



2003 YEAR END REPORT

U. S. SENATOR

CHUCK HAGEL

March, 2004

Dear Friends,

In 2003, the United States undertook immense responsibilities and achieved some significant successes, at home and around the world. From the military campaign in Iraq to the historic tax cut, Congress acted on some of our country's most critical priorities. However, much work remains for Congress.

As we move forward to meet the many important issues still facing our country, it is instructive to highlight some of the 2003 activities of Congress. Meeting both the known and unknown challenges of 2004 will require hard work and principled leadership in Congress.

While great challenges lie before us, so do historic opportunities. I will continue to listen to your thoughts and work hard to address your concerns.

Thank you.

Sincerely,



Senator Hagel met with Nebraska cadets during a visit to the U.S. Air Force Academy in Colorado Springs, Colorado.

MAJOR ISSUES IN CONGRESS IN 2003

National Security

Homeland Security

To better coordinate homeland security responsibilities between the local, state, and federal governments, as well as the private sector, and to better enforce America's homeland security laws, the Department of Homeland Security (DHS) was established last year by legislation I co-sponsored. The new Department brings together 170,000 employees from 22 different domestic federal agencies tasked with protecting our homeland. In October, the President signed the first DHS Appropriations Act, providing the department \$30 billion for Fiscal Year 2004.

Iraq and Afghanistan

On March 19th, the United States began a military campaign in Iraq to remove from power Iraqi dictator Saddam Hussein. Our thoughts and prayers remain with our troops and their families, who continue to work diligently and fight courageously to help bring security, stability, and peace to Iraq. I saw firsthand the commitment of our troops on a trip to Iraq in June.

Congress passed two supplemental appropriations bills to support our troops and reconstruction efforts in Iraq and Afghanistan. Both bills are critical to achieving our objective of promoting peace and stability in the Middle East and winning the war on terrorism. The capture of Saddam Hussein by U.S. forces in December was an important

accomplishment. But there remain great challenges in Iraq and Afghanistan that are complicated and unpredictable. The sooner security, stability, and reconstruction take hold in Iraq, the sooner our troops will come home.

University of Nebraska Medical Center (UNMC)

In 2003, UNMC continued to develop as a nationally recognized institute for biodefense research. Top officials at the U.S. Centers for Disease Control and Prevention visited Nebraska to examine the state public health infrastructure and to tour the biopreparedness facilities at the University of Nebraska. The visits were significant opportunities to showcase the "Nebraska model" of public health preparedness and the leadership shown by Nebraska in the public health arena.

Throughout the year, researchers at UNMC were awarded numerous federal grants to pursue work related to biopreparedness, and UNMC was one of four finalists chosen for designation as the first Department of Homeland Security university-based research center. I worked closely with UNMC administrators, Governor Johanns, the Nebraska Congressional Delegation, and the Bush Administration to advance UNMC's application. While the University of Southern California was awarded the designation, Nebraska's national reputation in the biopreparedness field will make UNMC a prominent competitor for upcoming research opportunities.

Agriculture and Rural Development

The New Homestead Act

Rural America is in need of more than just sound farm policy. In Nebraska, 61 of 93 counties have lost at least 10 percent of their population over the past 20 years, making our state one of the hardest hit out-migration states in the nation. In an effort to help reverse this trend and assist our rural communities, Senator Byron Dorgan (D-ND) and I reintroduced the New Homestead Act. The New Homestead Act provides incentives to a new generation of entrepreneurs and citizens who wish to work and live in our rural areas. In 2004, I will continue to work to move this legislation forward and help provide opportunities for families who choose to live in rural America.

Homestead National Monument

Leaders of the Homestead National Monument in Beatrice want to construct a Heritage Center to commemorate the historic contributions and courage of Nebraska's original homesteaders. Last year, Congress designated limited funds to begin planning the Heritage Center. The Midwest Regional Director of the National Park Service was assured by the National Park Service office in Washington that it would provide adequate funds for planning this project. I will continue to work with the Park Service, the City of Beatrice, and



Hagel and his colleagues, Senators Joe Biden (D-DE) and Richard Lugar (R-IN), met with members of the Rasheed Interim Neighborhood Advisory Council on a trip to Baghdad, Iraq.

the supporters of the Homestead National Monument to build this important, educational facility.

Beginning Farmers and Ranchers

Tax Incentives

Young farmers face big financial challenges. To help strengthen rural communities and give beginning farmers a better chance to succeed, I introduced the Beginning Farmers and Ranchers Tax Incentives Act. This legislation would eliminate capital gains taxes for agriculture producers selling their property to a beginning farmer or rancher. Producers selling their land to someone who pledges to keep the land in agricultural production would receive a 50% reduction of their capital gains taxes. All producers selling their land would receive an automatic 25% reduction of their capital gains taxes. We must do more to ensure that beginning farmers and ranchers are given every opportunity to succeed. These incentives would help repopulate the rural landscape with a new generation of young, energetic agriculture producers while reducing the tax burden on retiring farmers and ranchers.

Arsenic Regulation Compliance

In 2001, the Environmental Protection Agency (EPA) changed existing water quality standards by reducing the amount of arsenic allowed in drinking water from 50 parts per billion (ppb) to 10 ppb. The standard is scheduled to take effect in January 2006. The cost of complying with EPA-set arsenic standards is a tremendous burden for cash-strapped states, including Nebraska. To assist small communities in complying with new arsenic standards, Senator Pete Domenici (R-NM) and I co-sponsored the Community Drinking Water Assistance Act. The bill would establish a program to help small communities take the necessary steps to achieve or maintain compliance with new drinking water standards. I will continue to work to advance this bill in 2004.

Education

Individuals with Disabilities Education Act (IDEA)

When Congress passed IDEA in 1975, it promised to provide states with 40 percent of the costs needed to educate children with disabilities. Unfortunately, Congress has never fulfilled its funding promise, and today IDEA is one of the largest unfunded federal mandates on states. I have supported mandatory IDEA funding for the past seven years and have introduced legislation that will put Congress on the path to meeting its commitment. IDEA funding has quadrupled from \$2.3 billion in 1996 to \$10.1 billion in 2004, which is about 19 percent of the funds needed to meet the IDEA mandate.

This year, Congress is scheduled to reauthorize IDEA. Senator Tom Harkin (D-IA) and I again plan to offer our amendment that will ensure that the federal government moves toward fully funding IDEA by making annual funding increases mandatory. In honoring our commitment, vital education funds will be freed up at the state and local levels.

Nebraska Schools

Complying with the burdensome fiscal and administrative requirements of the new No Child Left Behind law presents great challenges for Nebraska schools. In March, U.S. Secretary of Education Rod Paige visited Nebraska to discuss how to help Nebraska comply with these requirements. Along with the Nebraska Congressional Delegation, I accompanied Secretary Paige to meetings with Governor Johanns, the State Board of Education, and the Nebraska Commissioner of Education. The Secretary toured and met with students and faculty at Skinner Magnet Elementary in Omaha. We will continue to work with Secretary Paige and Nebraska's educators to help improve education across our state.

Energy and the Environment

Energy and Renewable Fuels

Congress came close to passing much-needed comprehensive energy legislation last year that would move America toward energy independence and increase the use of renewable fuels such as ethanol from corn and sorghum, biodiesel from soybeans, and wind power. Increased use of renewable fuels would significantly enhance air and water quality. The bill would gradually increase the use of clean, domestically-produced renewable fuels in the United States. Unfortunately, this legislation stalled in the Senate. In 2004, Congress must pass a balanced and realistic approach to producing energy that protects the environment, expands our economy, and strengthens our national security.

Health Care

Prescription Drugs and Medicare Reform

Last year, the Senate passed the Medicare Prescription Drug, Improvement, and Modernization Act and President Bush signed it into law. I voted against this bill because it will not strengthen Medicare and does not responsibly address seniors' need for prescription drug coverage. In fact, it will add trillions of dollars onto Medicare's current \$13.5 trillion in unfunded liabilities for future generations. The bill does contain some good things, like realistic Medicare reimbursement formulas for rural hospitals and physicians, and preventive health care measures.

We can have responsible and affordable drug coverage for seniors, but this legislation falls far short of that goal. Congress will need to amend provisions of this new law.

Trade

Opening up trade opportunities for America around the world must be a high priority. In 2003, the Senate passed free trade agreements with Chile and Singapore. These trade agreements demonstrate Congress' commitment to expanding the U.S. economy and helping American farmers and workers succeed in an increasingly competitive global marketplace. With 96 percent of the world's consumers outside U.S. borders, gaining access to foreign markets is critical. The U.S. must continue to be a leader in the global marketplace.

The Senate also passed an amendment I co-sponsored to ease trade and travel restrictions with Cuba. The amendment to the U.S. Transportation and Treasury Department Appropriations Bill for Fiscal Year 2004 ensures that Americans doing business and studying in Cuba are not punished for traveling to the country. The amendment was later dropped in a conference committee with the House.

Congress must help farmers and businesses take advantage of the Cuban market. This is especially important for Nebraska agriculture producers.

Last year, U.S. agriculture exports rose 14 percent and U.S. exports were up 3.9 percent overall. I will continue to work with my colleagues in 2004 to provide Nebraska's producers with broader and more open access to world markets.

Military Personnel and Veterans

Food for Injured Troops

When U.S. service members are deployed in a combat situation, the government pays for each soldier's food. But, a government regulation forced service members wounded in combat to pay for the meals they received while hospitalized. Last year, I co-sponsored legislation to correct this grossly unfair regulation. We have a responsibility to support our troops while they are in harms way and especially if they are wounded as a result of their service. Provisions of this legislation were included in the Defense Appropriations bill and Iraq Supplemental bill and recovering troops are now provided meals at no charge to them.

Military Pay and Benefits

Men and women in the Armed Forces make tremendous sacrifices for the security of our country. We must provide adequate compensation for them. Last year, the Congress included an across-the-board increase in military pay of 3.7 percent. In addition, the Emergency Wartime Supplemental passed by the Congress in April increased Imminent Danger Pay from \$150 per month to \$225 per month, and increased the Family Separation Allowance from \$100 per month to \$250 per month for Fiscal Year 2003. I strongly supported these increases, which were extended into Fiscal Year 2004 as part of the Defense Authorization Act.

In addition, some longstanding inequities that affect service members and their families were fixed in the Armed Services Tax Fairness Act, signed by the President in November. The bill will allow National Guard and Reserve members who frequently travel for their service to claim overnight travel expenses as an "above-the-line" deduction. It will prevent servicemen and women from being unfairly taxed when selling their homes. It will also ensure that the families of servicemen and women who die receive a more generous, tax-free death gratuity. The Armed Forces Tax Fairness Act ensures that military personnel and their families are not unfairly penalized for their courage and willingness to serve.

Concurrent Receipt for Retired

Military Personnel

Disabled military personnel often face daunting medical expenses during retirement. I co-sponsored an amendment to the Senate-passed National Defense Authorization Act that would have allowed all military retirees to concurrently receive their military retired pay and any disability compensation awarded by the U.S. Department of Veterans' Affairs (VA). The law had required retirement pay to be offset

by the amount of disability compensation from the VA. Compromise legislation enacted into law last year will phase out the disability offset for retirees with 20 or more years of service and 50 percent or higher disability ratings.

Vietnam Veterans Memorial Visitor Center

The Vietnam Veterans Memorial is the most visited landmark in Washington, D.C. and today, most visitors are younger than the Wall itself. Since 2000, I have worked to create an education center at the Vietnam Veterans Memorial. Last year, I introduced legislation to authorize the construction of an underground facility near the Vietnam Veterans Memorial Wall. In November, the President signed the bill into law. The new center will help provide visitors, particularly young people, with a better understanding of the Vietnam War, its history, and the men and women who served in that war.

Omaha and Grand Island Veterans Homes

Veterans homes in Omaha and Grand Island are in need of major renovation. Over the last year, I worked closely with the U.S. Department of Veterans' Affairs (VA), Governor Mike Johanns, and the state veterans office to make building a new veterans home in Douglas County a top priority for the VA. The VA designated the project to replace the existing Fitzgerald Veterans Home as its number four project on the VA national construction priority list. The 2004 priority list also identifies renovation of the Grand Island Veterans' Home as a high priority project.

Economy

Tax Cuts

If we are to meet the enormous economic challenges facing this country, we will need sustained growth. In May, Congress passed the Jobs and Economic Growth Bill. I supported this bill, which included \$350 billion in federal tax cuts. The tax cut puts more money back into the hands of taxpayers and small businesses. Among the relief provisions included in the Jobs and Economic Growth Bill are an accelerated reduction for marginal tax rates, passed in 2001, an increase of the Child Tax Credit, marriage penalty relief, and a cut in the tax individuals pay on dividends and capital

gains. Additionally, the bill provides significant investment incentives for small businesses – the key to economic growth.

Housing Finance Oversight Reform

In response to accounting and management problems revealed in June, I introduced legislation to improve oversight of the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). The Federal Enterprise Regulatory Reform Act would move Fannie Mae and Freddie Mac's current regulator, the Office of Federal Housing Enterprise Oversight, out of the Department of Housing and Urban Development and make it an independent regulator. This bill ensures that oversight of Fannie Mae and Freddie Mac is strengthened and investor confidence is restored. The success of these organizations has a direct effect on the stability of the American economy, especially the mortgage and housing industries. The new, stronger independent regulator would be better equipped to oversee these large financial institutions.

Fair Credit Reporting Act

Consumers and businesses rely on accurate, accessible credit reports for everyday financial transactions such as buying homes, leasing cars, and opening credit card accounts. As a member of the Senate Banking Committee, I helped to craft legislation to reauthorize the Fair Credit Reporting Act (FCRA). The FCRA reauthorization bill makes credit reports more accessible to consumers. It also includes provisions that will help prevent identity theft, assist victims of credit fraud, and improve public understanding of consumer finance and credit reports.

Banking Reform

Banking services for individuals, farmers, and small businesses in Nebraska are in need of reform in order to be competitive. The Deposit Insurance Reform Act, which I introduced with Senator Tim Johnson (D-SD), would modernize and improve the safety and fairness of the Federal Deposit Insurance System. Among other reforms, the bill would increase the cap on insured deposits beyond the current \$100,000 to \$130,000, indexed to inflation. I also introduced the Interest on Business Checking Act, which would repeal an outdated law that prevents small business owners, including farmers and ranchers, from earning interest on their checking



Senator Hagel with Mrs. Mildred Curtis, wife of former U.S. Senator Carl T. Curtis (R-NE), at October's dedication ceremony to name Omaha's new National Park Service building "The Carl T. Curtis National Park Service Midwest Regional Headquarters."

MAJOR ISSUES IN CONGRESS IN 2003

accounts. This bill will directly benefit Nebraska's small businesses and farmers and will increase small banks' ability to attract business deposits and compete with larger banks.

In Nebraska

Carl T. Curtis National Park Service Midwest Regional Headquarters

Former U.S. Senator Carl T. Curtis was the longest serving Member of Congress in Nebraska History. A bill I introduced to name the new National Park Service building in Omaha in honor of Senator Curtis passed the House and Senate and was signed into law by the President on June 26th. The building, which is under construction on the Omaha riverfront, was formally designated the "Carl T. Curtis National Park Service Midwest Regional Headquarters" in a ceremony on October 19th.

Senator Curtis was a selfless public servant. Naming the new Park Service building after him is an appropriate tribute to him and his many contributions to Nebraska and America.

Constituent Services

Every day, I have a team of 13 staff specialists in my four Nebraska offices who help Nebraskans solve problems they encounter while dealing with federal programs. These staff specialists attend meetings and conferences in Nebraska to stay in close contact with Nebraskans and the agencies administering federal programs. They also make sure that I am

aware of calls, e-mails, faxes, and letters that come into my state offices.

My staff has assisted thousands of individuals, organizations, businesses, communities, and educational institutions this past year. They've helped constituents resolve problems in a number of areas, including military and veterans affairs; agriculture; environment; visas and passports; Internal Revenue Service; labor and workplace issues; student loans; federal grants; housing; transportation; postal service; and health and human services problems involving social security, disability, retirement, child support, Medicare, Medicaid, and other health insurance problems.

Since I took office in January 1997, we have given direct assistance to more than 14,660 requests, including roughly 3,508 requests from veterans and military personnel. Last year, my office worked on more than 2,817

cases. We manage between 500-550 active cases on a daily basis.

Specifically, my office has been responsible for helping two small Nebraska towns secure \$2 million for water infrastructure improvements, helping families adopt children from other countries, helping a World War II veteran return a Japanese historical sword to its original owner's family, reinstating Post Office door delivery for some elderly constituents, and working with the Federal Drug Administration to help a comatose patient obtain an experimental product that successfully treated his West Nile Virus.

These are just a few examples of what my staff does every day. My staff is always there for the people of Nebraska – they help find solutions to their problems. We will continue to be there and assist Nebraskans in every way possible. That is our job!



Senator Hagel greeted a Nebraska veteran at Wahoo Public High School's Veterans Day event.

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