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ACCOUNTANT, COMPLIANCE, AND ENFORCEMENT STAFFING ACT OF 2003

APRIL 8, 2003.—Ordered to be printed

Mr. OXLEY, from the Committee on Financial Services, submitted the following

R E P O R T

together with

ADDITIONAL VIEWS

[To accompany H.R. 658]

[Including cost estimate of the Congressional Budget Office]

The Committee on Financial Services, to whom was referred the bill (H.R. 658) to provide for the protection of investors, increase confidence in the capital markets system, and fully implement the Sarbanes-Oxley Act of 2002 by streamlining the hiring process for certain employment positions in the Securities and Exchange Commission, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

CONTENTS

	Page
Amendment	2
Purpose and Summary	2
Background and Need for Legislation	3
Hearings	5
Committee Consideration	5
Committee Votes	5
Committee Oversight Findings	6
Performance Goals and Objectives	6
New Budget Authority, Entitlement Authority, and Tax Expenditures	6
Committee Cost Estimate	7
Congressional Budget Office Cost Estimate	7
Federal Mandates Statement	7
Advisory Committee Statement	7
Constitutional Authority Statement	8
Applicability to Legislative Branch	8
Section-by-Section Analysis	8

19–006

Changes in Existing Law Made by the Bill, as Reported 9
Additional Views 11

AMENDMENT

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Accountant, Compliance, and Enforcement Staffing Act of 2003".

SEC. 2. ACCOUNTANTS, ECONOMISTS, AND EXAMINERS APPOINTMENTS.

Section 4(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78d(b)) is amended—

(1) by redesignating paragraph (3) as paragraph (4); and

(2) by inserting after paragraph (2) the following new paragraph:

"(3) ACCOUNTANTS, ECONOMISTS, AND COMPLIANCE EXAMINERS APPOINTMENTS.—

"(A) APPOINTMENT AUTHORITY.—

"(i) This subparagraph applies with respect to any position of accountant, economist, and securities compliance examiner at the Commission that is in the competitive service.

"(ii) The Commission may appoint candidates to any position described in clause (i) in accordance with the statutes, rules, and regulations governing appointments in the excepted service, and notwithstanding any statutes, rules, and regulations governing appointments in the competitive service.

"(iii) The appointment of a candidate to a position under authority of this subparagraph shall not be considered to cause such position to be converted from the competitive service to the excepted service.

"(iv) For purposes of this subparagraph, the terms 'competitive service' and 'excepted service' have the respective meanings given them under chapter 21 of title 5, United States Code.

"(B) REPORTS.—No later than 90 days after the end of fiscal year 2003 (for fiscal year 2003) and 90 days after the end of fiscal year 2005 (for fiscal years 2004 and 2005), the Commission shall submit a report with respect to its exercise of the authority granted by subparagraph (A) during such fiscal years to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate. Such reports shall describe the changes in the hiring process authorized by such subparagraph, including relevant information related to—

"(i) the quality of candidates;

"(ii) the procedures used by the Commission to select candidates through the streamlined hiring process;

"(iii) the numbers, types, and grades of employees hired under the authority;

"(iv) any benefits or shortcomings associated with the use of the authority;

"(v) the effect of the exercise of the authority on the hiring of veterans and other demographic groups; and

"(vi) the way in which managers were trained in the administration of the streamlined hiring system.".

PURPOSE AND SUMMARY

The purpose of H.R. 658, the Accountant, Compliance, and Enforcement Staffing Act of 2003, is to address a longstanding recruitment issue at the Securities and Exchange Commission (SEC or Commission) which has recently been brought to the forefront by the need to fill a large number of new positions during the current fiscal year. The legislation provides the SEC with the ability to hire certain professional staff on an expedited basis, without having to undergo the time-consuming procedures that have applied to the hiring of those staff positions in the past. This enhanced authority will enable the SEC to fill a large number of new positions during

the current fiscal year, and to adequately respond to future staff attrition.

Specifically, the legislation allows the Commission to hire accountants, economists, and securities compliance examiners under the procedures applicable to excepted service positions, which are the procedures it—like all other Government agencies—currently uses to hire attorneys. Once hired, such staff will be members of the competitive service for all other purposes, including probationary periods, seniority protections in the event of a reduction-in-force, and the ability to compete for jobs in other Federal agencies. This authority does not expire.

BACKGROUND AND NEED FOR LEGISLATION

During 2002, a series of highly publicized financial disclosure restatements by public companies, several of which ultimately failed, contributed to a crisis in confidence on the part of the investing public. Recognizing the extreme urgency of restoring this confidence, a foundation of the Nation's economy, Congress acted decisively to pass the landmark Sarbanes-Oxley Act, overhauling the regulation of public accounting, substantially expanding the scope and quality of corporate disclosures, and improving corporate governance.

Congress has also recognized the key role that the Securities and Exchange Commission must play in restoring the investing public's faith in corporate disclosures. The Sarbanes-Oxley Act, the SEC's fiscal year 2002 supplemental appropriation, and the SEC's fiscal year 2003 budget, enacted on February 20, 2003, give renewed vigor, focus, and resources to the SEC to accomplish this priority in unprecedented timeframes. With funding provided in both the SEC's fiscal year 2002 supplemental appropriation and its 2003 regular appropriation, over the next fiscal year the SEC will need to complete the hiring of over 900 new professional staff, including a substantial number of accountants, examiners, and economists, in addition to the hiring made necessary by staff turnover. The SEC currently estimates that additional resources provided by the fiscal year 2003 budget will result in the hiring of 200 lawyers, 250 accountants, 300 examiners, 10 economists, and some other specialists. The SEC needs immediate help if it is to bring this many new staff on board as quickly as possible and continue implementing the letter and spirit of the Sarbanes-Oxley Act.

This Committee has long been familiar with, and taken action concerning, staffing issues at the SEC. Just last year, the SEC was granted the authority to pay its staff higher salaries and provide additional benefits, bringing it into "pay parity" with the Federal banking agencies. While this new pay authority has demonstrably eased the Commission's crisis in hiring and retaining attorneys, substantial difficulties still remain in its efforts to hire accountants, economists, and securities compliance examiners.

The SEC's experience in filling positions funded by its fiscal year 2002 supplemental appropriation is the most recent example of these longstanding difficulties it experiences in the hiring process. Nearly all of the attorney positions funded by last year's supplemental appropriation have been filled. However, the SEC's experience in hiring accountants—who comprise the bulk of the additional new slots from the supplemental funding—has been far less

successful. Despite the SEC's best efforts, only slightly more than half of the new accountant positions funded with last year's supplemental appropriation have been filled. The SEC has regularly encountered problems in filling these specialty positions, not only with respect to last year's supplemental appropriation but also in prior years. These problems will be compounded by the large numbers of such employees that the SEC must now hire.

The Committee notes that while the hiring of Commission attorneys is currently excepted from civil service posting and competitive requirements, the hiring of Commission accountants, economists, and securities compliance examiners is presently not. In filling a vacancy under competitive service requirements, the process can take months to complete. Under excepted service authority, the hiring process can be completed in a few weeks' time because hiring officials can interview candidates much more rapidly. The delay entailed by the competitive service hiring process can act as a severe, at times insurmountable, obstacle to the hiring of the type of highly skilled, mid-career professionals that the SEC requires in large numbers to adequately discharge its responsibilities in protecting investors. Excepting the hiring of Commission accountants, economists, and securities compliance examiners from the competitive service process will allow the SEC to meet the challenges of its mission with the full resources that Congress intended as quickly as possible.

While the immediate need to hire over 900 new professional staff was the catalyst for the introduction of H.R. 658, the Committee decided that excepted service hiring authority must be permanently granted to the SEC. The SEC constantly hires accountants, economists, and securities compliance examiners to replace those lost to attrition. Even with pay parity, the SEC will continue to have turnover in its professional ranks as its employees, with skills that are in high demand in the private sector, are regularly enticed to private-sector jobs that provide higher pay and better benefits. The need to replace employees lost to attrition historically becomes even more acute during economic expansions, precisely when the SEC's responsibilities also increase, putting stress on the SEC at critical times. In streamlining the SEC's hiring process on a permanent basis, this Committee intends not only to ameliorate the SEC's current staffing crisis, but also to prevent the next one before it begins.

The authority granted to the SEC by H.R. 658 does not represent a departure from practices already in place at other Federal agencies. Other positions in the Federal government that may be filled under similar, targeted exceptions from the government-wide competitive service include: all positions in the Federal Bureau of Investigation; employees in the Office of the National Counterintelligence Executive; health care professionals (doctors, dentists, nurses, and others) employed by the Department of Defense; Defense intelligence employees; employees in the Department of Education's Performance-Based Organization for Federal student financial assistance; and air traffic controllers hired through the Federal Aviation Administration's College Training Initiative Program.

Nothing in H.R. 658 would exempt the SEC from its obligations to administer its excepted service hiring authority in conformance with the principles of a merit system. It is the Committee's expec-

tation that the SEC's personnel management system will provide for a systematic review of individual qualifications, and provide preference to eligible veterans. It is also the Committee's expectation that the SEC will ensure that all employees are appointed, promoted, and assigned only on the basis of merit.

Finally, once hired, staff members who join the Commission under the authority conferred by H.R. 658 will be members of the competitive service for all purposes. This treatment will ensure that those employees are not disadvantaged relative to other Federal employees with regard to the length of their probationary period, the conduct of any reductions-in-force by the Commission, or prioritization for transfers between Federal agencies.

HEARINGS

On March 6, 2003, the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises held a hearing on H.R. 658. The following witnesses testified: Mr. James M. McConnell, Executive Director, Securities and Exchange Commission and Ms. Colleen M. Kelley, National President, National Treasury Employees Union.

COMMITTEE CONSIDERATION

On March 20, 2003, the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises met in open session and approved H.R. 658 for full Committee consideration, as amended, by a voice vote.

On March 26, 2003, the Committee on Financial Services met in open session and ordered H.R. 658 reported to the House, with an amendment, by a voice vote, a quorum being present.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report legislation and amendments thereto. A motion by Mr. Oxley to report the bill to the House with a favorable recommendation was agreed to by a voice vote.

The following amendment was considered by a record vote:

> An amendment by Mr. Kanjorski, no. 1, terminating the appointment authority of the SEC after five years, was not agreed to by a record vote of 26 yeas and 30 nays, (Record vote no. FC-4).

Record vote no. FC-4

Representative	Aye	Nay	Present	Representative	Aye	Nay	Present
Mr. Oxley		X		Mr. Frank (MA)			
Mr. Leach		X		Mr. Kanjorski	X		
Mr. Bereuter		X		Ms. Waters	X		
Mr. Baker		X		Mr. Sanders*	X		
Mr. Bachus		X		Mrs. Maloney	X		
Mr. Castle		X		Mr. Gutierrez			
Mr. King				Ms. Velázquez	X		
Mr. Royce		X		Mr. Watt	X		
Mr. Lucas (OK)		X		Mr. Ackerman			
Mr. Ney		X		Ms. Hooley (OR)	X		
Mrs. Kelly		X		Ms. Carson (IN)	X		

Record vote no. FC-4—Continued

Representative	Aye	Nay	Present	Representative	Aye	Nay	Present
Mr. Paul	X			Mr. Sherman	X		
Mr. Gillmor		X		Mr. Meeks (NY)	X		
Mr. Ryun (KS)		X		Ms. Lee	X		
Mr. LaTourette				Mr. Inslee	X		
Mr. Manzullo		X		Mr. Moore	X		
Mr. Jones (NC)				Mr. Gonzalez	X		
Mr. Ose		X		Mr. Capuano	X		
Mrs. Biggert		X		Mr. Ford	X		
Mr. Green (WI)		X		Mr. Hinojosa			
Mr. Toomey		X		Mr. Lucas (KY)	X		
Mr. Shays		X		Mr. Crowley			
Mr. Shadegg		X		Mr. Clay			
Mr. Fossella		X		Mr. Israel	X		
Mr. Gary G. Miller (CA)		X		Mr. Ross	X		
Ms. Hart		X		Mrs. McCarthy (NY)	X		
Mrs. Capito		X		Mr. Baca	X		
Mr. Tiberi		X		Mr. Matheson	X		
Mr. Kennedy (MN)				Mr. Lynch			
Mr. Feeney		X		Mr. Miller (NC)			
Mr. Hensarling		X		Mr. Emanuel	X		
Mr. Garrett (NJ)		X		Mr. Scott (GA)	X		
Mr. Murphy		X		Mr. Davis (AL)	X		
Ms. Ginny Brown-Waite (FL)							
Mr. Barrett (SC)		X					
Ms. Harris							
Mr. Renzi		X					

*Mr. Sanders is an independent, but caucuses with the Democratic Caucus.

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee made findings that are reflected in this report.

PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee establishes the following performance related goals and objectives for this legislation:

The Securities and Exchange Commission will utilize the authority granted by this legislation to rapidly hire necessary accountants, economists, and examiners to fully implement the Sarbanes-Oxley Act and restore the Nation's confidence in the capital markets.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the estimate of budget authority, entitlement authority, or tax expenditures or revenues contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, April 3, 2003.

Hon. MICHAEL G. OXLEY,
Chairman, Committee on Financial Services,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 658, the Accountant, Compliance, and Enforcement Staffing Act of 2003.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Ken Johnson.

Sincerely,

BARRY B. ANDERSON
(For Douglas Holtz-Eakin, Director).

Enclosure.

H.R. 658—Accountant, Compliance, and Enforcement Staffing Act of 2003

H.R. 658 would exempt job candidates for accountant, economist, and examiner positions at the Securities and Exchange Commission (SEC) from some civil service system hiring rules and procedures. The bill also would require the SEC to issue reports to the Congress on the agency's implementation of the bill.

CBO estimates that implementing H.R. 658 would not have a significant impact on the federal budget. The bill would not affect direct spending or revenues.

H.R. 658 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect state, local, or tribal governments.

The CBO staff contact for this estimate is Ken Johnson. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds that the Constitutional Authority of Congress to enact this legislation is provided by Article 1, section 8, clause 1 (relating to the defense and general welfare of the United States), and clause 3 (relating to the power to regulate foreign and interstate commerce).

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short title

This section establishes the short title of the bill, the "Accountant, Compliance, and Enforcement Staffing Act of 2003."

Section 2. Accountants, economists, and examiners appointments

To fulfill its mandate to administer the Federal securities laws, the Securities and Exchange Commission employs thousands of professional staff. In filling some of these professional positions (notably accountants, economists, and securities compliance examiners) the Commission currently must apply the statutory and regulatory procedures known as the "competitive service" process, while other positions (for example, attorneys) are expressly "excepted" from the requirements of the relatively inflexible competitive service hiring process. Whether a position is designated as belonging to the competitive service or the excepted service affects not just the applicable hiring process, but also certain post-hiring employment rights applicable to each category of employment.

Section 2 changes existing law by granting the Commission the authority to hire applicants for accountant, economist, and securities compliance examiner positions that are in the competitive service using procedures applicable to the excepted service, and without regard to the statutes, rules, and regulations governing appointments under the competitive service. As a result of this change, the Commission will be able to hire applicants for accountant, economist, and securities compliance examiner positions in the same manner as it currently is able to hire applicants for attorney positions. Section 2 also specifically provides that, once hired, employees in these positions will be members of the competitive service, with all the rights and privileges conferred by that status.

Section 2 also requires that the Commission submit a report to its congressional oversight committees 90 days after the end of fiscal year 2003 (for fiscal year 2003) and fiscal year 2005 (for fiscal years 2004 and 2005) regarding the exercise of this new hiring authority during the specified periods. These reports will detail relevant information related to the use of the special hiring authority granted to the Commission in Section 2. These reports must describe the quality of candidates; the procedures used by the Commission to select candidates; the numbers, types, and grades of em-

ployees hired under the authority; the effect of the exercise of the authority on the hiring of veterans and other demographic groups, including minorities, women, and individuals over the age of 40; and the way in which managers were trained in the administration of the streamlined hiring system.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SECTION 4 OF THE SECURITIES EXCHANGE ACT OF 1934

SECURITIES AND EXCHANGE COMMISSION

SEC. 4. (a) * * *

(b) APPOINTMENT AND COMPENSATION OF STAFF AND LEASING AUTHORITY.—

(1) * * *

* * * * * * *

(3) ACCOUNTANTS, ECONOMISTS, AND COMPLIANCE EXAMINERS APPOINTMENTS.—

(A) APPOINTMENT AUTHORITY.—

(i) This subparagraph applies with respect to any position of accountant, economist, and securities compliance examiner at the Commission that is in the competitive service.

(ii) The Commission may appoint candidates to any position described in clause (i) in accordance with the statutes, rules, and regulations governing appointments in the excepted service, and notwithstanding any statutes, rules, and regulations governing appointments in the competitive service.

(iii) The appointment of a candidate to a position under authority of this subparagraph shall not be considered to cause such position to be converted from the competitive service to the excepted service.

(iv) For purposes of this subparagraph, the terms "competitive service" and "excepted service" have the respective meanings given them under chapter 21 of title 5, United States Code.

(B) REPORTS.—No later than 90 days after the end of fiscal year 2003 (for fiscal year 2003) and 90 days after the end of fiscal year 2005 (for fiscal years 2004 and 2005), the Commission shall submit a report with respect to its exercise of the authority granted by subparagraph (A) during such fiscal years to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate. Such reports shall describe the changes in the hiring process authorized by such subparagraph, including relevant information related to—

(i) the quality of candidates;

(ii) the procedures used by the Commission to select candidates through the streamlined hiring process;

(iii) the numbers, types, and grades of employees hired under the authority;

(iv) any benefits or shortcomings associated with the use of the authority;

(v) the effect of the exercise of the authority on the hiring of veterans and other demographic groups; and

(vi) the way in which managers were trained in the administration of the streamlined hiring system.

[(3)] *(4)* LEASING AUTHORITY.—Nothwithstanding any other provision of law, the Commission is authorized to enter directly into leases for real property for office, meeting, storage, and such other space as is necessary to carry out its functions, and shall be exempt from any General Services Administration space management regulations or directives.

* * * * * * *

ADDITIONAL VIEWS

We each have made investor protection one of our top priorities for our work on the House Financial Services Committee. In our view, H.R. 658, the Accountant, Compliance and Enforcement Staffing Act, will improve investor protection by allowing the Securities and Exchange Commission to accelerate the hiring process for hundreds of accountants, economists, and compliance examiners in order to improve its oversight of U.S. corporations. It is also generally well crafted. As a result, we support this bill.

During the last year, we have significantly augmented the resources available to the Securities and Exchange Commission, including increasing its annual budget by more than $270 million. We believe that this increase in resources will help the Commission to effectively implement the Sarbanes-Oxley Act, which we enacted in 2002 in response to a series of large-scale corporate scandals at companies like Enron, WorldCom, Tyco, Global Crossing, Adelphia, and Rite Aid.

The increased appropriations provided to the Commission during the last year will permit the hiring of hundreds of new professionals to police the securities industry. The increased funding provided in the FY 2003 appropriations process will result in an increase the Commission's total allowable workforce by 842 new positions. This increase in the Commission's labor force comes on top of the additional 125 professionals that we allowed the agency to hire as a result of the FY 2002 supplemental appropriations.

Unfortunately, as it has worked to implement the Sarbanes-Oxley Act and restore investor confidence in our capital markets, the Commission has encountered some difficulties in identifying and expeditiously hiring the best workers for many of these new positions. H.R. 658 seeks to address this problem by streamlining the hiring process at the Commission for a number of specialized professions. The Commission, like all other government agencies, already has similar authority for recruiting and hiring attorneys.

At our one hearing on this legislation, we heard from the executive director at the Commission about the need to expedite the hiring of accountants, economists, and compliance examiners. We also heard from the president of the National Treasury Employees Union, which represents the affected workers at the Commission, about the need to protect the post-employment civil service rights of these individuals. At the hearing, the Commission and the National Treasury Employees Union both expressed an understanding of the objective of the other and recognized that these goals were not necessarily mutually exclusive.

As a result, we joined with the Majority in requesting that the labor and management leaders at the Commission meet to draft an agreement to allow the Commission to hire certain professionals through expedited procedures while protecting the workplace rights

of those individuals once hired. To their credit, the Commission's labor and management worked diligently and developed an agreement contained in the bill reported by the Committee. This legislative language will accelerate the hiring of mission-critical workers at the Commission, it will protect the rights of these employees, and it will advance investor protection. We support each of these worthwhile goals, and congratulate the Commission and the National Treasury Employees Union for their good work. Their joint efforts help to demonstrate the effectiveness of labor-management cooperation in the federal workplace.

We are also pleased that the legislation approved by the Committee, unlike the introduced bill, will require the Commission to conduct two studies about the implementation of this special hiring authority. The inclusion of this study provision will provide Congress with information on the use of the authority, including its impact on hiring of veterans and minorities and other demographic groups, that will be needed to enable Congress to evaluate the effects of this change in the law. It is our expectation that these new powers will not undermine efforts to increase the number of minority professionals at the Commission and that the SEC will use the expansion of its professional ranks as an opportunity to aggressively seek qualified minorities to serve at the Commission.

Although we agree on almost every provision in this bill, we unfortunately differ with the Majority on one remaining issue: the length of time that the Commission should have this special hiring power. As currently drafted, H.R. 658 would provide the Commission with the permanent authority to bypass civil service rules in order to accelerate the hiring process for accountants, economists, and compliance examiners.

We believe that this special authority, requested by the Commission in a time of urgency, should sunset so that the Congress can evaluate the effectiveness of the program at an appropriate time. Because H.R. 658 will make extraordinary changes in the normal hiring process and because this power has the potential to be abused, we believe the prudent course of action would be for the Congress to sunset the law on a date certain and determine at that time whether to continue it. In short, the Congress should jealously guard the special powers that it grants government agencies.

Accordingly, during the consideration of H.R. 658 by the Committee we sought to sunset this special hiring power for the Commission at the end of FY 2008. Sunsetting our laws forces the Congress to regularly examine government programs in order to extend them, improve them, or end them. In the case of this legislation, the Commission needs this expedited hiring authority to ensure that it can quickly hire hundreds of new accountants, economists, and compliance examiners in the short term. Getting these new employees quickly into place will allow the Commission to implement the reforms called for in the Sarbanes-Oxley Act and better protect the interests of our Nation's investors. The Congress should support these important goals.

In the longer term, however, the Commission will likely return to a more predictable hiring pattern, and this expedited hiring authority may no longer be necessary in the future. We therefore should limit this authority now so that the Congress can reevaluate

it later, and we believe that a sunset at the end of FY 2008 provides sufficient time for the Commission to meet its short-term staffing needs.

We should also note that many of our colleagues in the Majority on this Committee have previously strongly supported sunsetting the laws that the Congress creates. For example, when we considered H.R. 2764, the America's Private Investment Companies Act, in the 106th Congress the Majority strongly supported an amendment to sunset that program. This amendment narrowly passed the Committee by one vote. Every Member of the Majority who voted on that amendment supported it. We therefore hope that our colleagues in the Majority will reconsider their views on this matter as H.R. 658 proceeds through the Congress and work with us to make a good bill even better.

In closing, H.R. 658 is pragmatic and desirable legislation. It will streamline the hiring process for hundreds of new professionals at the Commission, it will safeguard the civil service rights of these workers, and it will enhance investor protection. Notwithstanding our one reservation concerning a sunset, which we hope our colleagues on the House Government Reform Committee and/or in the Senate will fix during their consideration of this bill, we support H.R. 658. We also hope to continue to work in a bipartisan manner to move this legislation quickly through the Congress.

BARNEY FRANK.
PAUL E. KANJORSKI.
CAROLYN B. MALONEY.
LUIS V. GUTIERREZ.
MELVIN L. WATT.
GARY L. ACKERMAN.
DARLENE HOOLEY.
BRAD SHERMAN.
GREGORY W. MEEKS.
BARBARA LEE.
CHARLES A. GONZALEZ.
MICHAEL E. CAPUANO.
HAROLD E. FORD, Jr.
RUBÉN HINOJOSA.
JOSEPH CROWLEY.
WM. LACY CLAY.
STEVE ISRAEL.
CAROLYN MCCARTHY.
JOE BACA.
JIM MATHESON.
STEPHEN F. LYNCH.
DAVID SCOTT.
ARTUR DAVIS.
BERNARD SANDERS.

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