

There are some people who might say: Let's cover all children with a federally funded health insurance program. Maybe we can raise taxes to \$5 a package, 10 bucks a cigar. It is ridiculous. There are other ways we can get revenue. I hope we will get started on that as soon as the House votes. They will sustain the veto, and then we can sit down and work this out.

I yield the floor.

The PRESIDING OFFICER (Mr. SALAZAR). The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I came to the Chamber to speak on an oversight issue on which I have been working for well over a year. But before I speak on that subject, I wish to take advantage of the opportunity to respond to incorrect impressions about the compromise State Children's Health Insurance Program bill on which the House is going to be voting tomorrow. I am speaking as much to Republicans in the House of Representatives as I am responding to some of the points Senator LOTT has made. These reminded me that regardless of how many speeches one gives around here, regardless of how many explanations one gives of what our bill does and does not do, nobody listens. We get the same wrong statements being made time after time. I wonder, does anybody ever listen? Maybe they don't like to have CHUCK GRASSLEY say it.

I was a negotiator for the Republicans. I never had a single Republican tell me since January that they didn't want the SCHIP program reauthorized after a 10-year sunset. I never had one of them say it wasn't a program that was serving a good purpose. I had a lot of people express faults about what is wrong with the present program. Most of those issues have been corrected in the legislation the President vetoed.

I finally got people to realize the \$5 billion the President put in his budget on top of baseline is not enough to do what we are already doing. Even the Republicans on this side offered \$14.5 billion over baseline, which still is not enough to do what needs to be done to take care of the kids we are taking care of now and extend coverage to other eligible but uninsured low income children.

Some people are saying this bill should have been vetoed because there are adults in the program. But it was this Administration that approved the waivers to cover adults. The bill that the President vetoed did away with waivers. What has been in the program for 10 years this bill does away with. Childless adults are not going to be on the program. New waivers for parents under SCHIP is prohibited. For states that currently cover parents, the federal match is reduced. But yet people are still saying to me, from the other body, as I talk with Republicans over there to vote to override the President's veto: Why are we letting all these adults on? The waivers did that, and we do away with the waivers.

Also, in my conversations with people in the other body, as I try to con-

vince them they ought to vote to override the veto, this \$83,000 number keeps coming up. There was an inference made to it in the previous speech. That is not in our bill, and yet the President in his veto message referred to our bill allowing people up to \$83,000 to get on SCHIP. That is in the law. It has been in the law for 10 years, and that can only happen if the President of the United States says a State can do that upon that State's request. Only the President can allow that to happen. That has been that way for 10 years. So don't tell me our bill allows States to go up to \$83,000. That has been the law.

What about the statement of having genuine poor children on this program? I agree. Do you know that 92 percent of the kids on the program are in families under 200 percent of poverty? Somebody can say: What about the other 8 percent? OK, so what do we do about that? Because there has been an inference to a State Health Official letter to states released on August 17, 2007 that we did away with what would have prevented that. But the policies in that letter were flawed and unworkable. What we did is we made those policies workable in our legislation. So the emphasis on kids under 200 percent of poverty works out this way: First, we reduce the Federal match to the Medicaid match for any state that wants to go over 300 percent of poverty, beginning upon enactment of the bill. Then, by 2010, any State that wants to go or to continue to go above 300 percent of poverty for children has to demonstrate that they have reached the targets determined by the 10 best States covering kids under 200 percent of poverty. If they do not meet the target, they get no Federal match for kids over 300 percent.

So don't tell me the bill before us does not have emphasis on low-income kids. It has emphasis on low-income kids.

It was not brought up in the previous speech, but in my conversations with the House of Representatives, I have had this other smokescreen thrown at me: Our bill allows illegal immigrants to get on the program. For the first time, we are doing in SCHIP what has never been done before, what we have done for Medicaid in the Deficit Reduction Act. We are making it so that illegal immigrants cannot get on the SCHIP program.

People are paid to read legislation, and I don't know how the President of the United States, who gets paid a heck of a lot more than I do and has a lot of advisers who get paid a heck of a lot more than I do—I don't know how they can have him put in a speech that this bill allows people over \$83,000 to get into the program, or there can be speeches in the Chamber of the other body saying we are opening the door for illegal immigrants to be covered by this program when we are doing more than existing law does in that area and where existing law already allows, if the President approves it.

And then this business of adults being in the program—absolutely right, three States have more adults on the program than other States. How did that happen? This administration gave waivers for that to happen. We do away with those waivers. I have heard all the complaints from this side of the Senate, the Republican side of the Senate, that there is no "A" in SCHIP—and I agree, it shouldn't be for adults—and I even heard Democrats strongly speak to this point. This program should never have gone in that direction. We do away with waivers.

I ask everybody to read the legislation, and particularly Republicans in the other body, before they vote tomorrow to override or not override because all these inaccurate representations of the compromise bill are creating a very bad mistake. It's so bad politically that the White House is looking for some way to get out of this situation. Probably that some way to get out of it is negotiating another bill with us. But it would be smart if the White House would send a signal to the House of Representatives: Override our veto; we made a mistake.

GENERAL SERVICES ADMINISTRATION INVESTIGATIONS

Mr. GRASSLEY. Mr. President, I now wish to address this body about some investigations I have been doing over a long period of time.

This is a report to my colleagues that senior executives at the General Services Administration may have failed to meet their responsibilities to the American taxpayers. These issues were carefully examined in two oversight investigations conducted by my staff. These investigations have uncovered a disturbing change of circumstances at the General Services Administration.

In a nutshell, it is this way: These studies indicate that top-level General Services Administration management interfered in contract negotiations with Sun Microsystems. They put pressure on contract officers to sign a potentially bad contract. When that person refused, they had that contract officer removed under duress.

All the evidence from this investigation suggests that this particular contractor had been overcharging the Federal Government for years. The contract officer believed the proposed terms were still not fair to the Government. Even worse, these reports also indicate that allegations of intimidation against the General Services Administration Office of Inspector General and its auditors may have been fabricated. This may have been done to cover high-level pressure on contract officers or maybe because the new contract was signed on terms dictated by the contractor. When I asked for audits of the new contract, this contractor resisted tooth and nail, and in the end they canceled the contract before audits could be completed. I want to repeat that, because this is the bottom

line. When I asked for audits of this new contract, this contractor resisted tooth and nail, and in the end they canceled the contract before the audit could be completed. That ought to tell you something about that contract.

I think it is important my colleagues know what my staff uncovered at the GSA, not merely for the purpose of pointing out mistakes but for the purpose of seeking solutions, because these investigations are about fixing a problem.

Let me set the record straight. This is not some sort of witch hunt for the Administrator of GSA or anything else. Quite simply, this is oversight and investigation, or O&I, as we call it around here on the Hill.

In doing this oversight and investigation work, I am fulfilling one of the most sacred responsibilities of a Member of Congress. As with all my investigations, I want to be certain every tax dollar is spent wisely and according to law—nothing more, nothing less. With that in mind, I want to address the findings of these investigations that are documented in separate staff reports.

The oversight work began last September when I was informed Administrator Lurita Doan of the GSA was attempting to cut the inspector general's budget for audits. These are the policemen to see that the money we appropriate is spent wisely. It appeared that this administrator was attempting to neutralize the inspector general, especially in the area of oversight of Government contracts. This was a red warning flag, so I decided to dig deeper.

The Administrator was alleging that the Office of Inspector General—or I might refer to that as the OIG—was abusing its power by threatening and intimidating Government contracting officers and vendors. These allegations were raised by the Administrator in numerous statements, publicly and internally, and in letters to me. According to three separate witnesses, Administrator Doan even compared the inspector general officials to terrorists.

These allegations concerned me for two reasons: First, I was extremely concerned that sworn Federal law enforcement agencies and agents, and accredited auditors, might be abusing their power. Second, if there was no factual foundation for these allegations, if they were fabricated, where did they come from and why did they come?

I asked Administrator Doan to provide me with specific examples of the alleged intimidation. Since she had aired these allegations in public, I thought she would provide me with specific details to support the charges. The fact is, she could not. In reality, only one specific instance was brought to my attention. In the end, my staff could find no evidence whatsoever to support those allegations. Sadly, it appears as if that one specific allegation was fabricated to cover up intense top-down pressure on contract auditors to

award a contract that was detrimental to the taxpayers.

It was a bureaucratic smokescreen that opened a much larger can of worms. That can of worms was a contract awarded to Sun Microsystems, Inc. in 1999 for computer products and services. The inspector general had this particular contract under a microscope for several years. The IG audits indicated that Sun had failed to report significant discounts given to commercial contractors, as mandated by the contract; in other words, transparency when you are doing business with the Federal Government. Because this information was withheld—in other words, their commercial contract arrangements—Government customers paid much higher prices than Sun's commercial customers. The Government was losing money because of these unfair pricing policies, losses potentially in the tens of millions of dollars. These and other alleged contract violations, including potential fraud, were referred to the Department of Justice and now are in the Federal courts.

The alleged fraud was first reported to General Services Administration management in February of 2005. GSA management had several options, including seeking a better contract, canceling that contract, or suspension. In fact, three GSA contracting officers who handled the Sun contract attempted all three remedies. In each case, intervention from upper management at GSA blocked those moves. Upper management turned a blind eye to the alleged fraud, preferring instead to do business as usual. Then they began applying serious pressure on the contracting officer to extend the contract with Sun for another 5 years.

In August of last year, the GSA contracting officer assigned to the Sun contract dug in his heels, holding out for a better deal, protecting the taxpayers of the United States. He believed the terms offered by Sun in negotiations were not fair to the Government.

Now, if you ask senior GSA management, you get a very different story. Those individuals, including Ms. Doan and FAS Commissioner Williams, claimed this contracting officer was so intimidated, browbeaten, even, by OIG auditors, that he had to be replaced. The facts, however, do not support that allegation or explanation.

The contracting officer and his immediate supervisor both deny experiencing any intimidation from the inspector general auditors. They say, in fact, it never even happened. The source of the allegations has changed her story several times. In fact, she continued to support the contracting officer's position in negotiations—a position that was fully aligned with the inspector general auditors' position—even after claiming he was being intimidated into that position by the same auditors. If that position was tainted by the inspector general audi-

tor intimidation, why would she support it?

One other fact seems to have escaped the GSA managers making these allegations. IG auditors have no direct influence over a contracting officer's career. The only person with that kind of authority is the contracting officer's supervisors, not the inspector general.

There is some irony here too. The same GSA managers who accuse the OIG auditors of intimidating this contracting officer had themselves attempted in vain to intimidate him into awarding the contract.

So it seems that GSA management tried to turn the concept of intimidation upside down. Now, why would they do that?

The evidence suggests these allegations were a smokescreen to hide the actions of the General Services Administration management. They used it for cover while ramming through a contract that may be bad for the taxpayers. There should be no greater motivation for those in Government procurement than protecting the taxpayers' money. Contracting officers who are warranted by this Government should be allowed to fight in negotiations for the best deal for the taxpayers, saving money where they can. Any pressure, any suggestion, any direct involvement by management to thwart that mission would be out of line. What Administrator Doan, Commissioner Williams, and others did to short circuit this process, then, is entirely wrong. To turn up the pressure, senior GSA officials, including Administrator Doan, were communicating directly with Sun Microsystems, Inc. and their lobbyists during negotiations. They made sure that contracting officer knew about that contact they were having. What kind of message does that send to a contracting officer fighting for a good contract to save the taxpayers' money? What kind of message does that send to the current and potential Government contractors, wherever they might be?

I would say that, at the very least, it tells them that if you don't like the deal offered by the contracting officer, go over his or her head. Go to the very top. Get the problem fixed. Get the price you want out of the taxpayers. It also says if the contracting officer is in the way, get rid of the contracting officer and get one who will do the dirty deed.

It would be bad enough were this the end of the story, but it isn't. After forcing out the contracting officer, GSA management assigned a new officer. It took her 9 days to negotiate a final deal with Sun. But what did the Government get?

In interviews, this new contracting officer claimed that she didn't need to talk to IG auditors who had years of knowledge on the Sun contract. She claimed she could solve any impasse in negotiations by listening to what the

contractor had to say. Many of the provisions she adopted were ones steadfastly opposed by the previous contracting officer—the very same ones that led to the so-called “impasse” and the removal of that contracting officer.

The new contracting officer even admitted during questioning that she did not fully understand key provisions of the contract. She admitted making “big oversights” in some of the contract terms. I fear the Government got a contract based on terms that were dictated by the contractor. I ask you: Is this GSA management’s idea of how to negotiate?

After my staff interviewed the new contracting officer, I realized I needed to know more about the new contract. That is the one signed in September 2006. Was the Government continuing to lose money due to the unfair pricing and unreported discounts that they had with the commercial sector?

As a Member of the Senate who cares deeply about oversight, I would have been remiss in not asking more questions. So on June 5, 2007, I asked the GSA inspector general to conduct an audit. I asked the IG to look at the terms of this new contract.

Now, if this contract was such a “good deal for America,” as has been suggested by Sun on the one hand and GSA management on the other hand, then one would think Sun would rush to cooperate. Wouldn’t they? Well, they did not. Instead, for 3 months, Sun complained to me, they procrastinated, they withheld information and fought the audit at every step. They also lashed out at the GSA inspector general, claiming bias—maybe because the IG had nailed him in the past. To his credit, IG Brian Miller held his ground and forged ahead with the audit.

This is what happened, and sadly so, because you don’t get to the bottom of it then. Sun chose to cancel this contract on September 13 of this year, without waiting for the completion of those audits. This entire situation is extremely unfortunate, possibly preventable, and certainly baffling. Why would Sun cancel a contract that it had fought so hard to get? Did Sun have something to hide?

Government contracting, particularly multiple award schedule contracting, appears to be in serious jeopardy. Contracting officers are in short supply and are quitting in alarming numbers. They are overworked, they are stressed, and some try to juggle 100 or more contracts at any given time. With that kind of workload, assuring contract compliance is out of the question.

One of the culprits here may be the industrial funding fee structure we use in Government. This is money that the GSA charges other agencies that tap into governmentwide contracts negotiated by GSA. These fees are the lifeblood of the General Services Administration and are responsible for the lion’s share of the agency’s budget. The

incentive is to maximize fees and agency profits. This creates what has been described as a “perverse incentive.” Getting the best deal for the Government and the taxpayers gets lost in the drive for more contracts that generate more fees to fill that agency’s coffers.

I feel the Sun contract fiasco may be only the tip of the iceberg. I hope it is an exception, but many contracting officials suggested otherwise.

Am I suggesting that Government procurement is broken beyond repair? No. I do think that GSA procurement officials have a lot of work to do to make sure these situations are corrected. They certainly need to clean up their act, and they will need to make hard choices to fix these problems.

GSA has a professional force of contracting officers. GSA management needs to let them negotiate the best deal possible without interference from the top. Interference in that process as evidenced by the Sun negotiations may not violate the law, but it is not right and it does not protect the taxpayers.

Senior GSA management needs to realize that what may be profitable or strategically important for the GSA may not always be in the best interests of the taxpayers. GSA managers also need to recognize the need for oversight and followup on awarded contracts. Contract officers need to be able to fight for the best possible deal for the taxpayers, even if it means the loss of a contract that is lucrative to the agency for their operating expenses, or for the vendor. GSA must never forget that the real customer is the American taxpayer.

Today, I am forwarding three investigative reports to Administrator Doan, to the GSA inspector general, to the House and Senate oversight committees, and the White House Chief of Staff for review. These reports contain proprietary and privacy-protected information and will not be made public by me. The reports provide in great detail the results of these significant investigations into the allegations of inspector general auditor intimidation and top-level GSA management intervention in the Sun Microsystems contract negotiations.

As I said, it is not my intent to point the finger at any one individual or company. My sole purpose is to get to the bottom of what may be a significant problem in Government contracting and, of course, get it fixed. I respectfully ask GSA Administrator Doan and the inspector general to address the problems identified in these reports and to take appropriate action in the future. I hope GSA will do a better job of protecting the taxpayers’ money.

I apologize to the chairman and ranking member of the Labor-HHS Subcommittee for taking this time, but I believed I needed to respond to some of the speeches that were made about the health program before I gave my report on my investigation.

I yield the floor.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. ISAKSON. Mr. President, before the distinguished ranking member leaves the floor, I wish to acknowledge a couple of things—one, my appreciation for his hard work on the SCHIP program and my understanding of his frustration with some of the misunderstandings that have taken place in the debate on all sides. For just a couple of minutes of the Senate’s time, I wish to discuss how we got where we are and how we need to get to where we are going to be. But before he leaves, again, I commend the distinguished ranking member on his effort on behalf of children’s health insurance and his effort to clear the record in hopes that, in the end, it will be a foundation for all of us to clear the record of misunderstandings. There is fault enough to go around, starting with the administration and then taking both sides of the issue. But I commend the chairman for his hard work.

Ten years ago, I chaired the State Board of Education of Georgia when the SCHIP program was first authorized. I took it upon myself, in that capacity—the one that met closest with the children in need in Georgia—to initiate a broad program of registering and getting the information out so that every poor child in Georgia who was eligible could be covered by SCHIP, which in Georgia is known as PeachCare.

On the floor of this Senate earlier this year, I fought, along with Members from 17 other States, to get additional funding necessary on an interim basis because of the shortfalls that took place in the SCHIP program. I commend this Senate now on working to reauthorize SCHIP.

We are in a dilemma. There are differences of opinion on the eligibility. There are differences of opinion on the amount of money. There are differences of opinion on how it should be raised. There have been statements that have been made that are correct and statements that have been made that are wrong. But if the House sustains the veto of the President, we find ourselves in a position I would like to address for a second, a position where there are enough agreements for us to make to come back to the floor and pass a SCHIP bill that can be reauthorized and pass this Senate almost without objection.

Everybody in the Senate agrees SCHIP should be reauthorized. On the vote to extend the current program through November 16, on the continuing resolution, there was only one dissenting vote, and it was not about SCHIP. The questions are who should be eligible, how far the program should go, whether it should run in one direction or another, and how it should be funded. Just in the remarks made by the distinguished ranking member, as well as previous remarks made by the minority whip prior to Senator GRASSLEY’s remarks—both sent the signal that there is room in the middle.

I hope the administration will understand that a lot of the frustration with the current state of SCHIP has been the waivers—13 of them—that have been granted by this administration to expand SCHIP during the last 10 years, beyond what the Congress and beyond what the Senate intended it to be.

There is common ground in front of us, and it is the poor children of America. There is a good solution in front of us, and that is to see to it that SCHIP is what it started out to be. As Senator GRASSLEY has said, the bill that went to the President and was vetoed did correct some of those waivers. As others have said, there are serious questions on the financing mechanism. But there is no question that this Senate should be ready and prepared, immediately when the veto is sustained, to go forward and find a compromise that works for the poor children of America.

It is critical to me, as one who started in Georgia 10 years ago to register those eligible children, to see to it that they continue to get the promise that was granted by the Congress of the United States. It is equally important to me to see to it that we do not expand that program beyond what was intended and ultimately end up compromising the very poor children we started out to help.

I commend the Senator on his remarks. I urge the administration to immediately aggressively pursue avenues of agreement so we can come together as a Congress before November 16 and unanimously pass a SCHIP bill that works for the poor children of America and is fiscally accountable to the taxpayers of the United States of America.

Mr. President, I yield the remainder of my time, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. CASEY). Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION APPROPRIATIONS ACT, 2008

The PRESIDING OFFICER. Under the previous order, the Senate will proceed to the consideration of H.R. 3043, which the clerk will report.

The legislative clerk read as follows:

A bill (H.R. 3043) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 2008, and for other purposes.

AMENDMENT NO. 3325

(Purpose: In the nature of a substitute)
Mr. HARKIN. Mr. President, I have an amendment at the desk, and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Iowa [Mr. HARKIN], for himself and Mr. SPECTER, proposes an amendment numbered 3325.

Mr. HARKIN. I ask unanimous consent that reading of the amendment be dispensed with.

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

(The amendment is printed in today's RECORD under "Text of Amendments.")

Mr. HARKIN. Mr. President, we are now on the appropriations bill for Education, Labor, Health and Human Services, and related agencies. Before we get into the bill, I want to explain a couple of things. I will be yielding to my partner, Senator SPECTER, for his opening statement. Then I will follow with mine. It is not the usual order. Usually, the chairman goes first. But Senator SPECTER is very much involved in Judiciary Committee hearings today, and he has to return to that. I will respect that and yield to him in a moment.

I wished to make it clear to our fellow Senators there is a change in the bill they will now notice, the substitute at the desk. The amendment Senator SPECTER and I offered basically strikes the language in the bill dealing with stem cells. Again, I do this with regret. Senator SPECTER and I have worked together for many years to advance the cause of embryonic stem cell research. In fact, we worked together on the first bill President Bush vetoed in his first 4 years. That was our stem cell bill, the only bill he vetoed in 4 years. We then came back with another stem cell bill this year, and he vetoed that also. That veto override has not taken place yet.

So together we put some additional language in this bill to further the cause of trying to break through and get embryonic stem cell research covered. However, we received a statement of administration policy from the administration yesterday saying they opposed our bill for two reasons. It says it includes "an irresponsible and excessive level of spending," and then it says, "The administration strongly opposes provisions in this bill that overturn the President's policy regarding human embryonic stem cell research."

I guess in the spirit of compromise, we wanted to show we are willing to compromise. We are willing to try to meet the President halfway. We know the President's strong feelings against this; they are misguided, nonetheless. Plus, the fact that, although not yet before the Senate, we will have a veto override vote on a stem cell bill he vetoed earlier this year. I don't know if we will have the votes to override. We may. With that, we thought we will show our good faith in saying to the

President: OK, we are willing to compromise. We will take that language out. That is what we have done with the amendment that is at the desk. We have taken that language out of the bill.

However, on another aspect in terms of the administration saying it is an irresponsible and excessive level of spending, I will say more about that in my opening statement, but the fact is, in the last 5 years, under the leadership of Senator SPECTER, when I was ranking member, this appropriations bill exceeded the President's budget request every single year. I thank Senator SPECTER for that. He provided great leadership. But the President never once threatened to veto one of those bills and never did, even though we exceeded his budget. This year, however, the President has said he is going to veto it because we exceeded his budget. What is the difference? Because the Congress changed hands? I don't think Senator SPECTER or I give a hoot about that. What we care about is investing in education and health, job training, biomedical research, all the other good things this bill does.

I respectfully disagree with the President that it is irresponsible. I believe it is responsible. We met our budget allocations. We are within our pay-go limitations. We do not exceed our budget allocation in this bill whatsoever.

I wished to make that clear for other Senators. We are on this bill. We have dropped the stem cell language. I did this in consultation with Senator SPECTER as a good faith reaching out to the White House to say: We are willing to compromise. So we will take it out, but we are going to stand firm on our funding levels because they are reasonable. They are within our budget allocation. They don't bust the budget.

I yield the floor to my partner in this for many years, Senator SPECTER, for his opening statement. I know he has to get back to the Judiciary Committee. I will return and make my opening statement at that time.

I yield the floor.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SPECTER. Mr. President, I thank the Chair and note for the record that the other Senator from Pennsylvania is presiding. I do not use the term "junior Senator" because Senator CASEY is so distinguished, I wouldn't want to have any suggestion of limited status.

We are taking up now the appropriations bill which has no rival for greater importance to America. Others may stand alongside it as equals, but when you deal with the Nation's health and education and labor, job safety, job training and medical research, the Centers for Disease Control, and Head Start, we deal with the fundamentals of governmental involvement for the general welfare as recited in the Constitution. Health is our No. 1 capital asset. Without going into any details