

staff. Mr. Tauzin, who has left his post as the industry's lobbyist, did not respond to messages.

The latest e-mails released on Friday underscore the detailed discussions the two sides had about an advertising campaign supporting Mr. Obama's health overhaul. "They plan to hit up the 'bad guys' for most of the \$," a union official wrote after an April meeting with Mr. Messina and Senate Democratic aides. "They want us to just put in enough to be able to put our names in it—he is thinking @100K."

In July, the White House made clear that it wanted supportive ads using the same characters the industry used to defeat Mr. Clinton's proposal 15 years earlier. "Rahm asked for Harry and Louise ads thru third party," Mr. Hall wrote.

Industry and Democratic officials said privately that the advertising campaign was an outgrowth of the fundamental deal, not the goal of it. The industry traditionally advertises in favor of legislation it supports.

Either way, talks came close to breaking down several times. In May, the White House was upset that the industry had not signed onto a joint statement. One industry official wrote that they should sign: "Rahm is already furious. The ire will be turned on us."

By June, it came to a head again. "Barack Obama is going to announce in his Saturday radio address support for rebating all of D unless we come to a deal," Mr. Hall wrote, referring to a change in Medicare Part D that would cost the industry.

In the end, the two sides averted the public confrontation and negotiated down to \$80 billion from \$100 billion. But the industry believed the White House was rushing an announcement to deflect political criticism.

"It's pretty clear that the administration has had a horrible week on health care reform, and we are now getting jammed to make this announcement so the story takes a positive turn before the Sunday talk shows beat up on Congress and the White House," wrote Ken Johnson, a senior vice president of the pharmaceutical organization.

In the end, House Democrats imposed some additional costs on the industry that by one estimate pushed the cost above \$100 billion, but the more sweeping policies the firms wanted to avoid remained out of the legislation. Mr. Obama signed the bill in March. He had the victory he wanted.

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STRASSEL: AXELROD'S OBAMACARE DOLLARS
(By Kimberley A. Strassel)

Emails suggest the White House pushed business to the presidential adviser's former firm to sell the health-care law.

Rewind to 2009. The fight over ObamaCare is raging, and a few news outlets report that something looks ethically rotten in the White House. An outside group funded by industry is paying the former firm of senior presidential adviser David Axelrod to run ads in favor of the bill. That firm, AKPD Message and Media, still owes Mr. Axelrod money and employs his son.

The story quickly died, but emails recently released by the House Energy and Commerce Committee ought to resurrect it. The emails suggest the White House was intimately involved both in creating this lobby and hiring Mr. Axelrod's firm—which is as big an ethical no-no as it gets.

Mr. Axelrod—who left the White House last year—started AKPD in 1985. The firm earned millions helping run Barack Obama's 2008 campaign. Mr. Axelrod moved to the White House in 2009 and agreed to have AKPD buy him out for \$2 million. But AKPD chose to pay Mr. Axelrod in annual installments—even as he worked in the West Wing. This

agreement somehow passed muster with the Office of Government Ethics, though the situation at the very least should have walled off AKPD from working on White-House priorities.

It didn't. The White House and industry were working hand-in-glove to pass ObamaCare in 2009, and among the vehicles supplying ad support was an outfit named Healthy Economy Now (HEN). News stories at the time described this as a "coalition" that included the Pharmaceutical Research and Manufacturers of America (PhRMA), the American Medical Association, and labor groups—suggesting these entities had started and controlled it.

House emails show HEN was in fact born at an April 15, 2009 meeting arranged by then-White House aide Jim Messina and a chief of staff for Democratic Sen. Max Baucus. The two politicos met at the Democratic Senatorial Campaign Committee (DSCC) and invited representatives of business and labor.

A Service Employees International Union attendee sent an email to colleagues noting she'd been invited by the Baucus staffer, explaining: "Also present was Jim Messina. . . . They basically want to see adds linking HC reform to the economy . . . there were not a lot of details, but we were told that we would be getting a phone call. Well that call came today."

The call was from Nick Baldick, a Democratic consultant who had worked on the Obama campaign and for the DSCC. Mr. Baldick started HEN. The only job of PhRMA and others was to fund it.

Meanwhile, Mr. Axelrod's old firm was hired to run the ads promoting ObamaCare. At the time, a HEN spokesman said HEN had done the hiring. But the emails suggest otherwise. In email after email, the contributors to HEN refer to four men as the "White House" team running health care. They included John Del Cecato and Larry Grisolano (partners at AKPD), as well as Andy Grossman (who once ran the DSCC) and Erik Smith, who had been a paid adviser to the Obama presidential campaign.

In one email, PhRMA consultant Steve McMahon calls these four the "WH-designated folks." He explains to colleagues that Messrs. Grossman, Grisolano and Del Cecato "are very close to Axelrod," and that "they have been put in charge of the campaign to pass health reform." Ron Pollack, whose Families USA was part of the HEN coalition, explained to colleagues that "the team that is working with the White House on health-care reform. . . . [Grossman, Smith, Del Cecato, Grisolano] . . . would like to get together with us." This would provide "guidance from the White House about their messaging."

According to White House visitor logs, Mr. Smith had 28 appointments scheduled between May and August—17 made through Mr. Messina or his assistant. Mr. Grossman appears in the logs at least 19 times. Messrs. Del Cecato and Grisolano of AKPD also visited in the spring and summer, at least twice with Mr. Axelrod, who was deep in the health-care fight.

A 2009 PhRMA memo also makes clear that AKPD had been chosen before PhRMA joined HEN. It's also clear that some contributors didn't like the conflict of interest. When, in July 2009, a media outlet prepared to report AKPD's hiring, a PhRMA participant said: "This is a big problem." Mr. Baldick advises: "just say, AKPD is not working for PhRMA." AKPD and another firm, GMMB, would handle \$12 million in ad business from HEN and work for a successor 501(c)4.

A basic rule of White House ethics is to avoid even the appearance of self-dealing or nepotism. If Mr. Axelrod or his West Wing chums pushed political business toward Mr.

Axelrod's former firm, they contributed to his son's salary as well as to the ability of the firm to pay Mr. Axelrod what it still owed him. Could you imagine the press frenzy if Karl Rove had done the same after he joined the White House?

Messrs. Axelrod and Messina are now in Chicago running Mr. Obama's campaign. Mr. Axelrod, the White House and a partner for AKPD didn't respond to requests for comment on their role in HEN, the tapping of Mr. Baldick, and the redolent hiring of AKPD. Until the White House explains all this, voters can fairly conclude that the President's political team took their Chicago brand of ethics into the White House.

Mr. MCCAIN. Mr. President, I know my other colleagues are waiting to speak, but last month when we voted down this amendment to allow drug reimportation from pharmacies that are accredited by both the Canadian and American Governments, my statement was, and I will repeat it:

In a normal world, this would probably require a voice vote. But what we are about to see is the incredible influence of the special interests, particularly PhRMA, here in Washington.

What you are about to see [as I predicted just before the vote] is the reason for the cynicism the American people have about the way we do business in Washington. PhRMA—one of the most powerful lobbies in Washington—will exert its influence again at the expense of average low-income Americans who will, again, have to choose between medication and eating.

In response the Senator from New Jersey said, in opposition to my amendment:

It is not the special interests that have caused the Senate countless times to reject this policy. . . .

This is about the health and security of the American people. That is why time after time the Senate has rejected it. It is why it should be rejected once again.

He was correct. It was rejected. The American people were rejected in favor of one of the most powerful special interest lobbies in Washington and it is a shame.

I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. MANCHIN). The clerk will call the roll. The assistant legislative clerk proceeded to call the roll.

Mr. REID. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

FLOOD INSURANCE REFORM AND MODERNIZATION ACT

Mr. REID. Mr. President, I ask unanimous consent that the remaining time postcloture be yielded back and the Senate adopt the motion to proceed to S. 1940.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The motion was agreed to.

The PRESIDING OFFICER. The clerk will report the bill by title.

The assistant legislative clerk read as follows:

The bill (S. 1940) to amend the National Flood Insurance Act of 1968, to restore the financial solvency of the flood insurance fund, and for other purposes.

Mr. REID. Mr. President, I was coming here today to propound a unanimous consent request on this most important piece of legislation dealing with flood insurance, but after having had some discussions with various people, at this time it would not be of any benefit. There is no need for me to stand and ask unanimous consent when I know it is not going to go anyplace.

So we are going to move this forward a little bit, and hopefully with this we can move toward completing this bill at a very early time.

AMENDMENT NO. 2468

(Purpose: In the nature of a substitute.)

Mr. REID. Mr. President, on behalf of Senator JOHNSON of South Dakota and Senator SHELBY, I have a substitute amendment at the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. REID], for Mr. JOHNSON of South Dakota, for himself and Mr. SHELBY, proposes an amendment numbered 2468.

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

Mr. REID. Mr. President, I ask for the yeas and nays on that amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 2469 TO AMENDMENT NO. 2468

Mr. REID. Mr. President, on behalf of Senator PRYOR, there is a first-degree amendment at the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. REID], for Mr. PRYOR, for himself and Mr. HOEVEN, proposes an amendment numbered 2469 to amendment No. 2468.

The amendment is as follows:

(Purpose: To require the Government Accountability Office to study the effect of applying the mandatory purchase requirements to areas of residual risk, and to require the Administrator to study voluntary community-based flood insurance options)

Strike section 107 and insert the following:

SEC. 107. AREAS OF RESIDUAL RISK.

(a) AREAS OF RESIDUAL RISK.—

(1) DEFINITION.—Not later than 18 months after the date of enactment of this Act, the Administrator, in consultation with the Technical Mapping Advisory Council established under section 117, shall establish a definition of the term "area of residual risk", for purposes of the National Flood Insurance Program, that is limited to areas that are not areas having special flood hazards.

(2) THIS SECTION.—In this section, the term "area of residual risk" has the meaning established by the Administrator under paragraph (1).

(b) STUDY AND REPORT ON MANDATORY PURCHASE REQUIREMENTS IN AREAS OF RESIDUAL RISK.—

(1) STUDY.—

(A) IN GENERAL.—The Comptroller General of the United States shall conduct a study assessing the potential impact and effective-

ness of applying the mandatory purchase requirements under sections 102 and 202 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a and 4106) to properties located in areas of residual risk.

(B) AREAS OF STUDY.—In carrying out the study required under subparagraph (A), the Comptroller General shall evaluate—

(i) the regulatory, financial, and economic impact of applying the mandatory purchase requirements described in subparagraph (A) to areas of residual risk on—

(I) the costs of homeownership;

(II) the actuarial soundness of the National Flood Insurance Program;

(III) the Federal Emergency Management Agency;

(IV) communities located in areas of residual risk;

(V) insurance companies participating in the National Flood Insurance Program; and

(VI) the Disaster Relief Fund;

(ii) the effectiveness of the mandatory purchase requirements in protecting—

(I) homeowners and taxpayers in the United States from financial loss; and

(II) the financial soundness of the National Flood Insurance Program;

(iii) the impact on lenders of complying with or enforcing the mandatory purchase requirements;

(iv) the methodology that the Administrator uses to adequately estimate the varying levels of residual risk behind levees and other flood control structures; and

(v) the extent to which the risk premium rates under the National Flood Insurance Program for property in the areas of residual risk behind levees adequately account for—

(I) the design of the levees;

(II) the soundness of the levees;

(III) the hydrography of the areas of residual risk; and

(IV) any historical flooding in the areas of residual risk.

(2) REPORTS.—

(A) INITIAL REPORT.—Not later than 12 months after the date on which the Administrator establishes a definition of the term "area of residual risk" under subsection (a)(1), the Comptroller General shall submit to Congress a report that—

(i) contains the results of the study required under paragraph (1); and

(ii) provides recommendations to the Administrator on improvements that may result in more accurate estimates of varying levels of residual risk behind levees and other flood control structures.

(B) UPDATED REPORT.—Not later than 5 years after the date on which the Comptroller General submits the report under subparagraph (A), the Comptroller General shall—

(i) update the study conducted under paragraph (1); and

(ii) submit to Congress an updated report that—

(I) contains the results of the updated study required under clause (i); and

(II) provides recommendations to the Administrator on improvements that may result in more accurate estimates of varying levels of residual risk behind levees and other flood control structures.

(3) ADJUSTMENT OF METHODOLOGIES.—The Administrator shall, to the extent practicable, adjust the methodologies used to estimate the varying levels of residual risk behind levees and other flood control structures based on the recommendations submitted by the Comptroller General under subparagraphs (A)(i) and (B)(ii)(II).

(c) STUDY OF VOLUNTARY COMMUNITY-BASED FLOOD INSURANCE OPTIONS.—

(1) STUDY.—

(A) STUDY REQUIRED.—The Administrator shall conduct a study to assess options,

methods, and strategies for making available voluntary community-based flood insurance policies through the National Flood Insurance Program.

(B) CONSIDERATIONS.—The study conducted under subparagraph (A) shall—

(i) take into consideration and analyze how voluntary community-based flood insurance policies—

(I) would affect communities having varying economic bases, geographic locations, flood hazard characteristics or classifications, and flood management approaches; and

(II) could satisfy the applicable requirements under section 102 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a); and

(ii) evaluate the advisability of making available voluntary community-based flood insurance policies to communities, subdivisions of communities, and areas of residual risk.

(C) CONSULTATION.—In conducting the study required under subparagraph (A), the Administrator may consult with the Comptroller General of the United States, as the Administrator determines is appropriate.

(2) REPORT BY THE ADMINISTRATOR.—

(A) REPORT REQUIRED.—Not later than 18 months after the date of enactment of this Act, the Administrator shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report that contains the results and conclusions of the study conducted under paragraph (1).

(B) CONTENTS.—The report submitted under subparagraph (A) shall include recommendations for—

(i) the best manner to incorporate voluntary community-based flood insurance policies into the National Flood Insurance Program; and

(ii) a strategy to implement voluntary community-based flood insurance policies that would encourage communities to undertake flood mitigation activities, including the construction, reconstruction, or improvement of levees, dams, or other flood control structures.

(3) REPORT BY COMPTROLLER GENERAL.—Not later than 6 months after the date on which the Administrator submits the report required under paragraph (2), the Comptroller General of the United States shall—

(A) review the report submitted by the Administrator; and

(B) submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report that contains—

(i) an analysis of the report submitted by the Administrator;

(ii) any comments or recommendations of the Comptroller General relating to the report submitted by the Administrator; and

(iii) any other recommendations of the Comptroller General relating to community-based flood insurance policies.

Mr. REID. I ask for the yeas and nays on that amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 2470 TO AMENDMENT NO. 2469

Mr. REID. Mr. President, I have a second-degree amendment, which is also at the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. REID] proposes an amendment numbered 2470 to amendment No. 2469.

The amendment is as follows:

At the end, add the following new section:

SEC. ____.

This Act shall become effective 7 days after enactment.

AMENDMENT NO. 2471

Mr. REID. Mr. President, I have an amendment at the desk to the language proposed to be stricken.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. REID] proposes amendment numbered 2471 to the language proposed to be stricken by amendment No. 2468.

The amendment is as follows:

At the end, add the following new section:

SEC. ____.

This title shall become effective 5 days after enactment.

Mr. REID. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 2472 TO AMENDMENT NO. 2471

Mr. REID. Mr. President, I have a second-degree amendment at the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. REID] proposes an amendment numbered 2472 to amendment No. 2471.

The amendment is as follows:

At the end, strike "5 days" and insert "4 days".

MOTION TO RECOMMIT WITH AMENDMENT NO. 2473

Mr. REID. Mr. President, I have a motion to recommit the bill with instructions, which is also at the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. REID] moves to recommit the bill, S. 1940, to the Committee on Banking, Housing, and Urban Affairs with instructions to report back forthwith with an amendment numbered 2473.

The amendment is as follows:

At the end, add the following new section:

SEC. ____.

This Act shall become effective 3 days after enactment.

Mr. REID. I ask for the yeas and nays on that motion.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 2474

Mr. REID. Mr. President, I have an amendment to the instructions at the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. REID] proposes an amendment numbered 2474 to the instructions of the motion to recommit S. 1940.

The amendment is as follows:

In the amendment, strike "3 days" and insert "2 days".

Mr. REID. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 2475 TO AMENDMENT NO. 2474

Mr. REID. Mr. President, I have a second-degree amendment at the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. REID] proposes an amendment numbered 2475 to amendment No. 2474.

The amendment is as follows:

In the amendment, strike "2 days" and insert "1 day".

SMALL BUSINESS JOBS AND TAX RELIEF ACT—MOTION TO PROCEED

Mr. REID. Mr. President, I now move to proceed to Calendar No. 341, S. 2237.

The PRESIDING OFFICER. The clerk will report the motion.

The assistant legislative clerk read as follows:

Motion to proceed to Calendar No. 341, S. 2237, a bill to provide a temporary income tax credit for increased payroll and extend bonus depreciation for an additional year, and for other purposes.

The PRESIDING OFFICER. The Senator from Montana.

FLOOD INSURANCE

Mr. TESTER. Mr. President, I rise in support of a bill we will take up soon to reauthorize the Flood Insurance Program. Nine months ago the Senate Banking Committee passed long-term flood insurance reauthorization with overwhelming bipartisan support. Five months ago Senator VITTER and I, along with 39 Members of this body, wrote our leadership urging that the bill be brought to the floor, but today, this week, we will finally consider this much needed piece of legislation, and I thank Senator REID for his willingness to bring it to the Senate floor.

I want to first and foremost thank Chairman JOHNSON and Ranking Member SHELBY for their excellent work in drafting this bill. I commend them for their efforts to build consensus on this important piece of legislation.

I thank my colleague Senator VITTER for his leadership and partnership in working with me to help influence this bill in a way that reflects broad bipartisan support. Together we added a number of provisions to improve the initial draft. These provisions include one that addresses a critical issue in my State.

When this bill is passed, the Army Corps of Engineers and FEMA will fi-

nally have to work together to develop common standards that will allow existing Corps levee inspections to meet FEMA certification criteria.

We also lengthened the phase-in period for homeowners who must purchase flood insurance for the first time as a result of being mapped into a floodplain, so that as changes to the maps occur, folks are not forced immediately into high-priced premiums.

This bill takes important steps to more closely align risks with premiums. It makes changes to protect taxpayers, and it puts the program on a more solid financial ground.

The House and Senate have never produced two flood insurance bills as closely aligned as the bills we have before us, and I am not sure we have ever had the same strong broad support we have now from homeowners, realtors, insurers, state insurance regulators, and environmental groups. That is a real testament to my colleagues on the Banking Committee, and I look forward to finally sending a long-term reauthorization and reform bill to the President's desk for his signature.

Unfortunately, we have seen the consequences of reauthorizing this program on a short-term basis, and we have seen the consequences of letting this program lapse. We have been down that road before and have seen how unproductive and destructive lapses can be. Past lapses in the program created uncertainty for homeowners and created significant burdens for those participating in the Flood Insurance Program. When the program lapsed in 2010, about 1,400 home sales were canceled each day during those 53 days the program lapsed. At a time when the housing market is still fragile, this is something we cannot afford.

For me this is an issue that hits home. The unprecedented flooding in the Missouri River basin last year, which affected folks throughout central and eastern Montana, particularly in Musselshell and Carbon Counties, clearly demonstrates the need for reauthorization and for reforms to ensure that levees are certified properly and efficiently.

I also care deeply about this program because in addition to protecting Montana homeowners, there are jobs tied directly to the Flood Insurance Program. In Kalispell, MT, two of the national servicing organizations employ over 500 people—jobs that could be put in jeopardy without a long-term agreement.

We must offer Americans certainty in the face of risk. Now, at long last, comprehensive, bipartisan, long-term reauthorization of the National Flood Insurance Program is within reach. Let's quickly act to provide security and piece of mind to the 6 million Americans who rely on the National Flood Insurance Program.

I yield the floor and suggest the absence of a quorum.