions of dollars of contracts to one company. That is what has happened on contracts called LOGCAP and RIO, and finally the Pentagon suggests maybe it is going to shut these down and require competition.

Looking forward, I am going to ask the Pentagon to consider all of the information that we have uncovered in these hearings, because provisions in defense contracting require that you hold companies accountable for actions they have taken in the past, when you consider new bids for the future.

It is interesting that this also relates to something that is now happening in the Pentagon. The woman who testified before the committee—there has been a great deal of discussion about her—was Bunny Greenhouse, the top civilian contracting official in the Corps of Engineers at the Pentagon. She rose to the top. Every performance evaluation said she was the best. People outside the Government who had dealt with her said she was the best, professional, knew what she was doing. She said:

I can unequivocally state that the abuse related to contracts awarded to KBR—

That is Halliburton—represents the most blatant and improper contract abuse I have witnessed during the course of my professional career.

This woman was honest and public about what she saw. She was demoted. She lost her job. That job has now been filled by someone else, someone who has 40 years experience with the Government but has no contracting experience. A person with 20 years contracting experience, the highest civilian official in the Corps of Engineers

loses her job to be replaced by someone who is now being sent to school because she doesn't know contracting.

This is happening at a time when we hear these stories of \$85,000 trucks left by the side of the road to be burned because of a flat tire—the taxpayer is paying for it; it doesn't matter—25 tons of nails, 50,000 pounds of nails ordered, wrong size, throw them in the sand. Want to find 25 tons of nails? They are in the sand in Iraq, paid for by the American taxpayer.

Where is the accountability? It is unbelievable the amount of waste that has existed. And the one person who had the courage to talk about it publicly lost her job. That is still the subject of a great deal of angst in the Pentagon.

So yesterday the Pentagon announces that they are finally going to end sole-source contracts and require competitive bidding, and finally the taxpayers appear to get a break. But this was several overdue.

There is more that needs to be done. One of the things the Pentagon has apparently also decided to do is to outsource oversight. You can't outsource oversight. It has been tried before. They had companies that were partners in contracts in other countries come into Iraq to provide oversight over each other. You can't do that. You can't delegate oversight, especially not to companies with conflicts of interest. The oversight responsibility for spending the taxpayers' money is with the Government, not someone you hire that will have a patently obvious conflict of interest.

While the Pentagon is taking a step forward today in their announcement about the ending of these sole-source contracts, they are taking another step backward on this issue of deciding they are going to hire other companies to provide oversight to make sure the taxpayers' money is being spent in the way anticipated. That makes no sense.

Here is another whistleblower account. Rory Mayberry worked in Iraq for Halliburton. He worked in food service. He was the manager of a food service that provided food to the troops. He came to us and said: We had food that was date stamped expired. The Halliburton supervisors said: It doesn't matter, just feed to it the troops. And they said: By the way, don't you dare talk to a Government auditor. If a Government auditor comes around and you talk to that person, either you will be fired or you will be sent to an area where there is hostile action. He talked to a Government auditor. He was sent to Fallujah during the height of the action there.

The stories are unbelievable. And finally, the Pentagon is taking a step in the right direction in one area, stepping backward in another. But I hope the Pentagon understands, when they open these contracts called the LOGCAP contract and the RIO contract, when they open these contracts and finally insist that there be com-

petition between companies in order to provide some safety for the American taxpayer and to be sure that we are getting what we are paying for, I hope they will understand that there has to be adequate oversight.

We have introduced legislation, myself and many of my colleagues, called the Honest Leadership and Accountability in Contracting. What the Pentagon is doing today appears to be in line with one piece of it, and it is a step in the right direction. But much more needs to be done.

I ask those in the Pentagon to take a look at what we will send to them as a result of a number of hearings in which whistleblowers who have worked for these contracts, particularly Halliburton that has received very large sole-source contracts worth billions of dollars without bidding, I would hope they would take a look at this and evaluate whether the performance is performance that is worthy of receiving other contracts. The list is endless. I will not go over it again.

This morning's announcement by the Pentagon is finally a recognition that there needs to be competition. It is one step in the piece of legislation I and many of my colleagues offered some months ago. My hope is they will finish the job and do what is necessary to give the taxpayers full value and full measure for the money that is being spent on these contracts.

I yield the floor.

MIDSESSION BUDGET REVIEW

Mr. REED. Mr. President, when the administration released its midsession review of the fiscal year 2007 budget yesterday, it made a number of claims about how its policies have been successful at promoting economic growth and bringing down the budget deficit. In this case, however, as in so many others, the administration is looking through rose-colored glasses, exaggerating the successes of its policies and ignoring the true costs.

Let's begin by putting the improvement in the fiscal year 2006 budget deficit in perspective. It is true that tax revenues have grown this year—as they always do in a business cycle expansion—and that revenues have been coming in stronger than expected. But the current projected 2006 deficit of \$296 billion is just a little lower than the fiscal year 2005 budget deficit of \$318 billion. It is still the fourth largest budget deficit on record in nominal terms.

The Bush administration wants us to compare the current estimate of the fiscal year 2006 budget deficit with the exaggerated estimate of \$423 billion they made in their February budget projection. As the noted budget expert Stan Collender wrote at the time:

This President has a well-established history of overstating the deficit early in the year and then taking credit when it turns out to be lower than projected, even if it has done nothing to make that happen.

And, of course, that is exactly what we are seeing right now.

The real story is the sharp deterioration of the budget in this administration. When President Bush took office, the Congressional Budget Office projected large and growing Federal budget surpluses under existing laws and policies—the so-called baseline projection—including a budget surplus of over \$500 billion in fiscal year 2006. However, the President has presided over an incredible reversal of fortune. A \$128 billion Federal budget surplus in fiscal year 2001 turned into a \$318 billion deficit by fiscal year 2005 and a projected deficit almost as large in fiscal year 2006. This is not news to crow about. Frankly, it reveals, as I suggested, a tremendous reversal in the budget fortunes of this country.

A \$5.6 trillion, 10-year projected surplus from 2002 to 2011 has turned into a deficit of \$2.7 trillion. So from the time the President took office until today, what we thought was going to be a \$5.6 trillion surplus is now a \$2.7 trillion deficit, an extraordinary change in the fiscal year health of the United States.

Realistically, this 10-year deficit is probably much higher because it does not include big-ticket items such as the war costs which are being funded on supplemental appropriations and not properly projected into the budget base; and the need to make tax adjustments like fixing the alternative minimum tax.

Instead of sound budget policies aimed at preparing for the imminent retirement of the baby boom generation, the Bush administration and the majority in Congress have refused to adopt the kinds of budget enforcement rules that helped achieve fiscal discipline in the 1990s. They have pursued an open-ended commitment to stabilizing Iraq that relies on supplemental appropriations rather than the normal budget process, and they have remained committed to extending irresponsible tax cuts that will add further to the budget deficit. All of this comes at the cost of inhibiting greater economic opportunities for most American families.

That, of course, is not what we are hearing from the administration and its supporters who keep telling us that the economy is doing well, and that their tax cuts are an important reason why, and that everyone is benefiting. It should not be surprising that this is not a message which is resonating with the American people because, in fact, the current economic recovery has been weaker than the typical business cycle recovery since the end of World War II, and large numbers of Americans are still waiting to benefit from the economic growth that we are purportedly seeing.

Job growth has been very slow by the standards of past recoveries, real wages are stagnating, and disparities in income and earnings are growing wider. Last Friday we learned that employers added only 121,000 jobs to their payrolls